

CHAPTER V: LAND REVENUE

5.1 Tax administration

The Land revenue Department collects revenue in the form of taxes on agriculture and commercial crops, land development tax, *Gramin Vikas* tax, environmental and development cess, school building cess, premium and rent, tax on diversion of land, ground rent, penalties and interest etc. Government dues are recovered from the defaulters through issuing Revenue Recovery Certificates. *Tahsildars* have a vital role in recovery of Government dues from the defaulters.

The Department follows Acts, Circulars, and Code etc. as mentioned below:-

- Land Revenue Code, 1959;
- Chhattisgarh *Lok Dhan (Shodhya Rashiyon Ki Vasuli) Niyam*, 1988;
- Revenue Book Circular (RBC), volume I to VI; and
- *Chhattisgarh Adhosanranchna Vikas Evam Paryavaran Upkar Adhiniyam*, 2005.

The Land Revenue Department is headed by Commissioner (Land Revenue and Settlement). He is assisted by an Additional Director and Regional Deputy Commissioner. The Additional Director assisted by Joint/Deputy/Assistant Director is responsible for maintenance of Accounts while Regional Deputy Commissioner (RDC) is responsible for maintenance of land records etc.

5.2 Analysis of budget preparation

The budget estimates and actual receipts during the year 2005-06 to 2009-10 revealed that while the actual receipts decreased by 17.60 and 8.93 *per cent* in the year 2006-07 and 2007-08 respectively, the actual receipts increased by 259.50 and 32.68 *per cent* in the year 2008-09 and 2009-10 which shows improper preparation of budget estimates. The budget estimates for the year 2009-10 shows that the recovery of arrears of revenue is also not taken into account. Budget estimates further shows that the Department had estimated marginal increase in the budget each year. Budget estimates of Land Revenue tax, Development tax and cess and other receipts were made showing marginal increase in the budget.

In view of the above, the Department may consider preparing the budget as per the provisions of budget manual.

5.3 Trend of Revenue Receipts

Actual receipts from Land Revenue during the years 2005-06 to 2009-10 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	8.19	26.89	(+) 18.70	(+) 228.33	4051.91	0.66
2006-07	73.86	60.86	(-) 13.00	(-) 17.60	5045.70	1.20
2007-08	96.76	88.12	(-) 8.64	(-) 8.93	5618.10	1.57
2008-09	100.00	359.50	(+) 259.5	(+) 259.5	6593.72	5.45
2009-10	120.36	159.69	(+) 39.33	(+) 32.68	7123.25	2.24

The land revenue receipt to the total tax revenue of the state during the last five years ranged between 0.66 and 5.45 *per cent*. It may be observed from the above table that while the actual receipt exceeded the budget estimates by 228.33 *per cent*, 259.50 *per cent* and 32.68 *per cent* in the year 2005-06, 2008-09 and 2009-10 respectively, but the same declined by 18 *per cent* and nine *per cent* in 2006-07 and 2007-08 respectively. The reasons for huge variations have not been furnished so far.

5.4 Impact of audit

5.4.1: Position of IRs : During the last five years, audit through its Audit Reports had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 310.38 crore in 6899 cases. Of these, the Department/ Government had accepted audit observations in 5794 cases involving ₹ 285.11 crore and had since recovered ₹ 0.09 crore. The details are shown in the following table:

(₹ in lakh)

Year of Audit Report	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	31	343	21513.49	327	21308.26	2	2.72
2005-06	-	-	-	-	-	-	-
2006-07	16	219	931.13	201	539.13	2	0.85
2007-08	24	2721	2570.00	2700	2516.00	1	0.36
2008-09	24	3616	6023.00	2566	4147.92	2	4.96
Total	95	6899	31037.62	5794	28511.31	7	8.89

5.4.2: Position of Audit Reports : In the Audit Reports 2004-05 to 2008-09 the cases of under assessment of cess, processing fees, premium, penalty were indicated involving ₹ 3.44 crore. The Department accepted observations of ₹ 0.20 crore and recovered ₹ 0.26 crore till March 2010 as shown in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total Money value	Amount Accepted	Recovery made up to March 2010
1.	2004-05	1.14	0.2	0.21
2.	2005-06	-	-	-
3.	2006-07	-	-	-
4.	2007-08	0.07	-	-
5.	2008-09	2.23	-	0.05
	Total	3.44	0.2	0.26

The Department should take steps for recovery as pointed out in Audit Reports.

5.5 Internal Audit

There is no Internal Audit Wing (IAW) in the Department. Government may consider setting up of the IAW in the Department so as to ensure proper and timely realisation of revenue.

5.6 Results of audit

Test check of the records of 20 units of the Land Revenue Department revealed loss of revenue amounting to ₹ 27.44 crore in 4,037 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Delay in collection of RRC	1,098	15.83
2.	Non-levy/realisation of cess	56	0.14
3.	Non-recovery of land rent and premium	10	0.13
4.	Non/short levy of process fee	1,382	0.12
5.	Other irregularities	1,491	11.22
	Total	4,037	27.44

During the year, the Department accepted non levy of penalty, non-recovery of land rent, premium, diversion rent etc. of ₹ 27.10 crore in 3099 cases. The Department recovered ₹ 5.77 lakh in 360 cases pointed out by audit in earlier years.

A few illustrative cases involving ₹ 70.52 lakh are mentioned in the following paragraphs.

5.7 Audit observations

We scrutinised the records relating to assessment and collection of LR which revealed non-levy of interest, non-raising of demand of diversion rent and non-levy of cess as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out repeatedly, but not only do the irregularities persist, these remain undetected till an audit is conducted by us. There is need for the Government to improve the internal control system including strengthening of internal audit so that these omissions can be avoided, detected and corrected.

5.8 Non-levy of interest

As per the Revenue Department, Government of Madhya Pradesh order dated 21.12.1995 (as adopted in the state of Chhattisgarh) land admeasuring 18.30 acres was allotted to South Eastern Coal Fields Limited (SECL), Raigarh with premium and annual lease rent of ₹ 1.32 crore and ₹ 6.58 lakh respectively. As per the Government order dated 24.4.1997 the above amount was to be paid in five equal annual instalments along with compound interest at the rate of 15 per cent per annum.

We found in the test check of records of Collector, Raigarh (Nazul branch) in January 2009 that the SECL, Raigarh paid ₹ 52.61 lakh as premium and ₹ 13.15 lakh as land rent upto March 1999. The balance amount of premium ₹ 2.28 crore and land rent ₹ 36.44 lakh as on March 2007 was paid on March 2008 with a delay of one year for which interest amounting to ₹ 39.70 lakh [15% of (2,28,24,999+36,44,227)] was not levied and recovered from the lessee. This resulted in non-levy of interest of ₹ 39.70 lakh.

During discussion, the Government stated (October 2010) that matter regarding recovery of interest has

already been taken up with the Department.

5.9 Non-raising of demand of diversion rent

According to the procedure laid down in Revenue Book Circulars, after reassessment of rent of land which has been assessed for one purpose and diverted for use to any other purpose, the revenue authority shall intimate the same to the *Tahsildar* so as to incorporate the demand in *Tahsil* records.

We found in the test check of the records of two¹ *Tahsils* (August and September 2009) that in 50 cases which were reassessed between revenue years 2003-04 and 2007-08, the demand of diversion rent of ₹ 24.87 lakh were not

incorporated by the *Tahsildar* in the demand register. As a result, the demand for

¹ Kathghora and Korba

diversion rent was not raised and the amount could not be recovered. This resulted in non-realisation of revenue of ₹ 24.87 lakh.

After we pointed out the case, the Government replied (November 2010) that an amount of ₹ 2.48 lakh has been recovered and action is being taken to recover the balance of ₹ 10.22 lakh by Tahsildar, Korba. As regard to the recovery of ₹ 12.17 lakh, an amount of ₹ 12.08 lakh has been recovered by the Tahsildar, Kathghora. However, the details of challan in support of the recovery of the amount by the Tahsildar, Kathghora has not been furnished to audit.

5.10 Non-levy of cess

We found in the test check of the records of the Collector, Mahasamund in June

As per notification No/F-4 50/7/Revenue/2005/4056 dated 20 December 2005 issued by the Chhattisgarh Government, Development and Environmental cess is leviable on land covered under lease other than lease of coal and iron ore at the rate of five *per cent* of annual royalty.

2009 that royalty of ₹ 59.51 lakh was collected from 313 quarry leases during the year 2007-08 and 2008-09. The Department did not levy Development and Environmental cess on the royalty resulting in non-levy of cess of ₹ 5.95 lakh.

After we pointed out the case, the Government replied (October 2010) that after examination and as per the report of the Collector (Mining)

Mahasamund, royalty of ₹ 75,186 and ₹ 1.41 lakh was deposited by the lessees in the year 2007-08 and 2008-09 respectively for which Development and Environmental cess amounting ₹ 48,329 was deposited by the lessees and demand notice has been issued to one lessee to deposit the cess.

The reply is not acceptable because the Department had recovered cess of ₹ 48,329 only against the recoverable cess of ₹ 5.95 lakh. Moreover, the Department had not clarified regarding the balance royalty of ₹ 32.70 lakh and ₹ 24.65 lakh during 2007-08 and 2008-09 respectively. The challan of the deposited cess has also not produced to audit for verification. Further progress in the case is awaited (November 2010).