

CHAPTER-IV: LAND REVENUE

4.1 Results of audit

Test check of records in the Land Revenue offices, conducted during the year 2008-09, disclosed underassessments of revenue amounting to Rs. 11.25 crore in 36 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non/short levy of conversion fine/compounding fine	18	5.29
2.	Other irregularities	18	5.96
Total		36	11.25

During the year 2008-09, the department accepted underassessments of Rs. 1.75 crore involved in 70 cases and, of that, recovered Rs. 64 lakh in 40 cases pointed out in the earlier years.

After the issue of a draft paragraph, the department recovered the entire amount of Rs. 19 lakh in one case.

A few illustrative audit observations involving Rs. 1.38 crore are given in the following paragraphs.

4.2 Audit observations

Scrutiny of assessment records of land revenue revealed cases of non/short levy of conversion fine and compounding fine as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions on the part of the officers are pointed out in audit each year but not only do the irregularities persist; these remain undetected till an audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit.

4.3 Non-observance of provisions of the Acts/Rules

The Karnataka Land Revenue (KLR) Act, 1964 provides for:

- (i) levy of conversion fine in cases of diversion of agricultural land for non-agricultural purposes;*
- (ii) levy of compounding fine in cases of unauthorised diversion of agricultural land for non-agricultural purposes*

The department had not followed the above provisions in cases as mentioned in paragraphs 4.3.1 and 4.3.2. This resulted in non/short levy of conversion fine/compounding fine of Rs. 1.38 crore.

4.3.1 Non-levy of conversion fine

Under the KLR Act 1964, if any land assessed or held for the purpose of agriculture is diverted or used for any other purpose, permission of the Deputy Commissioner (DC) is required. The DC may refuse or grant permission for such diversion subject to payment of a conversion fine and such conditions as he may think fit. Conversion fine is leviable at the rate prescribed under the Rules with reference to the place in which the land is situated and purpose for which the land is put to use. The same provisions apply *mutatis mutandis* in case of diversion of non-agricultural land held for specific purpose to another non-agricultural purpose.

Test check of the records of the DCs, Bellary and Belgaum and Tahsildar, Haliyal between August 2008 and November 2008 revealed that in eight cases of diversion of 311 acres and 37.13 guntas of agricultural land/gomal¹ land for non-agricultural purposes (mining/industrial) between June 2005 and April 2007, conversion fine of Rs. 95.13 lakh though leviable was not levied.

After the cases were brought to notice, the DC, Bellary stated in August 2008 that the conversion fine would be recovered from the concerned. Reply in respect of the remaining two districts has not been received (November 2009).

The cases were reported to the Government in March 2009; their reply has not been received (November 2009).

4.3.2 Non/short levy of compounding fine

Under the KLR Act 1964, if any land assessed or held for the purpose of agriculture is to be diverted or used for any other purpose, permission of the

¹ Land reserved by Government for pasture.

DC is required. In cases of unauthorised diversion, the DC may summarily evict the occupant. Further, under the Act, the DC may compound such diversion or use, on payment of the amount (compounding fine) at prescribed rate.

4.3.2.1 Test check of records of the DC, Mysore in July 2004 and November 2008 revealed that seven orders were issued between February 2000 and July 2007 relating to conversion of 15 acres and 29.5 guntas of agricultural land for non-agricultural purposes (residential/non-residential). During inspection conducted before granting permission for conversion, the department had noticed unauthorised constructions (house/shed/temple/hotel/shop) to an extent of 42,228 square feet and levied compounding fine of Rs. 1.93 lakh against Rs. 12.03 lakh leviable at the rates prescribed by the Government. This resulted in short levy of compounding fine of Rs. 10.10 lakh.

4.3.2.2 Cross-verification of the details of quarrying leases granted between December 2006 and April 2008 by the Department of Mines and Geology in 51 cases covering 62 acres and 25 guntas of land with the records of the DCs, Belgaum and Shimoga between August and December 2008 revealed that permission to divert the land for non-agricultural purposes had not been obtained from the concerned DC. In these cases of unauthorised diversion, compounding fine leviable was Rs. 32.73 lakh, which was not levied.

After these cases were brought to notice, the DC, Mysore stated in November 2008 that compounding fine levied short would be recovered. Reply in respect of DCs, Belgaum and Shimoga has not been received (November 2009).

The cases were reported to the Government in March 2009; their reply has not been received (November 2009).