

CHAPTER 3
REVENUE AND LAND
REFORMS

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3.1 Tax administration

The Revenue and Land Reforms Department acquires and alienates land and levies and collects land revenue in Bihar. The Collector is responsible for the land acquisition who is assisted by the District Land Acquisition Officer (DLAO).

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

3.2 Results of audit

Audit test checked records of 76¹ out of 824 units of the Revenue and Land Reforms Department involving transactions worth ₹ 3,637.51 crore during 2017-18. Audit scrutiny revealed non/short levy of establishment charges, short/non-levy of additional compensation, non-remittance of revenue into Government account and other irregularities involving ₹ 775.25 crore in 755 cases.

The Department accepted short levy, short realisation and other deficiencies of ₹ 950.60 crore in 178 cases. Out of these, 93 cases involving ₹ 426.81 crore were pointed out during 2017-18 and the rest during earlier years. The Department reported recovery of ₹ 4.96 crore in three cases. The replies in the remaining cases of 2017-18 and those of earlier years are awaited (September 2019).

Three paragraphs involving irregularities worth ₹ 318.91 crore have been illustrated in this chapter.

3.3 Non-remittance of establishment charges into the Consolidated Fund of the State

Five DLAOs failed to remit establishment charges of ₹ 299.65 crore into the Consolidated Fund of the State though the fund was available with them.

Instruction (May 2006) of the Joint Secretary of the Revenue and Land Reforms Department read with Bihar Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (BRFCTLARR) Rules, 2014 provides for collection of establishment charges at the prescribed rates in four² slabs ranging between 20 *per cent* to 35 *per cent* from the land requiring body and to deposit in Government account under Land Revenue head.

¹ Circle offices-31, District Land Acquisition Offices-23, Office of the Deputy Collector Land Reforms-2, Office of the Additional Collectors-19, Survey and settlement office-01

² Rate of establishment charges: 20 *per cent* if compensation amount is more than ₹ 15 lakh, 25 *per cent* if compensation amount is more than ₹ 10 lakh but less ₹ 15 lakh, 30 *per cent* if compensation amount is more than ₹ five lakh and less than ₹ 10 lakh and 35 *per cent* if compensation amount is less than ₹ five lakh

Audit examination of records of 16 land acquisition projects out of 49 projects in five land acquisition offices³ (test-checked DLAOs-23) revealed that ₹ 2,081.48 crore was received from requiring bodies for acquisition of land pertaining to 16 projects⁴ during the period between April 2005 and August 2018. The leviable establishment charges proportionate to the acquisition costs already received in these projects, was ₹ 582.14 crore. However, the concerned DLAOs remitted ₹ 282.49 crore only and establishment charges of ₹ 299.65 crore was not remitted into the concerned revenue head under the Consolidated Fund of the State in violation of the Bihar Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Rules, 2014, and an amount of ₹ 73.82 crore was lying in PD account⁵ and ₹ 64.33 crore was lying in saving accounts operated in banks. Keeping establishment charges in PD account and bank accounts instead of remitting them into the Consolidated Fund of the State is in violation of the Bihar Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Rules, 2014. Further, this is also fraught with risk of fraud and misappropriation.

The concerned DLAOs did not prepare project-wise account of establishment charges and in its absence did not ensure receipt of funds and remittance of establishment charges into concerned revenue head under the Consolidated Fund of the State. Further, neither District Collectors nor Director of land acquisition who were supervisory officer of the DLAO at district level and Department level respectively exercised due monitoring to ensure remittance of establishment charges in Government account. Thus, the DLAOs failed in getting the amount of establishment charges of ₹ 299.65 crore remitted into the Consolidated Fund of the State, as detailed in **Annexure-2**.

On further verification, Audit observed that DLAO Bhabhua remitted (February 2018) ₹ 1.03 crore and ₹ 3.93 crore in case of NH-30 and NH-2 respectively. DLAO Bhojpur stated (February 2018) that in case of 11 out of 45 *mauja* requisitioning body requested to stop (April 2017) the acquisition of land and did not transfer compensation amount and hence establishment charge was not remitted. Reply of the DLAO was out of context as our observation pertained to the remaining 34 *mauja* (excluding these 11 *mauja*) in respect of which compensation amount was already received. Replies from the remaining three DLAOs⁶ is awaited.

The matter was reported to the Department (August 2017 and April 2018); their reply was still awaited (September 2019).

³ Bhabhua, Bhojpur, Nawada, Patna and Vaishali

⁴ Construction of SH-81 Sakadi Nasrigunj, Kudra Bhabhua path ki 20 km ke antim chhor per bypass, 4-laning of Mohania-Ara (Section of NH-30) Project under PPP mode, NH-2 ke 6 lane ka chaurikaran, NH-82 Gaya-Hisua Biharsharif section, SH-83 Baghi-Bardiha Barbiga Path, Power sub-station 220/132 KV Grid, Solid Sewage treatment, Railway overbridge approach road (Kankarbagh), Railway overbridge near Patna Sahib, NH-83 Patna Gaya Dobhi four lane, NH 98 Anisabad Arval four lane NHA, NH 31 Bakhtiyarpur Khagaria four lane, SH-78 Bihta Sarmera highway, Police thana bhawan nirman and 132/133 KV grid sub-station.

⁵ Personal Deposit (PD) account is part of public account opened by the DLAO as per the provision of the Bihar treasury code, 2011

⁶ Nawada, Patna and Vaishali.

Recommendation: The Department should ensure that the amount of establishment charges realisable, realised and kept in PD/bank accounts are reconciled and the balance amount is remitted into the Consolidated Fund of the State without further delay and responsibility is fixed on the erring DLAOs who inordinately delayed deposit of establishment charges into the Consolidated Fund of the State.

3.4 Non-realisation/remittance of revenue on alienation/transfer of Government land

Due to non-adherence of the sanction order by the Additional Collector/Circle Officer, the Government was deprived of revenue of ₹ 16.01 crore.

The Bihar Government Estates (*Khasmahal*) Manual, 1953 and instruction (12 March 1991) of the Commissioner-cum-Secretary of the Revenue and Land Reforms Department stipulates that the transferee Department/Public Sector Undertakings (PSUs) is liable to pay the *Salami*⁷ along-with accumulated value of annual rent at the rate of two to five *per cent* of *Salami* for 25 years on transfer/alienation of Government land.

- In two districts (Bhojpur and Vaishali) out of 23 test-checked districts, Audit observed (between July and September 2017) that 4.16 acres of Government land was transferred in September 2015 by the Additional Collector/Circle Officer to PSUs⁸ without realising *Salami* and accumulated value of rent on land. Though, as per the sanction order these proceeds were realisable before transfer of the land. Thus, due to non-adherence of the aforesaid sanction order by the Additional Collector/Circle Officer and absence of monitoring mechanism by superior authority the Government was deprived of revenue of ₹ 14.97 crore⁹.
- Audit observed (August 2017) in District Land acquisition Office, Vaishali that 5.85 acres of Government land was transferred between March 2010 and May 2011 to National Highway Authority for construction of NH-77. The cost of these land as per approved estimates was ₹ 1.04 crore and the cost of entire project was ₹ 172.95 crore involving 116.80 acres of land. The NHAI transferred ₹ 164.20 crore between June 2010 and June 2016 to the DLAO for this project. Out of this, ₹ 12.90 crore was lying in saving bank account since 2016, however, the DLAO did not remit the cost of Government land worth ₹ 1.04 crore into Government account despite availability of funds. As a result, the Government deprived of the revenue worth ₹ 1.04 crore.

In reply, the DLAO Vaishali stated (December 2018) that the nature of Government land was under scrutiny. The reply is not acceptable as nature of the government

⁷ *Salami* denotes market value of land.

⁸ Bihar State power transmission Company Ltd. and South Bihar Power transmission Co. Ltd.

⁹ (₹ in crore)

Name of District	Number of Projects	Area of land (in acres)	Total of <i>salami</i> and rent	Remarks
Bhojpur	1	0.50	0.15	Government land transferred to PSUs without realisation of <i>Salami</i> and accumulated value of rent on land.
Vaishali	1	3.66	14.82	
Total	2	4.16	14.97	

land was GM Aam/khas which was already available in the *mauja*-wise estimate of the project.

The matter was reported to the Department (September and December 2017); their reply was still awaited (September 2019).

3.5 Excess realisation of contingency charges

Three DLAOs had collected excess contingency charge of ₹ 3.25 crore from requiring bodies.

As per Government resolution issued (February 2007) under Bihar Land Acquisition Act, 1894, the requisitioning authority shall pay the contingency charges¹⁰ at the rate of 0.5 *per cent* of the estimated cost of the land to be acquired for the project subject to a maximum of ₹ two lakh which was revised (2014) to ₹ five lakh keeping rate intact as 0.5 *per cent* of compensation amount.

Audit scrutinised (between August and December 2017) the estimates of cost of land acquisition of 10 projects in the three District Land Acquisition Offices¹¹ out of 23 test checked districts and observed that the DLAOs had collected the contingency charge of ₹ 3.69 crore from the requisitioning body as per the *mauja*-wise estimates prepared separately by them rather than for the entire project in violation of the provision of the Act *ibid*. Actually, these projects attracted contingency charge ₹ 44 lakh only by limiting up to a maximum of ₹ two lakh or ₹ five lakh for entire project. The estimates were approved by the competent authority, however, none of them exercised checks to detect incorrect levy of contingency charge which resulted in excess realisation of contingency charge of ₹ 3.25 crore.

The matter was reported to the Government/Department in December 2018; their reply was still awaited (September 2019).

The errors/omissions pointed out are on the basis of a test audit. The Department/Government may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and, if so, to rectify them; and to put a system in place that would prevent such errors/omissions.

¹⁰ Contingency charge is levied for the purpose of rehabilitation, survey, monitoring, stationary and other contingent expenses including vehicle and outsourcing of computer, computer operator, Amin, draftsman.

¹¹ Patna, Samastipur and Vaishali