

CHAPTER III: LAND REVENUE

3.1 Tax administration

Assessment and collection of land revenue are governed under the Rajasthan Land Revenue Act, 1956 and rules framed thereunder. Land revenue mainly comprises of conversion charges, premium, rent on land, lease rent, and receipts from sales of Government land.

The Revenue Department administers all matters relating to assessment and collection of land revenue. The overall control of revenue related judicial matters along with supervision and monitoring over revenue officers vests with the Board of Revenue (BoR). The BoR is assisted by District Collectors (DCs) at the district level, Sub-Divisional Officers (SDOs) at the sub-division level and *Tehsildars* at the *Tehsil* level. The value of land (market rate) is determined by District Level Committees from time to time.

The Rajasthan Land Revenue Act, 1956, the rules made thereunder and the notifications issued by the Government from time to time govern the allotment of land and other related issues.

The total Tax revenue¹ of the State for 2022-23 was ₹ 1,07,910.81 crore (2021-22: ₹ 93,562.93 crore) while the Land Revenue receipts of the state for 2022-23 was ₹ 484.01 crore (2021-22: ₹ 631.48 crore). The Land Revenue receipts contributed 0.45 *per cent* of the total revenue of the State.

3.2 Internal Audit conducted by Department

The Financial Adviser, BoR is the head of the Internal Audit Wing. There were 18 internal audit parties sanctioned in the Department; but only 14 internal audit parties were deployed. The status of internal audit conducted during the period from 2018-19 to 2022-23 is given in **Table 3.1** below:

Table 3.1: Status of internal audit conducted during the period 2018-23

Year	Units pending	Units due for audit during the year	Total units due for audit during the year	Units audited during the year			Units remaining unaudited	Percentage of units remaining unaudited
				Pertaining to previous year	Pertaining to current year	Total		
1	2	3	4 (2+3)	5	6	7	8 (4-7)	9
2018-19	324	816	1,140	324	618	942	198	17
2019-20	198	816	1,014	198	631	829	185	18
2020-21	185	822	1,007	185	567	752	255	25
2021-22	255	846	1,101	255	548	803	298	27
2022-23	298	846	1,144	298	695	993	151	13

Source: Information provided by the Board of Revenue, Ajmer.

¹ Tax Revenue (excluding share of net proceeds assigned to State received from the Government of India) and Non-Tax Revenue.

Further, it was noticed that compliance of 27,585 paragraphs in the internal audit reports were outstanding at the end of 2022-23. Year-wise break up of outstanding paragraphs is given in **Table 3.2** below:

Table 3.2: Year-wise break up of outstanding paragraphs upto 2022-23

Year	Up to 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Outstanding paragraphs of the audit conducted during the year	8,235	1,800	2,354	2,972	3,508	8,716	27,585
Amount involved (₹ in crores)	297.36	11.15	23.91	38.78	34.66	51.79	457.65

Source: Information provided by the Board of Revenue, Ajmer.

Out of 27,585 paragraphs, 8,235 paragraphs (29.85 *per cent*) were outstanding for more than five years for want of compliance/corrective action. The Department stated (August 2024) that additional working days were given during the year 2022-23 for the audit of outstanding units of Covid, but due to the vacancies in various cadres, less units were audited resulting in units remaining outstanding for audit.

The Government may take necessary steps to strengthen the internal audit wing and ensure expeditious compliance with the outstanding observations raised by the Internal Audit Wing.

3.3 Results of audit

There are 704 auditable units under the Land Revenue Department. From these auditable units, 104 units (approximate 14.77 *per cent*) were selected for test check during 2022-23. Irregularities relating to conversion, premium of land, non- reversion of land to the Government and others involving an amount of ₹ 175.38 crore in 16,138 cases were noticed in test check. Irregularities were also noticed in the expenditure audit of these selected units involving an amount of ₹ 10.05 crore in 2,977 cases.

These cases are illustrative only as these are based on test check of records. Audit pointed out similar omissions in earlier years. However, these irregularities not only persisted but also remained undetected till the next audit. Thus, there is a need on the part of the Government to significantly improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Details of category-wise irregularities noticed are detailed in **Table 3.3** below:

Table 3.3: Details of category-wise irregularities noticed during 2022-23

(₹ in crore)			
Sl. No.	Category of irregularities	No. of cases	Amount
1.	Non-recovery/short recovery of premium	9,024	132.63
2.	Non-recovery/short recovery of conversion charges from <i>khatedars</i> ²	84	3.93
3.	Other irregularities relating to:		
	(i) Revenue	7,030	38.82
	(ii) Expenditure	2,977	10.05
Total		19,115	185.43

During the year 2022-23, the Department accepted audit observations worth ₹ 11.42 crore in 516 cases of which 14 cases having ₹ 0.03 crore money value were pointed out in the year 2022-23 and rest 502 cases involving ₹ 11.39 crore pertained to earlier years. The Department recovered ₹ 1.82 crore in 241 cases of which 14 cases having ₹ 0.03 crore money value pertained to the year 2022-23 and rest 227 cases involving ₹ 1.79 crore pertained to earlier years.

A few illustrative cases involving ₹ 7.36 crore in the audited units of the Department are discussed in the succeeding paragraphs. It is pertinent to mention that similar issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in those cases pointed out by audit and did not strengthen the internal control system, which led to recurrence of the same issues in subsequent years.

3.4 Non-recovery of ₹ 7.23 crore of difference value of allotted pasture land for mining purpose

The Clause 3 of notification³ issued (March 2015) by the Finance Department (Tax Division) GoR, provides that the rate of agriculture land purchased or agriculture land in respect of which consent deed is executed between land owner and lessee for mining purposes shall be equal to two times of the rates of agriculture land of that area.

Rule 7(1) of the Rajasthan Tenancy (Government) Rules, 1955 prescribes that the Collector may change the classification of any pasture land as agricultural or for any non-agricultural purpose. Further, the Revenue Department of Government of Rajasthan (GoR), Jaipur had issued (May 2017 and October 2018) notifications⁴ for amendment in second proviso to Rule 7(1) of the Rajasthan Tenancy (Government) Rules, 1955. According to revised Rule 7(1) *ibid*, the classification of pasture land shall not be changed as unoccupied culturable government land (Sawai Chak) for mining purposes without the

2 A land holding by a *Khatedar* tenant (who has entered in the revenue records as a tenant) from land owner of the estate.

3 No. F.4 (4) FD/ Tax/ 2015-226 dated 09 March 2015.

4 Notification No. F. 10(3) Rev. 6/2001/19 dated 31 May 2017 and No. F.10 (3) Rev. 6/2001/ 75 dated 04 October 2018 respectively.

prior permission of the State Government. The State Government can grant permission if the applicant has surrendered equal area of khatedari land in favour of the State Government in the same village or nearby village within the same panchayat, or if land is not available in the same village or nearby village, then equal area of khatedari land in the nearby village of adjoining panchayat for such purpose, or in exceptional cases, equal area of khatedari land in the other panchayat of the District.

During the scrutiny (May- July 2022) of land allotment files of the office of the District Collector (Land Revenue), Chittorgarh it was observed that the State Government allotted pasture land to three cement companies⁵ for the purpose of mining in exchange of the surrendered land. The valuation of surrendered land was only ₹ 0.90 crore against the valuation of allotted pasture land i.e. ₹ 8.13 crore⁶ as calculated as per notification (March 2015) of the Finance Department. As a result, it was a unfair exchange of valuable pasture land by the government to the cement companies and difference amount of ₹ 7.23 crore is recoverable from cement companies.

The Revenue Board, while accepting the facts, stated (June 2024) that the cement companies surrendered private land of equivalent area in lieu of government pasture land and double value of pasture land was not recovered from three cement companies.

On being pointed out (February 2024), the State Government stated (June 2024) that permission only for mining (lease for 50 years) was granted to cement companies on the allotted pasture land and no amount was recoverable. The reply was not tenable as permission was granted by the Government in exchange for land and the value of surrendered land should be double/ two times of pasture land in view of Finance Department's notification as stated above.

Thus, the State Government did not assess the value of surrendered land before allotment of pasture land for mining purposes and did not ensure compliance of Land Revenue Rules.

3.5 Non/Short recovery of conversion charges

Rule 9 (1) of Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural areas) Rules, 2007 provides that a khatedar tenant seeking permission for conversion of agricultural land for non-agricultural purposes shall submit duly filled application in Form-A alongwith specified documents online or in physical mode to the prescribed authority along with a copy of receipt of paid amount of conversion charges and should submit hard copy of complete application within 7 days to the prescribed authority in case of online submission. Rule 9(3) *ibid* stipulates that the prescribed authority after making necessary enquiry shall issue an order of

5 (i) M/s Wonder Cement Ltd, Nimbahera, (ii) M/s Rajputana Properties Pvt. Ltd., New Delhi and (iii) M/s J.K. Cement Works, Nimbahera.

6 True value of pasture land allotted by the Government ₹ 8.13 crore minus two times value of land surrendered by the companies ₹ 0.90 crore = ₹ 7.23 crore.

the conversion in Form-B within 90 days of the receipt of the completed application and inform the applicant for depositing the balance amount of the conversion charges or reject the application.

Rule 14-A *ibid* provides that where application of conversion is rejected by the department or the applicant withdraws his application before issuing conversion orders, five *per cent* administration charges shall be deducted from the deposited amount of conversion charges.

Rules 4 and 5 of the Rajasthan Enterprises Single Window Enabling and Clearance Rules, 2011 stipulates that the processing and monitoring of applications should be carried out at the level of Nodal Agency and Competent Authority.

On test check of records of offices⁷ of the District Collector (Land Revenue) during the year 2022-23, it was observed that the State Government started (January 2021) an online portal for electronic operation and processing of applications of land conversion within time limit of 60 and 90 days⁸ without incorporating provisions of depositing conversion charges as stipulated in Rule 2(aa) of RLR Rules, 2007 which stated that application for conversion is to be submitted alongwith the required documents and charges, if any. Due to this, in 184 cases of online applications which were either withdrawn by the applicants or rejected by the department, the five *per cent* administrative charges amounting to ₹ 13.68 lakh could not be deducted by the Department as provision for depositing due conversion charges was not incorporated in online process of conversion. On being pointed out (December 2023), the department intimated (February and March 2024) that ₹ 2.80 lakh in 177 cases was recovered, as detailed in **Table 3.4** below:

Table 3.4: Details of cases of non-recovery of administrative charges

S. No.	Name of auditee unit	Period of Audit	Particulars				Amount recovered (in no. of cases) (In ₹)
			Para No.		Number of cases	Amount (In ₹)	
			Part II A	Part II B			
1.	District Collector (LR), Bikaner	04/2018 to 03/2022	1	-	1	8,68,549	-
			-	6 (B)	3	1,834	1,834 (3)
			-	6 (C)	3	4,552	4,552 (3)
2.	District Collector (LR), Rajsamand	04/2018 to 03/2022	-	2 (A)	140	1,83,961	1,83,961 (140)
			-	2 (B)	9	31,261	31,193 (9)
3.	District Collector (LR), Bhilwara	04/2018 to 03/2022	-	9 (A)	4	31,994	31,994 (4)
4.	District Collector (LR), Kota	04/2018 to 03/2022	-	1	6	2,19,332	-

7 Bikaner, Bhilwara, Churu, Kota, Rajsamand and Udaipur.

8 Sl. No. 03 Schedule-I of the Rajasthan Enterprises Single Window Enabling and Clearance Rules 2011, time limit of conversion fixed as 60 days (up to 10 hec.) and 90 days (above 10 hec.) from submission of completed application to District Collector and State Government respectively.

S. No.	Name of auditee unit	Period of Audit	Particulars			Amount recovered (in no. of cases) (In ₹)	
			Para No.		Number of cases		Amount (In ₹)
			Part II A	Part II B			
5.	District Collector (LR), Udaipur	04/2017 to 03/2022	-	9	9	13,535	13,535 (9)
6	District Collector (LR), Churu	04/2017 to 03/2022	-	8	9	13,033	13,033 (9)
Total					184	13,68,051	2,80,102 (177)

The State Government, while accepting the facts, stated (April 2024) that action is being taken to incorporate the provision for depositing the conversion charges in online process under the Rajasthan Enterprises Single Window Enabling and Clearance Rules, 2011.

Thus, the non-inclusion of provision for depositing conversion charges in the online process by the Department has resulted in sustained loss of revenue to the State exchequer.

3.6 Conclusion and Recommendations

The Department did not reinforce its internal control mechanisms, resulting in the repeated occurrence of similar issues in subsequent years. Additionally, the State Government did not evaluate the value of surrendered land in accordance with the Land Revenue Rules. Furthermore, the non-inclusion of a provision for depositing conversion charges within the Department's online system has led to a sustained loss of revenue to the State exchequer.

The Government may:

- ensure expeditious compliance with the outstanding observations raised by the Internal Audit Wing;
- strengthen mechanism to monitor compliance of the conditions of conversion orders;
- incorporate the provision in online process for depositing the conversion charges.