

CHAPTER V: OTHER TAX RECEIPTS

5.1 Result of audit

Test check of the records relating to stamp duty, registration fee, entertainment duty, assessment and collection of land revenue during the year 2007-08 revealed non-assessment/underassessment of revenue and non-raising of demand amounting to Rs. 231.72 crore in 2,41,624 cases which can be categorised as under:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
A : STAMP DUTY & REGISTRATION FEE			
1.	“Assessment and levy of stamp duty and registration fee” (A Review)	1	91.57
2.	Inordinate delay in finalisation of cases	918	4.59
3.	Short realisation of stamp duty and registration fee due to under valuation of properties	804	4.43
4.	Loss of revenue due to misclassification of documents	176	2.79
5.	Loss of revenue due to execution of instruments in favour of co-operative housing societies	784	2.56
6.	Others	339	1.73
Total		3,022	107.67
B : ENTERTAINMENT DUTY			
1.	Incorrect exemption from payment of entertainment duty	32	11.35
2.	Non-realisation of entertainment duty	129	1.22
3.	Non/short deposit of entertainment duty by the proprietors of VCRs and VCPs	486	0.63
4.	Evasion of entertainment duty due to non-accountal of tickets	133	0.02
5	Others	265	0.02
Total		1,045	13.24

C : LAND REVENUE			
1.	Delay in collection of revenue against RRC and registering of the RRC	10,246	69.43
2.	Non/underassessment of <i>nazul</i> premium and ground rent	40,993	16.73
3.	Non-raising of demands of diversion rent, premium and fine/penalty	76,339	7.18
4.	Non-realisation of process expenses	9,666	2.32
5.	Loss of stamp duty and registration fee due to non-registering of documents.	22	0.42
6	Others	1,00,291	14.73
Total		2,37,557	110.81
Grand total (A+B+C)		2,41,624	231.72

During the year 2007-08, the department accepted underassessment of tax of Rs. 122.98 crore involving 2,41,218 cases of which 2,39,673 cases involving Rs. 117.46 crore were pointed out in audit during 2007-08 and the rest in earlier years. An amount of Rs. 52 lakh had been recovered in 268 cases.

A few illustrative cases involving Rs. 96.90 crore including a review of “**Assessment and levy of stamp duty and registration fee**” are mentioned in the following paragraphs.

A. STAMP DUTY AND REGISTRATION FEE

5.2 Assessment and levy of stamp duty and registration fee

Highlights

- Non-realisation of revenue of Rs. 5.08 crore due to lack of clear provision of time limit for instituting RRCs after the demands have been established.
(Paragraph 5.2.8)
- Lack of co-ordination with other departments resulted in non/short realisation of stamp duty and registration fee of Rs. 53.28 crore.
(Paragraph 5.2.9)
- Short assessment/levy of stamp duty and registration fee of Rs. 7.67 crore.
(Paragraph 5.2.12)
- Incorrect application of rates resulted in short realisation of stamp duty and registration fee of Rs. 4.21 crore.
(Paragraph 5.2.13)
- Non-registration of lease deed resulted in non-realisation of stamp duty and registration fee of Rs. 4.13 crore.
(Paragraph 5.2.14)
- Non-realisation of stamp duty and registration fee of Rs. 3.49 crore due to non-reimbursement by NVDA.
(Paragraph 5.2.15)
- Short levy of stamp duty and registration fee of Rs. 1.85 crore due to undervaluation of instruments.
(Paragraph 5.2.16)
- Misclassification of documents resulted in short realisation of stamp duty and registration fee of Rs. 1.81 crore.
(Paragraph 5.2.17)
- Non-levy of stamp duty and registration fee of Rs. 1.29 crore due to incorrect grant of exemption.
(Paragraph 5.2.18)

5.2.1 Introduction

The receipts from stamp duty and registration fee in Madhya Pradesh (MP) are regulated under Indian Stamps (IS) Act, 1899, the Registration Act, 1908, MP Prevention of under valuation of Instrument Rules, 1975 and MP Preparation and Revision of Market Value Guidelines Rules, 2000 and notifications/orders issued by the State Government (GOMP). The receipts of the department mainly consist of stamp duty, registration fee and penalty.

A review of the system of assessment and levy of stamp duty and registration fee revealed a number of system and compliance deficiencies that have been mentioned in the succeeding paragraphs.

5.2.2 Organisational set up

Registration and Stamps Department is under the Commercial Tax Department headed by the Principal Secretary. The Inspector General, Registration and Superintendent of Stamps, Madhya Pradesh (IGR) is the head of the department. Two Joint Inspectors General, Registration (JIGR), one Deputy Inspector General Registration (DIGR) and one District Registrar (DR) are deployed at the headquarters. There is a district registrar (DR) office in each registration district (44) and 226 sub-registrar (SR) offices at the tahsil level. Instruments are registered in SR offices.

5.2.3 Scope of audit

The records of the years from 2003-04 to 2007-08 of nine out of 44 DR offices and 30 out of 226 SR offices were test checked between June 2007 and May 2008. The selected units covered 46.97 *per cent* of the documents registered and 57.97 *per cent* of the revenue collected during the years mentioned above. The selection of units was done through simple random sampling method.

5.2.4 Audit objectives

The review was conducted to ascertain whether:

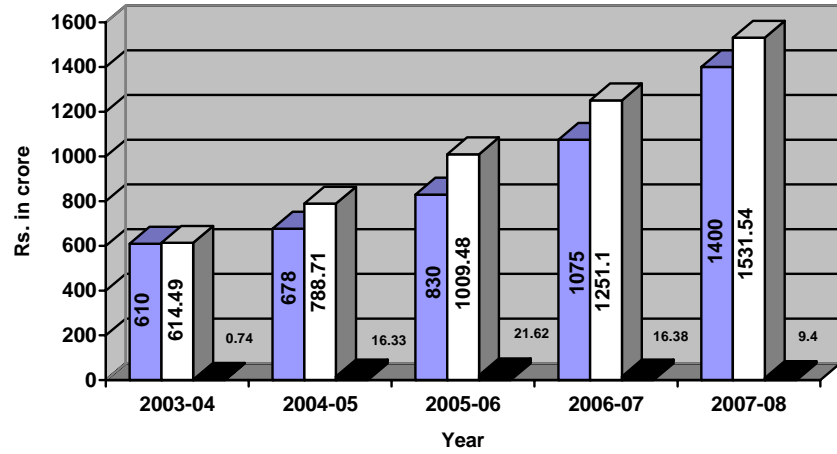
- the provisions of Act/Rules and departmental instructions are adequate and enforced accurately to safeguard revenue of the state; and
- internal control mechanism of the department was effective and sufficient systems were in place to safeguard collection of duty and fee on instruments.

5.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Registration and Stamp Department for providing information to audit. The audit findings as a result of the test check of records were reported to the GOMP/department in May 2008. The findings of the review were discussed in the audit review committee meeting (exit conference) held in October 2008. The department was represented by the IGR while Principal Secretary, Commercial Tax Department represented the GOMP. The replies have been appropriately incorporated in the review.

5.2.6 Trend of revenue

The trend of revenue for the last five years ending 31 March 2008 is as below:



■ Budget estimate □ Actual receipt ■ Percentage of variation

There was a steep rise in revenue collection from 2004-05 which was mainly due to increase in registerable documents, amendment regarding levy of duty on instruments of hypothecation and abolition of exemption from payment of duty on instruments executed by the co-operative housing societies.

5.2.7 Position of arrears

The position of outstanding revenue during the last five years ending 31 March 2008 is detailed below:

(Rupees in crore)		
Year	Number of cases	Amount
2003-04	31,744	51.52
2004-05	35,544	75.17
2005-06	37,957	65.36
2006-07	38,304	77.18
2007-08	36,769	71.51

Thus, the arrears of revenue of Rs. 71.51 crore as on 31 March 2008 was outstanding of which Rs. 13.22 crore was outstanding for more than five years. No time bound action plan has been prepared by the department for recovery of the arrears. However, yearly targets for recovery of arrears have been fixed from 2006-07 onwards. The DIGR stated in September 2008 that recoveries are not effected primarily due to lack of correct details/addresses of the defaulters. Though executive instructions were issued by the IGR in February 2007 for production of documents establishing the identity of the executants, it could not improve the arrear position as there is no provision in the Act/Rule for production of proof of permanent residential address of the executants at the time of presenting the documents and its verification in SR offices.

Audit findings

System deficiencies

5.2.8 Non-realisation of revenue due to lack of provision of time limit for instituting RRCs after the demands have been established

The IS Act provides that all duties, penalties and other sums required to be paid under the Act may be recovered by distress and sale of movable property of the person from whom the same are due, or by any other process for the time being in force for recovery of arrears of land revenue. However, no time limit has been prescribed by the department for issue of revenue recovery certificate (RRC) after the demand has been established.

Test check of the records in five districts¹ revealed that 477 cases involving revenue of Rs. 4.89 crore were decided by the DRs between January 2002 and March 2007 but no follow up action was initiated by the department after issue of RRC. This resulted in non-realisation of revenue of Rs. 4.89 crore. In 24 out of the above 477 cases registered between March 2002 and February 2007 in DR office Gwalior, it was seen that the cases were registered in the RRC² register after lapse of four to 29 months from the date of decision. Out of these, demand notice was not issued in seven cases after registering the case in the RRC register. In three cases, *kurki*³ warrants were issued between February and August 2005 but no further action for court attachment of property and its disposal was initiated.

In DR office, Morena and Sagar recovery proceedings in 141 cases decided between September 2003 and May 2007 involving revenue of Rs. 18.55 lakh were not started even after a lapse of nine to 53 months.

After the cases were pointed out, the IGR and GOMP stated (October 2008) that in the *Vishistha Stamp Adhinyam* of MP State which is under consideration before the Government, stamp duty would be made as a charge to the property.

The Government may consider prescribing a time limit for instituting RRCs after the demands have been established.

5.2.9 Failure to check the records of public offices and lack of co-ordination with other departments

Section 33 of the IS Act provides that it would be obligatory on every public officer⁴ to impound cases which are unduly stamped and initiate action under Section 38 of the above Act. Audit scrutiny revealed that the Registration Department has not prescribed any return on the number of documents presented, those not found duly stamped etc to be furnished by the

¹ Bhopal, Gwalior, Hoshangabad, Jabalpur and Morena

² The DR also acts as additional *tahsildar* for recovery of dues as arrears of land revenue. After the dues are noted in the RRC register, recovery process is initiated under the MP Land Revenue Code.

³ A notice for court attachment of immovable property

⁴ Government departments, Housing board, Local bodies, Corporations and Banks were declared as public office for the purpose of the IS Act vide notification no. 196-six-SR-80 dated 20 March 1980.

public offices. In the absence of this return, the Registration Department was unaware of the number of documents registered and whether correct stamp duty was paid. As per para 469 of *Karyapalik Anudesh* (executive instructions) of Registration Department, the DR is required to inspect the records of public offices to see whether stamp duty was being paid correctly and the documents which require registration are submitted in SR offices. It was noticed that department has not fixed any norm or target for the inspection of public offices by the DRs. Besides, no return was prescribed by the department to monitor the inspections conducted by the DR. As a result, substantial revenue remained unrealised, which is highlighted in the subsequent paragraphs.

5.2.9.1 Scrutiny of the records of Commissioner, MP Housing Board (MPHB) Bhopal revealed that land measuring 23,885 square metre (sq. mt.) was allotted by the Government to MPHB (October 2006) on permanent lease for commercial purposes. The MPHB executed an agreement on stamp paper of Rs. 100 with a company for setting out the terms of development and construction of the project and the subsequent disposal of the project land on lease. The land was provided by MPHB for a period of 30 years on premium of Rs. 64.56 crore and rent at 7.5 per cent of the premium was also reserved. This document was required to be stamped and registered as a lease deed that was not done. Though MPHB had been declared as a public office, yet it failed to discharge its duty regarding levy of appropriate duty on the instrument and submission thereof in the SR office for registration. This led to short realisation of stamp duty of Rs. 7.46 crore and non-realisation of registration fee of Rs. 5.59 crore. The inspection of MPHB office was also not conducted by the DR.

After the case was pointed out, the Dy. Housing Commissioner, MPHB stated in July 2008 that the agreement was of nature of license agreement and not a lease agreement and the developer was required to execute the lease deed on payment of entire bid value. The reply is not acceptable because all terms and conditions in respect of premium/rent and those relating to lease were settled in the document. The possession was also given for construction and the tenant was authorised to mortgage the land for obtaining loans from financial institutions. As such, the document was required to be stamped as a lease deed and registered in SR office.

5.2.9.2 Scrutiny of the records of Divisional Manager, Madhya Pradesh Road Development Corporation (MPRDC), Ujjain, revealed that an agreement for maintenance of road and collection of toll⁵ was executed between a contractor and Madhya Pradesh *Rajya Setu Nirman Nigam*⁶ (MPRSNN) in November 2001 for a period of 5,440 days at a total project cost of Rs. 65.19 crore. The above agreement was executed on stamp paper of Rs. 100 without getting it registered. In this case, stamp duty of Rs. 4.89 crore and registration fee of Rs. 3.67 crore was leviable⁷. Though the corporations had been declared as public offices for the purpose of IS Act, yet it failed to discharge its duty in ensuring that documents presented to them

⁵ Ujjain-Agar- Jhalawad road; State Highway 27 from km. 54 to km. 191

⁶ MPRSNN has since been merged with MPRDC with effect from 14 July 2004

⁷ Stamp duty at 7.5 per cent of Rs. 65.19 crore and registration fee-three fourth of stamp duty

were duly stamped. This resulted in short realisation of stamp duty of Rs. 4.89 crore and non-realisation of registration fee of Rs. 3.67 crore. The inspection of the office was also not conducted by the DR.

5.2.9.3 Scrutiny of the records of Executive Engineer, Public Works Department (PWD) Division No. 2, Indore revealed that an agreement for maintenance of road and collection of toll⁸ was executed between the PWD and a contractor in December 1999 for a period of 2,419 days at a total project cost of Rs. 8.34 crore. The Executive Engineer neither took any action to ensure registration of the agreement nor was any inspection conducted by the DR. Consequently, stamp duty and registration fee of Rs. 1.09 crore though leviable on this agreement, was not levied.

5.2.9.4 Scrutiny of the records of PWD, Ratlam revealed that the bid for maintenance, reconstruction and repair of medium and minor bridges, culverts, widening, upgradation etc. of three roads⁹ under built operate and transfer (BOT) scheme including authorisation to collect toll tax between May 2003 and December 2006 was accepted by the division at an agreed value of Rs. 10.55 crore and an agreement was executed with the tenderer in August 2002. This agreement was a registerable document, chargeable with stamp duty of Rs. 21.10 lakh and registration fee of Rs. 15.83 lakh. The inspection of the office was not conducted by the DR and nor was any action taken by PWD to ensure that the document was duly stamped. Thus, failure of the Executive Engineer to discharge his duty as public officer coupled with lack of inspection resulted in non-levy/realisation of stamp duty and registration fee of Rs. 36.93 lakh.

5.2.9.5 Scrutiny of the records of PWD, Satna revealed that an agreement for construction and maintenance of Satna bypass road was executed between PWD and a contractor in May 2000 under the BOT scheme with the entrepreneur's own capital including authorisation to collect toll tax for 3,190 days. The estimated amount of contract was Rs. 3.27 crore. This agreement was a registerable document, chargeable with stamp duty and registration fee of Rs. 42.92 lakh. It was however, noticed that the document was neither stamped nor was it got registered by the department. This resulted in non-realisation of revenue of Rs. 42.92 lakh.

5.2.9.6 As per paragraph 28 of Revenue Book Circular (RBC) Volume 4 Part-I, lease is required to be registered within a reasonable time. Further, lease for more than 12 months is a compulsorily registerable document.

Scrutiny of the records of *Nazul* Office, Jhabua, and *Rajdhani* Project, Bhopal revealed that permanent leases valued as Rs. 3.98 crore were granted to 10 local bodies and institutions between September 2003 and September 2006. These lease deeds were required to be registered and stamp duty and registration fee of Rs. 57.29 lakh was chargeable. It was however, seen that the lease deeds were not registered even after a lapse of 14 to 51 months.

⁸ Indore – Sanwer - Ujjain

⁹ Nagda-Lebed Road, Ratlam Jaora Road and Ratlam by Pass Road total length 125.40 km

Failure of the department to get the deeds registered resulted in non-realisation of stamp duty and registration fee of Rs. 57.29 lakh.

5.2.9.7 The IS Act provides that any instrument where co-owners of a property divide or agree to divide property or orders for effecting partition, gift or release etc. of property are passed by any revenue authority, such instruments are liable for payment of duty in accordance with schedule 1-A of the Act. Further, the documents are also required to be registered under section 17 of the Registration Act.

Scrutiny of the records of *tahsil*, Indore and Kurwai (Vidisha) revealed that mutation orders in 15 cases of land and buildings valued at Rs. 5.42 crore for gift, partition or release were passed between October 2003 and September 2005 which required to be registered and stamp duty and registration fee of Rs. 32.57 lakh was chargeable. It was however, seen that neither any stamp duty was levied nor was the document submitted for registration in the SR office. This resulted in non-levy and realisation of stamp duty and registration fee of Rs. 32.57 lakh. The inspection of these offices was also not conducted by the DR.

5.2.9.8 According to the instructions issued by Government of Madhya Pradesh, Mineral Resources Department on 15 March 1993, in case of agreements for mining leases, the royalty payable for expected quantity of minerals as shown in the application or in the mining plan, dead rent, average of actual royalty paid by the lessee during the last three years, whichever is more, is to be considered for calculation of stamp duty under article 33 of schedule 1-A of IS Act.

Scrutiny of the records of four mining offices¹⁰ revealed that in case of six mining leases, stamp duty and registration fee of Rs. 10 crore as against Rs. 12.12 crore was levied due to incorrect assessment of the estimated royalty. This resulted in short levy of stamp duty of Rs. 1.21 crore and registration fee of Rs. 90.67 lakh. The inspection of the office was also not conducted by the DR.

After the cases were pointed out, the Mining Officer, Anuppur and Rewa stated between February and April 2008 that the cases would be referred to District Registrar for necessary action. Mining Officer, Katni and Sidhi stated between March and April 2008 that action would be taken after scrutiny.

5.2.9.9 According to Rule 35(1) of Madhya Pradesh Minor Mineral Rules, 1996, no lessee shall transfer or sub-let his lease to any person nor make any agreement with anybody, whereby even indirectly, any right over the leased area is passed into any other person without sanction in writing from the competent authority. Sub-rule 3 further provides that on receipt of sanction from competent authority, a lease deed in form XIV shall be executed within three months from the date of such orders.

Scrutiny of the records of mining officer, Hoshangabad revealed that MP State Mining Corporation to which right of extraction of sand was reserved by the State Government, had sub-let this right to a private contractor for 36 months in respect of 35 quarries for Rs. 59.18 crore. No lease deed was

¹⁰ Anuppur, Katni, Rewa and Sidhi

executed and registered which resulted in non-realisation of stamp duty and registration fee of Rs. 1.38 crore.

5.2.9.10 According to Rule 24 A (6) of Mineral Concession (MC) Rules, 1960, if an application for renewal of mining lease is not disposed of by the GOMP before the date of expiry of lease, the period of that lease shall be deemed to have been extended by a further period till the GOMP passes order thereon.

Scrutiny of the records of two mining offices¹¹ revealed that four applications for renewal of mining leases were received in the department between July 1997 and July 2002 of which one case was pending with the mining officer and three cases were pending for renewal at GOMP level even after a lapse of six to ten years. The lessees were working continuously during the said period. This resulted in non-realisation of stamp duty and registration fee of Rs. 10.91 crore.

After the cases were pointed out, Mining Officer, Chhindwara stated (January 2008) that proposals would be prepared and sent to GOMP. Mining Officer, Satna stated (October 2007) that cases are pending with GOMP and stamp duty and registration fee would be recovered on receipt of GOMP orders.

5.2.9.11 According to Rule 31(1) of MC Rules, every lessee of mining lease has to execute lease deed in form 'K' within six months from the date of sanction/renewal. Further, according to sub-rule (2) of the above rule, the period of lease will be from the date on which the lease was executed/registered.

Scrutiny of the records of Mining Office, Shahdol revealed that 14 mining leases of South Eastern Coal Limited sanctioned under MC Rule, were renewed for a period of 30 years vide Government of India orders dated 25 April 2003. The lessee had not executed/registered the renewal lease deed and was continuously working on the mine. Neither the DMO had initiated any step to register the lease deeds nor was any inspection conducted by the DR due to which the error remained undetected. This resulted in non-realisation of stamp duty and registration fee of Rs. 14 crore.

5.2.9.12 Scrutiny of the records of SR, Obedullahganj revealed that *Audyogik Kendra Vikas Nigam* (AKVN) granted lease of land in October 1984 for 99 years to an industrialist. The industrialist constructed a factory on the land. The factory with plant and machinery was sold to another industrialist and sale deed was registered in September 2005. As the land belongs to AKVN, a lease deed for remaining period of 78 years was also required to be executed between AKVN and the industrialist who purchased the factory and registered in SR office. The records of SR office however, revealed that lease deed was not registered even after lapse of two years from the date of sale of the factory. This resulted in non-levy/realisation of stamp duty and registration fee of Rs. 45.54 lakh.

¹¹ Chhindwara and Satna

It would be seen from above that due to non-registration of these cases, the GOMP was not only deprived of stamp duty and registration fee of Rs. 53.28 crore, but also interest¹² of Rs. 2.98 crore per year.

After the cases were pointed out, the IGR and GOMP stated between July and October 2008 that it was already obligatory under section 33 of the IS Act for a public officer to refer cases to the Collector (stamps) for recovery of stamp duty. Nevertheless, this provision has not proved to be much effective. It was further added that after giving due consideration to these facts, the DRs were directed to conduct more inspections of public offices. However, no reply about present status of these cases was given.

The Government may consider prescribing a periodic return on the number of documents presented and found unduly stamped by the public offices. The offices may also be made accountable for cases of short payment of stamp duty. In addition, norms for regular inspection of public offices by the DRs may be laid down.

5.2.9.13 As per notification of June 2005 issued by the Commercial Tax Department, sale deed of sick industries are exempted from payment of stamp duty provided the exemption is available one time only and the unit is started by the purchaser within 18 months, failing which the exempted amount along with interest at the rate of 0.75 *per cent* per month is to be recovered. The notification is silent about the procedure of recovery and no mechanism has been prescribed for co-ordination between the Stamp and Registration Department and the Industries Department to ascertain the date on which the industry had started its operation.

Scrutiny of the records of SR, Obedullahganj revealed that exemption from payment of duty of Rs. 45.50 lakh was granted on the sale deed of a factory in September 2005. The department had no official information about restarting of the unit even after a lapse of 29 months from the execution of sale deed. The stamp duty and interest for this period amount to Rs. 55.40 lakh.

After the case was pointed out, the IGR and GOMP stated between July and August 2008 that amount would be recovered under Section 48 of the IS Act. It was further stated that the DRs are being directed to ascertain from the Industry Department whether the industry had started operation within 18 months.

The Government may consider prescribing a mechanism for co-ordination between the Registration and the Industries Department to ensure recovery of stamp duty and interest in case of failure to start the industry within the stipulated period.

5.2.10 Absence of time limit prescribed for sending cases of under valuation by the SR to the DR

Under the provisions of the IS Act, the Collector of stamps has been authorised to determine market value of property and amount of leviable duty thereon in cases of under valuation referred to him by the concerned SR.

¹² Calculated at the minimum interest rate of 5.6 *per cent* on which Government borrowed loans from market during the period 2002-03 to 2006-07

Scrutiny revealed that no time limit has been fixed in the Act/Rules for sending the cases by the SR for further action by the Collector. There is also no system to monitor the actual number of cases referred from the SR office and those registered in the DR office. In Chhattarpur and Jabalpur, eight cases involving revenue of Rs. 1.83 lakh referred by the respective SRs between November 2003 and December 2005 were not found registered in the Court of Collector of Stamps.

After the cases were pointed out, the IGR and GOMP stated between July and October 2008 that as per extant departmental instructions such cases should not be kept pending by SRs. Further, instructions for submission of monthly returns depicting the number of cases referred by the SRs and those registered/disposed by the DR have been issued (October 2008). No reply was furnished about eight cases forwarded by the SRs but not found registered in the DR offices.

5.2.11 Internal control mechanism

5.2.11.1 Database of revenue foregone

The Government grants concessions and exemption in stamp duty in pursuit of some defined objectives and in this process, substantial revenue is foregone. It was found that the department does not have any database to evaluate the propriety of its decisions to grant exemptions.

After this was pointed out, the IGR and GOMP stated between July and October 2008 that the computerisation work was in progress and this requirement would be duly incorporated.

The Government may ensure that the software, which is under development, may capture data on concessions and exemptions allowed.

5.2.11.2 Internal audit

The internal audit wing of a department is a vital component of its internal control mechanism and generally defined as the control of all controls to enable the department to assure itself that the prescribed systems are functioning reasonably well.

It was observed that though an internal audit wing was in operation in the department, information on the organisational structure of the wing, existence of audit plan, whether any follow up action is taken on internal audit findings etc. was not furnished by the department though called for.

After this was pointed out, the IGR and GOMP stated between July and October 2008 that this work is hampered due to shortage of staff. It was also stated that necessary action for arrangement of effective internal audit was being taken. The Government may consider taking immediate steps to strengthen the internal audit wing to ensure observance of Act/Rules and prevent leakage of revenue.

5.2.11.3 Inadequate inspection

Para 469 of *Karyapalik Anudesh* of Registration Department provides that a DR must inspect SR offices of his district twice every year. Besides, he should

also pay surprise visit of these offices from time to time. It was however, seen that DRs of respective 25 SRs offices conducted 58 as against 208 inspections between April 2003 and March 2008. It is evident that internal checks and supervision was not adequate.

After this was pointed out, the IGR and GOMP stated in July and August 2008 that all the DRs were being directed to conduct inspection of SR offices in accordance with the prescribed roster.

The Government may consider prescribing a report/return to be furnished by the DRs mentioning the quantum of inspection done against the targets fixed.

Compliance issues

5.2.12 Short levy of stamp duty and registration fee on lease deeds

Article 33 of schedule 1-A of the IS Act provides for levy of stamp duty on lease deeds at prescribed rates according to the period of lease. Further, as per article 2 of the registration table under Registration Act, registration fee at three fourth of the stamp duty is chargeable on such documents.

Scrutiny of the records of 10 SR offices¹³ revealed that stamp duty and registration fee of Rs 1.42 crore against Rs 9.09 crore was levied on 52 documents of lease deeds registered between November 2002 and November 2007 by treating lesser period of lease in 24 cases and due to computation mistake in 28 cases. It was also seen that 43 cases were not pointed out in departmental inspections conducted in five out of ten SR offices. This resulted in short levy and realisation of stamp duty and registration fee of Rs. 7.67 crore.

After the cases were pointed out, the IGR and GOMP stated in October 2008 that out of 52 cases of 10 SR offices, the DRs disposed 22 cases after registering the cases of which 21 cases were decided as duly stamped and Rs. 1,650 were recovered in one case. It was also stated that the disposal of remaining 30 cases was in progress. However, the reply did not contain case wise details of instruments that were found to be duly stamped.

5.2.13 Short levy of duty and fee on instruments of power of attorney

Schedule 1-A of the IS Act provides that when power of attorney (POA) is given without consideration and authorising the agent to sell, gift, exchange, or permanently alienate any immovable property situated in Madhya Pradesh for a period not exceeding one year, duty of Rs. 100 is chargeable on such instruments. Further, when such rights are given with consideration or without consideration for a period exceeding one year or when it is irrevocable or when it does not purport to be for any definite term, the same duty as a conveyance on market value of the property is chargeable on such instruments.

Scrutiny of the records of 16 SRs offices¹⁴ revealed that in 309 instruments of power of attorney registered between February 2006 and November 2007,

¹³ Chhindwara, Datia, Harda, Indore, Khandwa, Mandsaur, Neemuch, Obedullahganj, Satna and Sheopur

¹⁴ Bhopal, Bina, Chhattarpur, Chhindwara, Gwalior, Indore, Itarsi, Jabalpur, Khandwa, Morena, Neemuch, Ratlam, Satna, Sehore, Sheopur and Vidisha,

the power to sell, gift, exchange or permanent alienation of immovable properties was given, but there was no mention in the documents to show whether the POA was without consideration for a period not exceeding one year. It was also noticed in 12 instruments that POA was irrevocable. In all these cases, the instruments were treated as POA to sell without consideration for a period not exceeding one year and duty was levied accordingly. This resulted in short levy of duty and registration fee of Rs. 4.21 crore.

After the cases were pointed out, the IGR and GOMP stated in October 2008 that out of 261 cases of 16 SR offices, 69 cases were disposed by the DRs after registering the cases. Of the 69 cases, 50 cases were decided as duly stamped and RRCs were issued in 19 cases. Progress of recovery, action taken in the remaining 192 cases and reply in respect of 48 cases has not been received (December 2008).

5.2.14 Non-realisation of revenue due to non-registration of lease deed

As per article 33 of schedule 1-A to the IS Act, lease, including an under lease, or sublease and any agreement to let or sub-let or any renewal of lease is charged at the rates prescribed therein. Further, such instruments having lease period of more than 12 months are to be compulsorily registered under section 17 of the Registration Act, and three fourth of the stamp duty is chargeable as registration fee.

Scrutiny of the records of SR, Indore revealed that two documents of sale deed and one document of revised agreement were registered in May 2007. The recital of these documents revealed that M/s Hope Textile Ltd., (HTL) was in possession of 22 acres of commercial land on lease upto 2038. The recital of the documents further revealed that M/s HTL sub leased (August 2002) a part of the land measuring 44,145 square meter to Princes' Apollo Realty Pvt. (PARP) under an agreement. This agreement of sub-lease was a document to be registered and chargeable with stamp duty and registration fee of Rs. 4.13 crore. It was however, found on verification of the records of sub-registrar office that the said agreement of sub-lease was not registered. Non-registration of the lease deed resulted in non-realisation of stamp duty and registration fee of Rs. 4.13 crore.

After the case was pointed out, the IGR and GOMP stated in October 2008 that the action for disposal after registering the case was being taken by DR, Indore. Further progress in the matter had not been received (December 2008).

5.2.15 Non-reimbursement of duty and fee

According to the Government notification dated 12 July 2002, stamp duty and registration fee leviable on lease/sale deeds executed to acquire land in favour of member of a family displaced on account of *Narmada Valley Development Projects (NVDP)* is to be reimbursed by the *Narmada Valley Development Authority (NVDA)* to the Government on the basis of the demand letter produced by the respective SR.

Test check of the records in eight SR offices¹⁵ revealed that 5,795 documents were executed/registered between April 2002 and March 2008 in favour of persons displaced on account of NVDP. However, stamp duty and registration fee of Rs. 3.49 crore though reimbursable to Government was not reimbursed, neither was any demand raised by the respective SRs to NVDA. This resulted in non-realisation of revenue of Rs. 3.49 crore.

After the cases were pointed out, the IGR and GOMP stated in October 2008 that Rs. 1.09 crore were recovered in 3,032 cases and recovery of balance amount was in progress. Further report in the matter had not been received (December 2008).

5.2.16 Incorrect determination of market value

Under section 47-A of the IS Act, if the registering officer, while registering any instrument found that the market value of any property set forth was less than the market value shown in the market value guidelines, he should, before registering such instrument, refer the same to the Collector for determination of the correct market value of such property and duty leviable thereon.

Test check of the records of 24 SR offices¹⁶ revealed that in 261 instruments registered between May 2003 and September 2007, the market value as per guidelines was Rs. 57.37 crore against registered value of Rs. 30.58 crore. The SRs did not refer these instruments to the concerned Collector for determination of correct value of properties and duty leviable thereon. This resulted in short levy of stamp duty and registration fee of Rs. 1.85 crore. It was also seen that this was also not pointed out during departmental inspections conducted in 16 out of 24 SR offices.

After the cases were pointed out, the IGR and GOMP stated in October 2008 that 31 cases were disposed out of which Rs. 2.90 lakh has been recovered in 11 cases, seven cases were decided as duly stamped and RRCs were issued in 13 cases. Progress of recovery and action taken in remaining cases has not been received (December 2008).

5.2.17 Short levy of stamp duty and registration fee due to misclassification

Under the IS Act, stamp duty is leviable on instruments as per their recital at the rates specified in schedule I-A or prescribed by the Government through notifications.

Scrutiny of the records of 14 SR¹⁷ offices revealed that 95 instruments valued at Rs. 40.77 crore registered between August 2002 and November 2007 were misclassified due to deficiencies like agreement with possession treated as without possession, builder agreement instead of conveyance deed, mortgage deed treated as simple agreement, instruments relating to several distinct

¹⁵ Bhopal, Harda, Hoshangabad, Indore, Jabalpur, Khandwa, Obedullahganj, and Sehore

¹⁶ Bhopal, Bina, Chhattarpur, Chhindwara, Datia, Depalpur, Gwalior, Harda, Indore, Jabalpur, Katni, Khandwa, Mandsaur, Morena, Neemuch, Obedullahganj, Ratlam, Rewa, Sagar, Sanwer, Sehore, Sheopur, Ujjain and Vidisha

¹⁷ Bhopal, Gwalior, Indore, Jabalpur, Katni, Khandwa, Mandsaur Morena, Ratlam, Rewa, Sanver, Sehore, Ujjain, and Vidisha

matter treated as single matter etc. This resulted in short levy of stamp duty and registration fee of Rs. 1.81 crore.

After the cases were pointed out, the IGR and GOMP stated in October 2008 that nine cases have been disposed off. Of these, an amount of Rs. 1.20 lakh was recovered in one case, seven cases were decided as duly stamped and RRC was issued in one case. Action for disposal of the remaining cases was being taken by the DRs. Further report in the matter had not been received (December 2008).

5.2.18 Non-realisation of revenue on instruments executed by/in favour of primary co-operative housing societies

As per the Government notification of 24 October 1980¹⁸, instruments executed by or in favour of primary co-operative housing societies (societies) for acquisition of land for housing purpose of its members were exempted from payment of stamp duty and registration fee. The exemption was available upto 5 September 2004¹⁹.

5.2.18.1 Test check of the records in SR, Gwalior revealed that in four instruments valued at Rs. 97.56 lakh, there was no mention of purchase of land for housing purpose of its members, while in another instrument valuing Rs. 46.47 lakh, though the land was purchased for housing purpose but the document was executed/registered after 5 September 2004 when the exemption was not available to the societies. Thus, exemption from payment of stamp duty and registration fee of Rs. 16.14 lakh was given incorrectly.

5.2.18.2 Test check of the records of SR, Bhopal revealed that in one instrument valued as Rs. 5.78 lakh, there was no mention about purpose of purchase of land while in one instrument valued as Rs. 15 lakh, the purpose of purchase of land was commercial. It was however, seen that exemption from payment of stamp duty and registration fee of Rs. 2.33 lakh was incorrectly given to both the cases.

After the cases were pointed out, the IGR and GOMP stated (October 2008) that action for disposal of the cases was in progress.

5.2.18.3 Test check of the records of SR Bhopal, Gwalior and Indore revealed that land valued at Rs. 10.40 crore purchased between December 1999 and May 2004 for housing purposes through 52 instruments by 30 societies was not utilised for housing purpose of the members of the societies and was subsequently disposed of between February 2003 and March 2007 to persons other than members of societies such as builders, individuals etc. Thus, stamp duty and registration fee of Rs. 1.11 crore on these instruments became recoverable. However, no action was taken by the registering officers to recover the amount.

After the cases were pointed out, the IGR and the GOMP stated in October 2008 that action for disposal of the cases was in progress.

¹⁸ No. 773-1155-VI-R of 24 October 1980

¹⁹ It was deleted by the Government notification of 6 September 2004

5.2.19 Irregular exemption

The Government in its notification dated 25 September 2006 exempted documents of mortgage deeds from payment of duty, which are executed by agriculture landholders for obtaining loans not exceeding Rs. 10 lakh from banks for agriculture purpose, irrespective of their holding. Prior to it, the exemptions were available to land holders belonging to SC/ST or possessing land not exceeding 10 hectares. Further, agriculture purpose was also defined by the Government and the specific purpose for which loan was to be obtained was required to be mentioned in the documents.

Test check of the records of 20²⁰ SR offices revealed that exemption from payment of duty of Rs. 62.93 lakh was granted on 364 documents of mortgage deeds executed by the landholders for obtaining loans of Rs. 16.21 crore from banks between February 2005 to March 2008. During the scrutiny of these documents, it was seen that the specific purpose of loan was not mentioned in 331 documents while in 12 documents, the purpose of loan was other than agriculture and in four cases, the holding of land was more than 10 hectare. Besides, in 17 documents executed between September 2006 and March 2007, the loan amount in each case was more than Rs. 10 lakh. It was however, seen that exemption was granted on the ground of agriculture purpose disregarding the monetary limit of loan. This resulted in grant of irregular exemption from payment of duty of Rs. 62.93 lakh on 364 documents.

After the cases were pointed out, the IGR and the GOMP stated (October 2008) that out of 356 cases, 210 cases have been disposed off by the DRs. Of these, 203 cases were decided as duly stamped and RRCs were issued in seven cases. Progress of recovery, action taken in remaining cases and reply in respect of eight cases had not been received (December 2008).

5.2.20 Delay in disposal of cases referred by Sub-Registrars

As per the departmental instructions of July 2004, a maximum period of three months has been prescribed for disposal of cases referred to the Collector by the SR offices.

In four districts²¹, it was noticed that 132 cases involving revenue of Rs. 2.46 crore registered by the respective Collector of Stamps between June 2000 and November 2005 were decided between February 2002 and March 2007, after delay ranging between four to 55 months.

In 13 sub-registrar offices²², 1,035 cases referred by the registering authorities between March 2002 and December 2007 for determination of market value of properties had not been finalised though the period of three months had already lapsed. The difference of stamp duty recoverable on these documents based on the proposal of SRs worked out to Rs. 7.80 crore which remained unrealised.

²⁰ Bina, Chhindwara, Datia, Depalpur, Gwalior, Harda, Hoshangabad, Indore, Jabalpur, Katni, Khandwa, Mandsaur, Obedullahganj, Ratlam, Rewa, Sagar, Satna, Sehore, Sheopur and Vidisha

²¹ Bhopal, Hoshangabad, Indore and Jabalpur

²² Bhopal, Burhanpur, Chhindwara, Harda, Hoshangabad, Jabalpur, Khandwa, Morena, Ratlam, Sagar, Satna, Sehore and Sheopur

After the cases were pointed out, the IGR and GOMP stated in October 2008 that out of 1,035 cases, 762 cases were decided. Of these, 35 cases were decided as duly stamped, Rs 99.54 lakh were recovered in 468 cases, RRCs were issued in 259 cases and action for disposal of remaining 273 cases was in progress. Further report in the matter had not been received (December 2008).

5.2.21 Short levy of stamp duty and registration fee due to undervaluation of land

Market value guidelines²³ (guidelines) are prepared by a Committee constituted under the Rules and issued to registering officers before commencement of every financial year. The guidelines are prepared district-wise which consist of area-wise rates of properties situated therein. As per guidelines prior to 2007-08, agricultural land upto 0.40 hectare situated in municipal corporation area is to be valued as below:

Area of land	Developed plot	Diverted agriculture land	Undiverted agriculture land
(a) 0.05 hectare or less.	At plot rates.	At plot rates.	60 per cent of plot rates during 2004-05 and 2005-06, 80 per cent of plot rates during 2006-07.
(b) more than 0.05 hectare but less than 0.40 hectare.	- do -	First 0.05 hectare in accordance with (a) and remaining land at two and half times of the value of agriculture land.	First 0.05 hectare in accordance with (a) and remaining land at two times of agriculture land.
(c) more than 0.40 hectare.	- do -	One and half time of the value of agriculture land.	As agriculture land

As per provisions of guidelines of 2007-08, land measuring more than 0.40 hectare is sold or purchased by various owner of land through a single document indicating the share of each seller or purchaser, the land is to be valued treating the each share as separate transaction in accordance with above rates. This provision was not in existence prior to April 2007 and land in such cases was to be valued at flat rates.

Test check of the records in five SR offices²⁴ between January and April 2008 revealed that in 13 instruments registered between August 2004 and March 2007, land measuring more than 0.40 hectare was sold to more than one purchaser. The value of land of each purchaser worked out to Rs. 5.25 crore against the registered value of Rs. 1.93 crore. This resulted in short levy of stamp duty and registration fee of Rs. 34.68 lakh.

²³ The set of values of immovable properties in different villages, municipalities, corporation and other local areas in the state, arrived at by the respective committees from time to time under Madhya Pradesh Preparation and Revision of Market value Guideline Rules 2000.

²⁴ Gwalior, Khandwa, Mandsaur, Ratlam and Satna

After the cases were pointed out, the IGR and GOMP stated in July and August 2008 that necessary provisions have been made in the guidelines during the year 2007-08. It was also stated in October 2008 that the respective DRs had registered cases and action for disposal of the cases was being taken.

5.2.22 Conclusion

It was noticed in audit that the systems instituted by the department for assessment and levy of stamp duty and registration fee were deficient. Lack of clear provisions in the Act/Rules constrained the department in effecting recovery from defaulters. Lack of provisions in the market valuation guidelines led to short realisation of revenue. The department failed to coordinate with other bodies/departments to collect timely information on the number of registerable documents leading to substantial loss of stamp duty and registration fee. Moreover, the department failed to follow various provisions of the Act/rules resulting in significant amount of non/short assessment and realisation of stamp duty and registration fee.

5.2.23 Summary of recommendations

The Government may consider implementation of the following recommendations for rectifying the system and compliance deficiencies:

- inserting provision in the Act/Rules for mandatory production of proof of permanent residential address of the executants while presenting instruments for registration in SR offices;
- prescribing time limit for issue of RRCs after the demand is established;
- consider instituting a system for timely exchange of information from other bodies/departments to safeguard against leakage of revenue;
- prescribing a mechanism for coordination between the Registration and Industry Department to ensure recovery of stamp duty and interest in case of failure to start the factory within the stipulated period; and
- taking immediate steps to strengthen the internal audit wing to ensure observance of Acts/Rules and prevent leakage of revenue.

B. ENTERTAINMENT DUTY

5.3 Non-recovery of entertainment duty from cable operators

The Madhya Pradesh Entertainment Duty and Advertisement Tax Act, 1936 and Madhya Pradesh Cable Television Network (Exhibition) Rules, 1999 provide that every proprietor of cable television network and hotel or lodging houses providing entertainment through cable service shall pay entertainment duty at the prescribed rates.

Test check of the records of nine district excise offices (DEO) and assistant excise commissionerates (AEC)²⁵ between February 2007 and March 2008 revealed that entertainment duty of Rs. 32.57 lakh from 433 cable operators and 44 proprietors of hotels or lodging houses providing entertainment through cable service during April 2002 to February 2008 was not recovered by the department. This resulted in non-realisation of duty of Rs. 32.57 lakh.

After the cases were pointed out, the Excise Commissioner (EC) stated (June 2008) that an amount of Rs 27.31 lakh has been recovered and action for recovery of the balance amount is in progress. Reply of the Government has not been received (December 2008).

5.4 Non-levy of entertainment duty on cinema houses

The Madhya Pradesh Entertainment Duty and Advertisement tax Act provides that where cinematographic exhibitions are carried out in a cinema hall, no duty shall be levied on an amount not exceeding Rs. two per ticket charged on account of facilities provided to persons admitted in the cinema hall. The details of facilities provided and the amount spent thereon certified by a chartered accountant (CA) shall be presented by the proprietor of the cinema hall to the Collector of the district through AEC/DEO latest by 30th June of the following financial year. If the Collector is not satisfied with the facilities provided, he may recover the duty in respect of the amount allowed for facilities from the proprietor of the cinema.

Test check of the records of three AECs and four DEOs²⁶ between October 2007 and January 2008 revealed that 47 proprietors of cinema houses collected Rs. 62.60 lakh between April 2005 and March 2007 on sale of tickets for providing facilities to spectators in the cinema houses. Though the details of facilities provided in cinema halls and accounts of expenditure thereof certified by the CA were not submitted by the proprietors to the Collectors within the prescribed period, but the concerned AECs/DEOs did not send the cases to the Collectors for levy of entertainment duty. Thus, entertainment duty of Rs. 20.49 lakh leviable on Rs. 62.60 lakh was not levied.

After the cases were pointed out, the EC stated (June 2008) that action to recover entertainment duty of Rs.1.33 lakh relating to Rewa district is being taken while in other cases, the details certified by the CA have been submitted or is being submitted by the proprietors of cinema halls. The reply is not

²⁵ AECs-Bhopal, Gwalior, Indore and Rewa.

DEOs- Anuppur, Chhattarpur, Khargone, Ratlam, and Shahdol.

²⁶ AECs-Gwalior, Indore and Rewa. DEOs- Anuppur, Mandla, Ratlam and Shahdol.

tenable as action should have been initiated to recover the entertainment duty on such amount in case of non-receipt of details of facilities provided and the amount expended thereon duly audited by a CA within the prescribed period i.e. 30 June of the following year which was not done. Reply of the Government has not been received (December 2008).

5.5 Non-levy/recovery of advertisement tax

The Madhya Pradesh Entertainment Duty and Advertisement Tax Act provides that every proprietor of an entertainment shall pay advertisement tax on every advertisement exhibited at a rate not exceeding Rs. 50 per month.

Test check of the records of five DEOs²⁷ between April 2006 and March 2008 revealed that advertisement tax for the period from April 2003 to February 2008 was neither paid nor recovered from 599 cable operators. This resulted in non-levy/realisation of advertisement tax of Rs. 5.09 lakh.

After the cases were pointed out, the EC stated (June 2008) that action to recover the amount of advertisement tax from cable operators is being taken and will be intimated after recovery. Reply of the Government has not been received (December 2008).

C. LAND REVENUE

5.6 Non-raising of demand of premium, diversion rent and fine

According to paragraph 14 of the Madhya Pradesh Revenue Book Circular (RBC) issued under MP Land Revenue Code (MPLRC) 1959, the sub-divisional officer (revenue) shall intimate to the concerned *tahsildar* the dues recoverable from each land holder in a statement called B-1. This statement consists of the demand for premium, diversion rent and fine imposed under the penal provisions of MPLRC. The *tahsildar* on receipt of statement B-1 is to effect the recovery of dues through the *patwaris*²⁸.

Test check of *Diara*²⁹ register maintained in the office of the Sub-Divisional Officer, (SDO), *tahsil*, Indore (Revenue) in April 2007 revealed that diversion rent, premium and fine of Rs. 2.80 crore was due in 32 cases of Indore city urban area between October 2003 to September 2006. The SDO did not prepare the statement form B-1 for onward transmission to the *tahsildar*, Indore for raising the demand. This resulted in non-realisation of Rs. 2.80 crore.

The matter was reported to the Commissioner, Land Record and Settlement and Government in March 2008; their reply has not been received (December 2008).

²⁷ Anuppur, Chhattarpur, Khargone, Neemuch and Shahdol

²⁸ An official appointed for the maintenance and updation of land records

²⁹ The register in which revenue cases are registered for proceedings

5.7 Non-realisation of revenue due to non-recovery of anticipated premium and ground rent in the case of advance possession

As per provision of Paragraph 29 of RBC, whenever advance possession of Government land is given to the applicant in anticipation of the final sanction, the anticipated premium and ground rent should be recovered on the basis of estimated premium and ground rent. In the mean time, the applicant should provide an undertaking that he will pay premium and ground rent, which the Government finally decides. This was reiterated by the Government direction of February 1985, which stipulated that the amount of anticipated premium and ground rent should be compulsorily deposited in case of advance possession.

Test check of the records of Collectorate, Bhopal (*Nazul* section) in January 2008 revealed that advance possession of Government land measuring 5.50 acre in which 4.88 acre was for public use and free from premium and ground rent and 0.42 acre allotted for commercial use was given (August 2005) to the Municipal Corporation, Bhopal to set up a bus stand at Shajahanabad in anticipation of final sanction. But the anticipated amount of Rs. 1.01 crore, premium Rs. 87.94 lakh and ground rent of Rs. 13.20 lakh was not recovered from the Municipal Corporation, Bhopal. This resulted in non-realisation of Rs. 1.01 crore.

After the case was pointed out, the *Nazul* officer stated (January 2008) that the allotment was done by Government order and letter is being written to BMC to deposit the premium and ground rent. The reply is not tenable because no action was taken by the *Nazul* officer to recover the anticipated premium and ground rent as per provisions of RBC and Government directions at the time of handing over the advance possession of the land.

The matter was reported to the Commissioner, Land Record and Settlement and Government (April 2008); their reply has not been received (December 2008).

5.8 Non-realisation of revenue due to non-disposal of attached properties

Under the provisions of the MPLRC, arrears of land revenue payable to the Government shall be recovered by the *tahsildar* by attaching the property and sale of movable and immovable properties of the defaulters. Further, the *tahsildar* is required to conduct quarterly review of the attached property register with a view to take action for early disposal of attached property.

Test check of the records of Indore *tahsil* in April 2007 revealed that movable and immovable properties in 11 cases were attached between October 2003 to September 2006 for recovery of Rs. 66.23 lakh³⁰ but no action was taken by the department to realise the dues by disposing of the attached properties. This resulted in non-realisation of Rs. 66.23 lakh.

³⁰ Labour Court Dhar - (03 items) Amount Rs. 6.02 lakh, Diversion Section-Collectorate Indore (08 items) Amount Rs. 60.21 lakh.

The case was reported to the Commissioner, Land Record and Settlement and Government (March 2008); their reply has not been received (December 2008).

5.9 Non-recovery of collection charges

According to the *Panchayat Raj Adhiniyam*, 1993 and instructions (June 1999) issued thereunder, the amount collected by the Government on account of land revenue, cess, fees and other taxes shall be credited to the *Panchayat Raj Nidhi* after deducting 10 per cent of the amount as collection charges.

Test check of the records of 16 *tahsils*³¹ between April 2007 to February 2008 revealed that revenue of Rs. 5.63 crore was collected and credited by the *tahsildars* to *Panchayat Raj Nidhi* without deducting collection charges of Rs. 56.33 lakh. This resulted in non-recovery of revenue of Rs. 56.33 lakh.

After the cases were pointed out, the *tahsildars* stated (February 2008) that collection charges were not deducted and these would be deducted after receiving the orders from the collectors. Reply is not acceptable as the collection charges should have been deducted prior to crediting the revenue into the Government account as per the provision of the *Adhiniyam*.

The matter was reported to the Commissioner, Land Record and Settlement and Government (between July 2007 to April 2008); their reply has not been received (December 2008).

5.10 Non-levy/recovery of process expenses

As per Section 4 of the Madhya Pradesh *Lokdhan Shodhya Rashiyon ki Vasuli Adhiniyam*, 1987, process expenses at the rate of three per cent of principal amount shall be recovered from the defaulters and deposited in the treasury.

Test check of the records of six *tahsils*³² between April 2007 to February 2008 revealed that process expenses of Rs. 37.62 lakh were recoverable from the defaulters in 6,777 cases, but were not included in the relevant demand notices of the principal amount of Rs. 12.54 crore. This resulted in non-levy of process expenses of Rs. 37.62 lakh.

The matter was reported to the Commissioner, Land Record and Settlement and Government (between March 2008 to April 2008); their reply has not been received (December 2008).

³¹ Bairasiya (Bhopal), Dabra (Gwalior), Depalpur (Indore), Dindori, Indore, Kurwai (Vidisha) Lakhnadaun (Seoni), Laundi (Chhattarpur), Multai (Betul), Nasrullaganj (Sehore), Patan (Jabalpur), Rehli (Sagar) Rajgarh, Rajanagar (Chhattarpur), Sanver (Indore) and Seoni

³² Barod (Shajapur), Ghattiya (Ujjain), Khaniyadhana (Shivpuri), Mahidpur (Ujjain), Narwar (Shivpuri) and Seoni