

CHAPTER-IV : LAND REVENUE, STAMP DUTY AND REGISTRATION FEE

4.1.1 Tax administration

The levy and collection of land revenue (LR) is regulated under the Orissa Government Land Settlement (OGLS) Act, 1962, the Orissa Prevention of Land Encroachment (OPLE) Act, 1972, the Orissa Land Reforms (OLR) Act, 1960 and Rules made thereunder. The Board of Revenue (BOR) administers the above Acts and Rules under the overall control of the Principal Secretary to Government in the Revenue and Disaster Management (R&DM) Department.

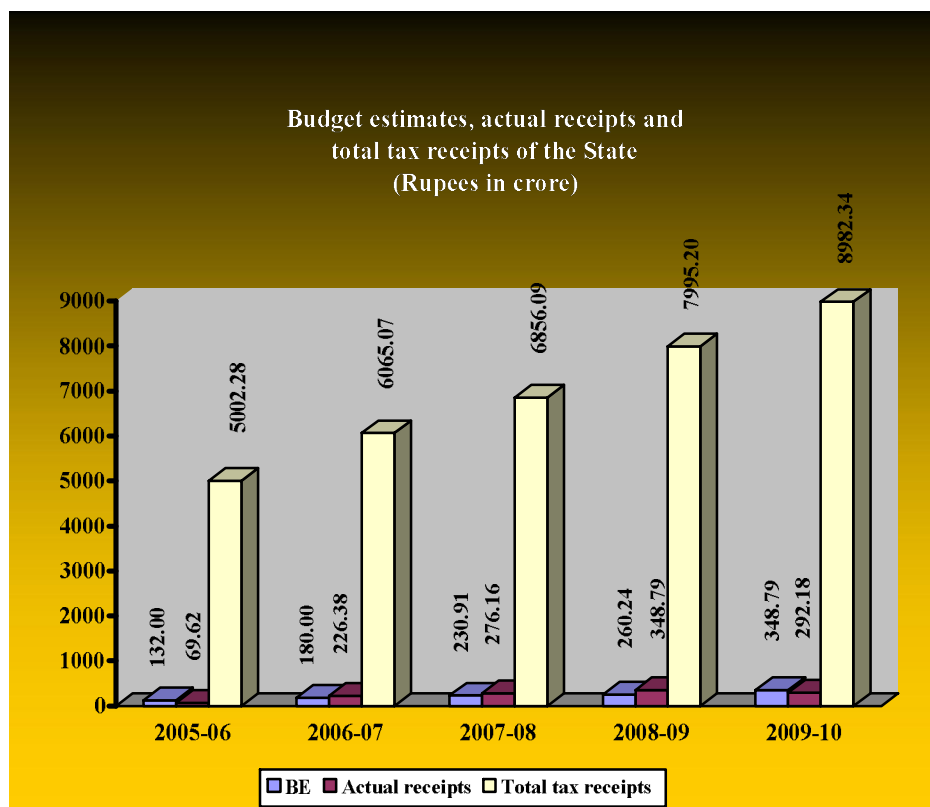
The levy and collection of stamp duty (SD) and registration fee (RF) are regulated under the Indian Stamp (IS) Act, 1899, the Registration Act, 1908 and Rules made thereunder. The Inspector General of Registration (IGR) under the overall control of the Principal Secretary to the Government in R&DM department administers the above Act and Rules and is assisted by a Joint Inspector General (JIG), three Deputy Inspector Generals (DIGs) and 30 District Sub Registrars (DSRs) at the district level and Sub Registrars (SRs) at the unit level.

4.1.2 Trend of receipts

Actual receipts from LR and SD and RF during the years 2005-06 to 2009-10 along with the total tax receipts during the same period are exhibited in the following tables and bar graphs showing the contribution of LR and SD & RF to the total tax receipts for the year 2009-10.

A. Land Revenue

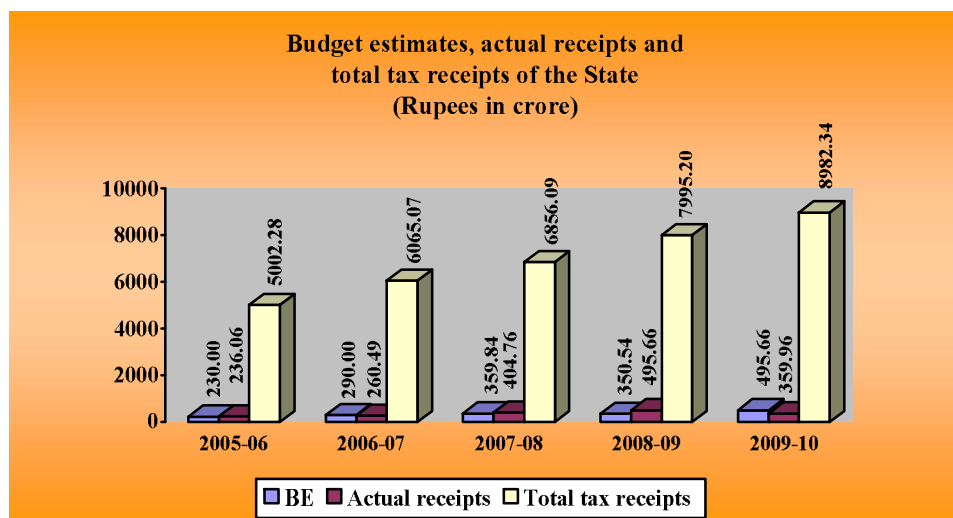
Year	Budget estimates	Actual receipts	Variation excess (+)/shortfall (-)	Percentage of variation	(Rupees in crore)	
					Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	132.00	69.62	(-) 62.38	(-) 47.26	5,002.28	1.39
2006-07	180.00	226.38	(+) 46.38	(+) 25.77	6,065.07	3.73
2007-08	230.91	276.16	(1) 45.25	(1) 19.60	6,856.09	4.03
2008-09	260.24	348.79	(+) 88.55	(+) 34.03	7,995.20	4.36
2009-10	348.79	292.18	(-) 56.61	(-) 16.23	8,982.34	3.25



The reasons for wide fluctuations in budget estimates and actuals during 2006-07 to 2008-09 were attributed to conversion of land, alienation of Government land to different agencies and collection of premium thereof and collection of more royalty whereas no reasons for decrease in collections of revenue during 2005-06 and 2009-10 were given by the department.

B. Stamp duty and registration fee

(Rupees in crore)						
Year	Budget estimate	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	230.00	236.06	(+) 6.06	(+) 2.63	5,002.28	4.72
2006-07	290.00	260.49	(-) 29.51	(-) 10.17	6,065.07	4.29
2007-08	359.84	404.76	(+) 44.92	(+) 12.48	6,856.09	5.90
2008-09	350.54	495.66	(+) 145.12	(+) 41.40	7,995.20	6.20
2009-10	495.66	359.96	(-) 135.70	(-) 27.38	8,982.34	4.01



The shortfall of revenue during 2006-07 was attributed to the high target fixed by the Government whereas no reasons for wide fluctuations in collection of revenues for the years 2007-08 to 2009-10 were furnished by the department.

The Government may make realistic revenue budgets for arresting the wide variations.

4.1.3 Cost of collection

The gross collection under SD and RF, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned below.

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	(Rupees in crore)
				All India average percentage for the year 2008-09
2007-08	404.76	11.81	2.92	2.09
2008-09	495.66	15.23	3.07	
2009-10	359.96	15.91	4.42	

The percentage of the cost of collection exceeded the all India average percentage. **The Government may take appropriate steps to reduce the cost so as not to exceed the all India average cost.**

4.1.4 Impact of audit

Revenue impact

A Land Revenue

During the last five years (2004-05 to 2008-09) we pointed out non/short levy, blocking, non/short realisation of land revenue and fees etc. with revenue implication of ₹ 921.40 crore in 34,109 cases. Of these, the department/ Government had accepted audit observations in 19,026 cases involving ₹ 42.67 crore and had since recovered ₹ 7.65 crore in 4,019 cases. The details are shown in the following table.

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	95	5,475	75.54	2,100	5.03	1,850	4.39
2005-06	86	2,783	179.67	1,621	1.49	1,377	1.24
2006-07	92	6,193	146.53	598	1.73	540	1.60
2007-08	82	1,664	397.15	218	0.30	218	0.30
2008-09	74	17,994	122.51	14,489	34.12	34	0.12
Total	429	34,109	921.40	19,026	42.67	4,019	7.65

The recovery position as compared to the acceptance of objections was very low. **The Government may take appropriate steps to improve the recovery position.**

B. Stamp Duty and Registration Fee

During the last five years (2004-05 to 2008-09) we pointed out non/short levy, non/short realisation of SD and RF etc., with revenue implication of ₹ 835.45 crore in 2,19,236 cases. Of these, the department/ Government had accepted audit observations in 19,867 cases involving ₹ 15.24 crore and had since recovered ₹ 6.00 crore in 4,444 cases. The details are shown in the following table.

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	96	41,752	47.79	6,476	3.73	1,339	0.35
2005-06	103	40,950	77.53	964	0.90	776	0.39
2006-07	94	42,077	355.24	1,487	1.66	1,195	1.61
2007-08	89	37,310	42.93	3,301	4.92	632	2.71
2008-09	109	57,147	311.96	7,639	4.03	502	0.94
Total	491	2,19,236	835.45	19,867	15.24	4,444	6.00

4.1.5 Results of audit

During the year 2009-10 we test checked the records of 96 units relating to land revenue, stamp duty and registration fees and detected non-collection, non/short assessment, blocking of revenue, etc., involving ₹ 400.51 crore in 46,001 cases which fall under the following categories:

Sl. No.	Categories	(Rupees in crore)	
		No of cases	Amount
LAND REVENUE			
1.	"Alienation, lease and encroachment of the Government land" (A review)	1	47.35 ¹
2.	Short realisation/non-collection of premium etc. from land occupied by local bodies etc.	151	107.73
3.	Non-realisation of revenue due to delay in finalisation of Orissa Estate Abolition (OEA) Act (Bebandabasta) cases etc.	9,901	3.44
4.	Blocking of Government revenue due to non-finalisation of Orissa Land Reform (OLR) cases	707	3.12
5.	Irregular/non-lease of sairat sources	278	1.89
6.	Other irregularities	5,855	4.10
Total		16,893	167.63
STAMP DUTY AND REGISTRATION FEES			
1.	Blocking of Government revenue due to non-disposal of 47A cases	27,421	226.30
2.	Blocking of Government revenue due to pending impounding cases	1,471	0.30
3.	Short realisation of stamp duty and registration fees due to under valuation of documents	169	6.16
4.	Miscellaneous cases	47	0.12
Total		29,108	232.88
Grand total		46,001	400.51

During the year, the department accepted underassessment and other deficiencies of ₹ 35.72 crore in 15,845 cases in respect of land revenue and ₹ 1.29 crore in 136 cases in respect of stamp duty and registration fees pointed out in 2009-10. An amount of ₹ 2.11 crore in 255 cases in respect of land revenue and an amount of ₹ 23.33 lakh in 184 cases in respect of stamp duty and registration fees were recovered during the year 2009-10.

A review on **"Alienation, lease and encroachment of Government land"** involving ₹ 47.35 crore² and a few illustrative audit observations involving ₹ 31.67 lakh are discussed in the following paragraphs.

1 It does not include the paras on blocking of revenue.

2 It does not include the paras on blocking of revenue.

4.2 Alienation, lease and encroachment of Government land

Highlights

There was blocking of revenue in the shape of premium, ground rent, cess and interest of ₹ 347.25 crore due to non-finalisation of 17 alienation cases in which Government land measuring 928.616 acres was unauthorisedly occupied.

(Paragraph 4.2.6.3.1 and 4.2.6.3.2)

There was blocking of revenue of ₹ 90.31 crore due to non-regularisation of advance possession of Government land measuring 340.760 acres in 16 cases which were allowed by the Government during 1965 to 2004-05 for public utility purposes.

(Paragraph 4.2.6.3.3)

There was non-realisation of ground rent, cess and interest of ₹ 2.67 crore from seven lessees who were leased out 384.78 acres of Government land.

(Paragraph 4.2.6.4)

There was short levy of premium, ground rent, cess and interest of ₹ 2.30 crore due to assessment of premium on buildable area of 73.629 acres against the assessable area of 92.781 acres of Government land.

(Paragraph 4.2.6.5)

There was non/short levy of capitalised value of ₹ 25.07 crore including interest in respect of 1,439.598 acres of Government land alienated to five Central Government organisations in eight cases.

(Paragraph 4.2.6.6)

There was non/short levy of incidental charges of ₹ 13.56 crore while sanctioning 4,096.175 acres of land to projects covering 500 acres and above to nine industries for industrial and commercial purposes.

(Paragraph 4.2.6.7)

There was non-levy of interest of ₹ 3.74 crore for belated payment of Government dues.

(Paragraph 4.2.6.8)

Revenue of ₹ 7.33 crore was blocked in 42 encroachment cases pending for regularisation due to inaction of departmental authorities.

(Paragraph 4.2.8.1)

There was blocking of revenue of ₹ 1.09 crore in case of lease of 13.94 acres of land to an industrial unit who violated the conditions of the sanction of lease.

(Paragraph 4.2.8.2)

4.2.1 Introduction

The R&DM department is the custodian of Government land at the apex level. The BOR through their field functionaries supervise, administer and control various activities pertaining to alienation³, lease⁴ and encroachment⁵ of Government land. With rising socio-economic activities, the demand for Government land is increasing. The OGLS Act, 1962 and OGLS Rules, 1983 empower the department to alienate/lease out Government land to the Central Government, Public Sector Undertakings (PSUs), other departments of the State Government, companies, firms, educational and charitable institutions, individuals etc. for different purposes, subject to fulfilment of prescribed conditions. The OPLE Act, 1972 and rules made thereunder in 1985 authorised the department to prevent the Government land from encroachment by unauthorised persons or organisations.

4.2.2 Organisational set up

R & DM Department frames the relevant Acts/Rules and issues executive instructions on alienation, lease and encroachment of Government land. The BOR implements the same with the assistance of three Revenue Divisional Commissioners (RDCs)⁶, 30 District Collectors (DCs)⁷ and 172 Tahasildars⁸. The Tahasildars are entrusted with the processing of cases relating to alienation, lease and eviction of Government lands for sanction by the competent authorities and levy of prescribed Government dues thereon for eventual collection and remittance to the Consolidated Fund of the State.

4.2.3 Audit objectives

The review was conducted with a view to ascertaining whether:-

- the Government land was alienated or leased out in accordance with the provisions of the Acts and Rules and was utilised for the purpose for which the lease/alienation was sanctioned;
- effective steps were taken for levy and collection of Government dues like assessment and penalty in respect of eviction, or premium, ground rent and cess etc. in case of regularisation of Government land; and
- an internal audit system was in place and was effective.

³ Transfer or diversion of land from its original possessor to any other person.

⁴ A contract for letting or renting of land for a specific term.

⁵ Seizure on the rights of Government land.

⁶ Revenue Divisional Commissioners Central, Northern, Southern.

⁷ Angul, Balasore, Bargarh, Bhadrak, Bolangir, Boudh, Cuttack, Deogarh, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jajpur, Jharsuguda, Kalahandi, Kandhamal, Kendrapara, Keonjhar, Khurda, Koraput, Malkangiri, Mayurbhanj, Nawarangpur, Nayagarh, Nuapada, Puri, Rayagada, Sambalpur, Sonepur, Sundergarh.

⁸ The number increased to 316 with effect from 06.08.2008.

4.2.4 Scope of audit

The review was conducted in three spells i.e. between 14 October to 21 December 2009, 18 January to 19 April 2010 and 5 May to 5 June 2010 covering the period from 2004-05 to 2008-09. For this, out of the total 30 districts of the State, 12⁹ were selected for review through stratified random sampling method along with 52 tahasils¹⁰ thereunder selected on best judgement basis. Besides, deficiencies of similar nature noticed in regular audit of other tahasils¹¹ during the year 2009-10 and earlier years were also included.

4.2.5 Acknowledgement

An Entry Conference was held on 6 October 2009 with the Special Secretary to Government, R&DM Department wherein the scope of audit, methodology and audit objectives were explained to the department. Indian Audit and Accounts Department acknowledges the co-operation of the department in providing necessary information to audit. The draft review report was forwarded to the Government on 29 July 2010. Although the Commissioner-cum-Secretary to Government, R&DM Department was requested on 25 August 2010 followed by telephonic reminders for holding the exit conference, response was not received (December 2010).

4.2.6 Audit findings

The review revealed a number of deficiencies which are discussed in the following paragraphs.

4.2.6.1 Absence of database of Government land

As land is a valuable asset of the Government having rapidly increasing market value, it is important for the department to have a complete and updated database of the actual Government land available, the extent thereof alienated or leased out or encroached upon, and pendency of lease/ alienation/ encroachment cases at different levels of the revenue administration.

We noticed that no such database was available either at the Government level or at the level of the BOR. This indicates that the department did not maintain the basic information and tools required to efficiently manage Government land in the matter of lease, alienation and encroachment.

⁹ Angul, Balasore, Bhadrak, Cuttack, Dhenkanal, Deogarh, Ganjam, Keonjhar, Koraput, Nuapada, Sambalpur and Sundergarh.

¹⁰ Anandpur, Angul, Aska, Athagarh, Balasore, Banarpal, Banki, Bamra, Barbil, Basta, Bhadrak, Bhanjanagar, Bisra, Biramitrapur, Berhampur, Chandabali, Chatrapur, Chhendipada, Cuttack, , Deogarh, Dhamnagar, Dhenkanal, Gandia, Ghatagaon, Hindol, Hinjlicut, Jujomura, Kaniha, Kanishi, Khariar, Keonjhar, Koraput, Kotpad, Kuchinda, Maneswar, Nilagiri, Nuapada, Parjang, Panposh, Pottangi, Rajgangpur, Remuna, Rengali, Rourkela, Salipur, Sambalpur, Similiguda, Simulia, Soro, Sundargarh, Talcher and Tangi.

¹¹ Bhubaneswar, Boudh, Brahmagiri, Jeypore, Jharsuguda, Kakatpur, Nimapara, Patnagarh and Satyabadi.

4.2.6.2 Pendency of alienation and lease cases

The OGLS Act, 1962 and Rules made thereunder do not provide for any time limit for finalisation of alienation and lease cases preferred by the Government and private parties for different purposes.

All applications for settlement of Government land by way of alienation and lease are required to be filed before the Tahasildars of the area concerned. These are then

entered in a prescribed register in Form II, containing details like serial number, date of application, purpose of lease, name and address of the applicant, name and location of the village, khata no., plot no., area of the plot with its boundaries and progressive course of action taken until final disposal of the case. The Tahasildar then arranges for verification of the existing record of rights of the land, status etc. with reference to the relevant maps through the Revenue Inspector (RI) in-charge of the village or town and solicits objections of the public, if any, through proclamation by beat of drum in the area or by affixing notices at conspicuous places in the respective village or urban area. Taking into account the objections, if any, the Tahasildar recommends the case to the Sub-Collector who after scrutiny submits it with his comments to the Collector of the concerned district. Thereafter the Collector sanctions the case if it is within his powers; otherwise he in turn submits it to the RDC with his comments. The RDC sanctions the case if he is competent to do so, otherwise he in turn submits it to the BOR with his comments. The BOR sanctions the case if it is within their powers; otherwise they submit the case to the Government with their comments. The Government is the final authority for sanction of cases referred to them by the BOR. The concerned Tahasildar carries out the orders of the higher authorities in alienating or leasing out the land to the lessee concerned by observing all formalities and collecting the Government revenue due at the prescribed rates.

During test check of records of 52 tahasils, we noticed that in 43 tahasils¹², 3,544 alienation and lease cases were pending for finalisation. The registers in Form-II, though maintained, did not contain all the necessary details. Hence the year-wise analysis of pendency, the reasons for pendency and the present status of the cases could not be ascertained in audit. In the remaining nine tahasils¹³, even the number of pending cases was not available due to non-maintenance of any register. Moreover, no control system existed in the department for monitoring such cases. The Department needs to ensure that an effective control mechanism is in place as substantial revenue could accrue to the State in the shape of premium, ground rent, cess and interest etc. after finalisation of pending cases.

¹² Anandpur, Aska, Athagarh, Balasore, Banarpal, Banki, Bamra, Barbil, Basta, Bhadrak, Bisra, Biramitrapur, Berhampur, Chatrapur, Chhendipada, Cuttack, , Deogarh, Dhamnagar, Dhenkanal, Gandia, Hindol, Hinjlicut, Jujomura, Kanishi, Khariar, Koraput, Kotpad, Maneswar, Nilagiri, Nuapada, Parjang, Panposh, Pottangi, Rajgangpur, Remuna, Rourkela, Salipur, Sambalpur, Similiguda, Soro, Sundargarh, Talcher and Tangi.

¹³ Angul, Bhanjanagar, Chandbali, Ghatagaon, Kaniha, Keonjhar, Kuchinda, Rengali and Simulia.

4.2.6.3 Blocking of revenue due to non-finalisation of occupation of Government land through lease

4.2.6.3.1 Non-finalisation of lease and alienation cases by the competent authority

As per the provisions of the OGLS Rules, 1983 read with the Government's orders of October 1961, March 1963, February 1966, March 1978 and January 2005, Government land can be leased out to Government Departments, local bodies, public sector undertakings, commercial organisations etc. on payment of premium fixed on the basis of market value *plus* annual ground rent at the rate of one *per cent* of the premium and cess at the rate of 50 *per cent* of ground rent upto 1993-94 and 75 *per cent* thereafter. In addition to the above, interest at the rate of six *per cent* per annum upto 27 November 1992 and 12 *per cent* per annum thereafter is also chargeable for default in payment of the Government dues from the date of occupation of the land till the date of payment of the Government dues.

During test check of records of 11 tahasils we noticed that in 12 cases Government land measuring 850.711 acres unauthorisedly occupied during the period 1980-81 to 2005-06 was found fit for alienation/ lease by the Tahasildars concerned. The cases were accordingly recommended to the competent higher authorities for sanction, but the same were pending at various levels. The premium, ground rent, cess and interest calculated up to 31 March 2009 stood at ₹ 206.77 crore. Thus, Government revenue was blocked due to inaction of the departmental authorities even though the land remained

under unauthorised occupation. The details are at **Annexure-IV** of this report.

An illustrative case is given below:

During test check of the records of Tahasildar, Koraput we noticed in April 2010 that a public sector company occupied Government land measuring 568.500 acres between 1981-82 and 1986-87 and applied for lease of such land between 27 May 1981 and 24 February 1984 to the Tahasildar, Koraput in the prescribed form. The cases were recommended by the Tahasildar on 30 October 2006 (two cases) and 3 August 2007 (three cases) to the Sub-Collector, Koraput; but are yet to be finalised. This resulted in blocking of Government revenue of ₹ 14.30 crore.

4.2.6.3.2 Non-recommendation of lease cases by the Tahasildars for finalisation by the competent authority

We noticed that in two tahasils, 77.905 acres of the Government land in five cases was unauthorisedly occupied during the period from 1965-66 to 2008-09. The occupiers of the land applied for alienation between 1988 and 2009. However, neither did the concerned Tahasildars recommend the cases for alienation nor was action taken to get the land vacated. The premium, ground rent, cess and interest calculated upto 31 March 2009, worked out to ₹ 140.48 crore which was blocked. The details are at **Annexure-V** of this report.

After we pointed out the cases detailed at Annexure-IV and V, all the Tahasildars except Tahasildar, Cuttack stated, between July 2009 and April 2010, that steps would be taken to finalise the lease and alienation cases. The Tahasildar, Cuttack Sadar stated that action would be taken after clearance from higher authority. Further reply is awaited (December 2010).

The Government, however, stated (August 2010) in respect of the observation made against the case at Sl. 11 of the Annexure-IV that the concerned revenue authority had been instructed to expedite the sanction of lease and realise the Government dues. At the same time the department was examining the justification on rate of premium and other dues calculated by Audit as per the benchmark valuation (BMV) and charging interest on the same rate for previous years and the decision taken by the Government in this regard would be intimated to Audit.

The Government's reply in respect of the other 16 cases as detailed at **Annexure-IV & V** is yet to be received (December 2010).

4.2.6.3.3 Non-regularisation of advance possession of land

As the process of alienation or lease of the Government land is a time consuming process, advance possession of land is sometimes given to the indenting departments of the Government and other organisations to start the projects expeditiously in the field under specific orders of the Government. Such lands are subsequently regularised under the OGLS Acts/Rules and the Government instructions from time to time by observing the procedures as mentioned in para 4.2.6.2 *supra*.

During test check of the records of 13 tahasils, we noticed that in 16 cases advance possession of Government land measuring 340.760 acres was allowed by the Government between 1965 to 2004-05 for public utility purposes. But the cases were pending at the level of the concerned Tahasildars for regularisation under the Acts/Rules by observing the formal procedures for sanction of such lands by the competent authority. This led to blocking of Government revenue of ₹ 90.31

crore. The details are at **Annexure-VI** of this report. An illustrative case is given below:

During test check of records of the Tahasildar, Rourkela we noticed that M/s. Biju Patnaik University of Technology (BPUT), Rourkela was allowed advance possession of Government land measuring 134.070 acres as per the Government orders dated 1 June 2004 read with the proceedings of the Land Acquisition Committee meeting held on 4 October 2005. Although the case was put up by Tahasildar, Rourkela for lease of the above land in favour of BPUT on 20 January 2006 to the Additional District Magistrate (ADM), Rourkela, the land was not regularised upto the date of audit (February 2010), which resulted in blocking of Government revenue of ₹ 75.54 crore.

The Government stated (August 2010) in respect of the observation made against the District Fishery Officer, Puri under the Tahasildar, Nimapara at Sl. 14 of Annexure-VI that the concerned Deputy Director of Fisheries and Animal Resources Development Department had been moved to pay the interest component immediately. Response had not yet been received from the latter and steps were being taken to institute certificate case under the Orissa Public Demand Recovery Act if the dues were not paid within short time given. As regards observation made against BSNL at Sl. 15 of Annexure-VI, the Government stated in September 2010 that the DGM (Rural), Office of the G.M.T.D., Bhubaneswar had been requested in March 2010 to deposit the dues with interest and the alienation case records had been submitted by the Tahasildar, Satyabadi to the Sub-Collector, Puri in April 2010 for follow up action and submission to Collector, Puri for sanction. Further in respect of observation made at Sl. 12 of Annexure-VI the Government stated in September 2010 that the Tahasildar, Astaranga had issued demand notice to the Executive Engineer, Electrical Division, CESU, Nimapara for immediate deposit of ₹ 8.33 lakh towards Government dues and the final compliance would be submitted after realisation of the same. The Government's reply in respect of the remaining 13 cases of Annexure-VI is awaited (December 2010).

The Government may consider issuing appropriate instructions to the revenue authorities including the Tahasildars concerned for early finalisation of the cases in the interest of revenue of the State.

4.2.6.4 Non-realisation of ground rent, cess and interest

Annual ground rent and cess payable by the lessee is watched through a Demand, Collection and Balance register maintained at tahasil as well as Revenue Inspector (RI) levels. The RI should realise the above dues from the lessee by 31 March every year.

During test check of lease/alienation case records of seven tahasil offices, we noticed that Government land measuring Ac. 384.78 was leased out to seven lessees. However, the concerned RI failed to realise ground rent, cess and interest amounting to ₹ 2.67 crore calculated upto 31 March 2009 from the above lessees. The details are at **Annexure-VII** of this

report.

After we pointed out these cases, all the Tahasildars agreed, between December 2009 and March 2010, to realise the above dues. Further reply is awaited (December 2010).

4.2.6.5 Short levy of premium

During test check of records of Tahasildar, Rourkela in February 2010, we noticed that Rourkela Development Authority (RDA) occupied Government land measuring Ac.142.740 prior to 1998 and the lease deed was executed on 21 February 2005 against payment of premium of ₹ 1.32 crore. The premium was assessed on the buildable area of Ac. 73.629 which was 51.58 per cent of the total area on which the lease deed was executed. But as per the expert official committee's decision of 29 October 2003, the buildable area on which

premium was to be fixed, should not be less than 65 per cent of the leasable land which comes to Ac. 92.781. Thus, there was short levy of premium, ground rent, cess and interest calculated upto 31 March 2009 on Ac. 19.152 of land which worked out to ₹ 2.30 crore. The details are given below:

(Rupees in lakh)							
Name of the lessee	Premium leviable	Premium levied	Short levy of premium	Ground rent	Cess	Interest on premium	Total
Rourkela Development Authority, Rourkela	170.23	137.55	32.69	8.04	5.46	184.16	230.35

After we pointed out the case, the Tahasildar, Rourkela stated, in February 2010, that the demand notice would be issued to the lessee. Further reply is awaited (December 2010).

4.2.6.6 Non/short levy of capitalised value

As per the Government instructions of 4 September 1964 and 22 January 2005 in case of alienation/lease of the Government land to the Central Government, in addition to levy of the premium as per the OGLS Act/Rules and the Government instructions issued from time to time, a capitalised value of land revenue representing 25 times the annual ground rent and cess is also leviable for one time settlement.

During test check of records of seven tahasil offices, we noticed that Government land measuring Ac. 1,439.598 involving eight cases was alienated to five Central Government organisations. While calculating the dues payable to the Government, the Tahasildars did not levy the capitalised value in three cases and in the other five cases, the

Tahasildars levied the capitalised value on the basis of ground rent only instead of levying it on both the ground rent and cess. Thus, there was non/short levy of capitalised value of ₹ 25.07 crore including interest calculated up to 31 March 2009. The details are at **Annexure-VIII** of this report.

After we pointed out these cases, all the Tahasildars except Tahasildar, Barbil stated that the demands would be raised. The Tahasildar, Barbil stated, in December 2009, that action would be taken after examination of the case records. Further reply is awaited (December 2010).

The Government may instruct the Tahasildars to correctly calculate the revenue realisable in alienation of Government land and fix responsibility on the erring officials for such lapses.

4.2.6.7 Non/short levy of fees for incidental charges

As per the OGLS Act 1962 and Rules framed thereunder when the total area of the land covering 500 acres and above is alienated/leased out to any party for specific purposes, (other than homestead and agriculture purpose) incidental charges at the rate of 10 per cent of the market value is also leviable in addition to the premium, ground rent, cess and interest.

During test check of alienation/lease records of eight tahasil offices, we noticed that Government land measuring 4,096.175 acres relating to projects covering 500 acres and above were sanctioned to nine industries/ Central Government organisations for industrial and commercial purposes.

However, the Tahasildars, while raising the demand of ₹ 140.39 crore towards premium, did not levy/short levied the incidental charges of ₹ 13.56 crore as detailed at **Annexure-IX** of this report.

After we pointed out these cases, all the Tahasildars agreed, between December 2009 and March 2010 to demand and realise the incidental charges. Further reply is awaited (December 2010).

A mechanism may be evolved for levy of incidental charges on the basis of the total land alienated to the above type of organisations for specific projects covering areas of different tahasils.

4.2.6.8 Non-levy/realisation of interest on belated payment of Government dues

(a) During test check of records of two tahasils, we noticed that in two cases of belated payment of Government dues for occupation of Government land, the Tahasildars did not levy interest amounting to ₹ 34.15 lakh as detailed below:-

(Rupees in lakh)					
Name of the tahasil Name of the lessee	Area in occupation (in Acre)	Date of occupation	Date of realisation of Government dues	Period for which interest was leviable	Interest to be levied and realised
Talcher G.M., Heavy Water Project, Talcher	14.440	28.02.2001	31.12.2006	March 2001 to December 2006 (70 Months)	22.74
Sambalpur Secretary, Sambalpur Development Authority	0.971	25.05.2005 to 06.09.2005	31.03.2008	2005-06 to 2007-08	11.41
Total	15.411				34.15

After we pointed out these cases, the Tahasildars agreed, between February and March 2010, to realise the interest. Further reply is awaited (December 2010).

(b) During test check of records of Rourkela tahasil, we noticed that the Tahasildar raised a demand of ₹ 1.85 crore against the Secretary, Rourkela Development Authority (RDA) towards interest on belated payment of Government dues. The lessee appealed to the Government for waiver of interest. In one case (involving interest of ₹ 69.29 lakh) the Government refused (April 2007) to exempt interest and in the second case, the decision of the Government is still awaited on waiver of ₹ 1.16 crore. But, the Tahasildar did not take any steps for realisation of Government dues of ₹ 0.69 crore as per the existing provision of law. On the other hand, due to inaction on the part of the Government, revenue of ₹ 1.16 crore was not realised.

After we pointed out the above cases, the Tahasildar agreed, in February 2010, to raise fresh demands. Further reply is awaited (December 2010).

(c) During test check of records of Tahasil office, Rourkela, we noticed that a provisional demand of ₹ 1.89 crore (annual ground rent of ₹ 1.08 crore and cess of ₹ 0.81 crore) was assessed by the ADM, Rourkela against the Rourkela Steel Plant (RSP) to be paid with effect from 1 June 2001 for the next 20 years. Accordingly the Tahasildar raised demand of ₹ 11.02 crore towards ground rent and cess upto 2006-07, against which the RSP provisionally paid ₹ 5.22 crore only, between June 2001 and 2005-06, leaving a balance of ₹ 5.80 crore. The balance amount was paid on 31 January 2007 for which it was liable to pay interest of ₹ 1.55 crore for belated payment of the Government dues.

After we pointed this out, the Tahasildar, Rourkela agreed in February 2010 to realise the demand. Further reply is awaited (December 2010).

4.2.7 Non-resumption of leases

As per the Government's lease principle of October 1961 and the conditions laid down in the sanction order of lease, Government land shall be utilised for a specific purpose and it shall not be used for any other purpose. The lessor i.e. the Government shall have the right to resume the land free from all encumbrances and without payment of any compensation for any improvement/structures made or constructed thereon by the lessee, if the land is not utilised for the purpose for which it was sanctioned.

During test check of records of two tahasils¹⁴ we noticed that in two cases Government land of Ac.37.95 was sanctioned in December 2001 and March 2006 respectively at a concessional value of ₹ 0.14 crore only against the market value of ₹ 2.96 crore, for establishing a medical college (Ac.37.00) for which no time frame was stipulated in the sanction order and for setting up an industry (Ac.0.95) within a period of three years as per the

sanction order. In the first case the lessee had not utilised the land for setting up the medical college while in the second case though the land was leased out in August 2006, it was not utilised for the sanctioned purpose within the stipulated time. No action was taken by the Tahasildars (March 2010) for resumption of the land.

¹⁴ Berhampur and Sundargarh.

After we pointed out these cases, the Tahasildar, Sundergarh agreed in March 2010, to resume the land as per OGLS Rules and the Tahasildar, Berhampur assured to take the matter to the higher authorities for taking further action. Further reply is awaited (December 2010).

The Government may issue instructions to the revenue authorities to resume the Government land in those cases where the land leased out was not used for the specific purpose for which the lease was sanctioned.

4.2.8 Encroachment of Government land

The OPLE Act 1972 and rules made thereunder do not provide any time frame for eviction or settlement of Government land encroached unauthorisedly by Government/private parties.

From the information made available by 28 tahasil offices, we noticed that 44,066 encroachment cases were pending for disposal as on 31 March 2009, the year-wise break-up of which could not be ascertained due to irregular maintenance of records. No

information on this issue could be furnished by 10 tahasils whereas information from the remaining 14 tahasils were awaited (December 2010). This indicated lack of a proper mechanism for monitoring encroachment cases.

4.2.8.1 Inaction on encroachment cases

As per the Orissa Prevention of Land Encroachment (OPLE) Act, 1972 and rules made thereunder in 1985 read with clarification of Government dated 2 February 1966, any body, authority or private person encroaching upon the Government land should either be evicted on levy and realisation of assessment and penalty at prescribed rates or settled, for good and sufficient reasons as considered by the Government (if not objected to), on levy and realisation of premium fixed as per the market value determined on the date of the recommendation of the Tahasildar or on the date of occupation (whichever is higher), ground rent, cess and interest at prescribed rates. The Government decided on 28 November 2008 for settlement of Government land encroached by the electricity distribution companies in deserving cases after following certain procedures.

During test check of records of 13 tahasil offices, we noticed that the Government land measuring Ac. 106.438 was in the unauthorised occupation of 42 encroachers including some organised industrial houses. The period of occupation ranged from one to 28 years. The Tahasildars did not act as per provisions of the OPLE Act and Rules thereunder to either evict the encroachers or settle the land on levy and realisation of the Government revenue at prescribed rates following due procedures. No reasons which prevented the Tahasildars from taking appropriate action under the law were recorded in the relevant case registers. However, non-regularisation of the encroachment cases by

eviction or settlement involved blocking of premium of ₹ 7.33 crore calculated at the latest market value of such land made available to audit. The details are at **Annexure-X** of this report.

After we pointed out these cases, all the Tahasildars agreed (between October 2009 and April 2010) to take steps for regularisation of the encroachments and realisation of the Government dues as per rules.

The Government may issue instructions to the Tahasildars concerned for eviction of the Government land from encroachment after collection of assessment and penalty or to settle the land in deserving cases.

4.2.8.2 Non-eviction of encroachers of Government land

We noticed in December 2009 that in Barbil tahasil gochar¹⁵ kissam¹⁶ of Government land measuring 13.94 acres was encroached by an industrial unit, since 2002-03 on which a house was erected by the encroacher along with a boundary wall around the area. An encroachment case was booked against the unit in 2003 and an amount of ₹ 0.29 lakh was realised by the Tahasildar towards arrear rent and penalty on 31 March 2003, but the unit was not evicted. The encroacher applied for lease of the said land on 12 March 2004 which was sanctioned by the Government on 27 December 2006, fixing premium, ground rent and cess for the period 2002-03 to 2005-06 amounting to ₹ 1.09 crore including interest along with the condition that the lessee should provide equal amount of land in a compact patch in exchange for the purpose of “gochar”. But the lessee neither deposited the Government dues nor provided equal amount of land as stipulated in the order of lease of the land.

After we pointed this case, the Tahasildar stated in December 2009 that the unit had been requested from time to time to comply with the terms and conditions of the lease sanction order and to provide equal extent of suitable land. The company had responded to the show cause notice stating that the lands suitable for gochar purpose was not available in a single patch in that village and hence they were in the process of acquiring private lands of tribals under the Land Acquisition Act through the Orissa Industrial Infrastructure Development Corporation Ltd. (IDCO). The fact, however, remains that the unit unauthorisedly occupied the gochar kissam of Government land and remained in possession of the same without making any payment as fixed by the Government in December 2006 and the department failed to get the orders of the Government implemented in this case.

¹⁵ Gochar –Land earmarked for grazing of cattle.

¹⁶ Kissam –Type of land.

4.2.9 Internal Audit

Internal audit, as an independent entity, is required to examine and evaluate the level of compliance to the departmental rules and procedures, to provide an independent assurance to the head of the department/office on the adequacy of the risk areas of finance, administration and internal control framework for the department.

During test check of records and information received from the BOR we noticed that an Internal Audit Wing (IAW) was functioning under the BOR with 19 audit parties sanctioned, each party consisting of two auditors and one peon, for audit of the

tahasils exclusively, but 17 parties were functioning during the period covered in the review. The annual audit plans were drawn up every year which formed the basis of the audit of various units.

The following deficiencies were noticed in the functioning of the IAW:

- No guidelines had been prescribed by the BOR/Government to conduct internal audit.
- No control register had been maintained to record the results of internal audit, for watching the compliance of the objections raised therein. We were therefore unable to comment on the efficacy of the internal audit.
- Internal audit is pending since 2005-06 for all the tahasil units

The Government may take appropriate steps to strengthen the IAW to ensure effective implementation of the Acts/Rules for realization of the revenue due to the department.

4.2.10 Conclusion

The review indicated a number of deficiencies like blocking of revenue due to non-finalisation of lease/alienation, advance possession and encroachment cases and non/short levy of premium, ground rent, cess and interest, capitalised value and fees for incidental charges. Besides, the functioning of the IAW was inadequate.

4.2.11 Recommendations

The Government may consider taking the following steps to improve the effectiveness of the State's enforcement machinery for better management of Government land and augmentation of land revenue:

- specific time frames may be fixed for disposal of lease/alienation, advance possession and encroachment cases by the competent authorities at different levels of administration;
- a system to monitor progress and finalisation of lease alienation and other cases may be put in place; for more transparency; it may be put on the Government website; and
- the internal audit wing of the BOR may be strengthened to clear the backlog of audit of the accounts of the tahasils from 2005-06 onwards.

A watch register may be prescribed and maintained at all levels to record the results of internal audits conducted annually and to initiate prompt follow up action on important audit observations.

4.3 Other audit observations

We scrutinised the records relating to assessment and collection of LR, SD and RF which revealed short realisation of conversion fees and non/short levy of SD and RF 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.

Land Revenue

4.3.1 Short realisation of conversion fee

As per the OLR Act, 1960 as amended on 7 July 2006 read with Government notification dated 28 January 2006, in every case where the authorised officer allows conversion of any agricultural land for non-agricultural purpose, the raiyat is required to pay conversion fees of such land, calculated at the rates specified in the Act, and the kissam of the land may be converted accordingly.

During test check of the land revenue case records of four tahasils¹⁷, between February 2008 and December 2009, we noticed that the Tahasildars allowed conversion of agricultural land measuring 9.304 acres in 56 cases for non-agricultural purposes, but the conversion fees were not realised at the applicable

rates. This resulted in short realisation of Government revenue of ₹ 8.14 lakh.

After we pointed out the cases, all the Tahasildars except Tahasildar, Jeypore stated, between February 2008 and December 2009 that steps would be taken to realise the dues.

We reported the matter to the Government in May 2010. The Government accepted in August 2010, the audit objection in respect of the case relating to Tahasildar, Jeypore. The replies in respect of other 55 cases were yet to be received (December 2010)

¹⁷ Balasore, Boudh, Jeypore and Sukinda.

Stamp Duty and Registration Fee

4.4 Non-observance of the provisions of the Acts/Rules and Government instructions

The Indian Stamp (IS) Act, 1899, the Orissa Stamp (Amendment) Rules, 2003, the Registration Act, 1908 and the Orissa Town Planning and Improvement Trust (OTP & IT) Act, 1956 as amended in May 2005 prescribe:

- (i) *levy of additional stamp duty (ASD) at enhanced rates on the deeds of transfer of immovable property situated in an urban area after 25 May 2005;*
- (ii) *levy of SD and RF at the prescribed rates on sale of movable and immovable property; and*
- (iii) *registration of lease deeds/sale agreements at prescribed rates.*

Non-observance of some of the above provisions by the assessing authorities as mentioned in paragraphs 4.4.1 and 4.4.2 resulted in loss and short levy of stamp duty and registration fees of ₹ 23.53 lakh.

4.4.1 Loss of additional stamp duty due to delayed circulation of Government notification

As per the provision of the Orissa Town Planning and Improvement Trust (OTP & IT) Act, 1956 read with the amendment made by the Government on 25 May 2005, at the time of registration of any deed of transfer of immovable property situated in the urban areas where the above Act is applicable, additional stamp duty (ASD) at the rate of three *per cent* instead of the earlier rate of two *per cent* on the value of the property transferred shall be charged over and above the normal stamp duty (SD) and registration fee (RF) leviable under the relevant Acts/Rules of the Government.

During test check of the records of two District Sub-Registrars¹⁸ (DSRs), in December 2007 and January 2009, we noticed that 736 sale deeds of immovable property situated in urban areas covered under the OTP and IT Act, were registered between May 2005 and December 2006. But ASD at the enhanced rate was not realised due to delayed circulation of the Government notification

dated 25 May 2005 on 30 December 2006 by the IGR, Orissa. This resulted in loss of revenue of ₹ 18.65 lakh.

We reported the matter to the Government in May 2010; their reply is yet to be received (December 2010).

¹⁸ Dhenkanal and Jharsuguda.

4.4.2 Short levy of stamp duty and registration fee

As per the Indian Stamp Act, 1899, read with Orissa amendment 1 of 2003, SD on movable property at four *per centum* of the amount or value of consideration as set forth in the instrument and five *per centum* (from August 2008) on value of immovable property are to be levied. Besides, RF is also leviable at two *per centum* of the consideration money under the Registration Act, 1908.

During test check of the records of DSR, Koraput, in September 2009, we noticed that the property of M/s. Utkal Oil Ltd., Jeypore was liquidated in August 2008 by the Hon'ble High Court, Orissa and sold to the Managing Director, Mittal Infra Projects Private Ltd. (renamed as Shivshakti Oils Private Ltd.) on 15

September 2008 for a consideration of ₹ 1.76 crore (immovable property of ₹ 1.34 crore and movable property of ₹ 41.57 lakh) fixed by the official liquidator. But while registering the conveyance deed, the consideration money in respect of immovable property was erroneously taken as ₹ 1 crore instead of ₹ 1.34 crore and movable property of ₹ 41.57 lakh was ignored. Accordingly SD of ₹ 5.01 lakh and RF of ₹ 2.01 lakh was levied against leviable SD of ₹ 8.38 lakh and RF of ₹ 3.52 lakh. This resulted in short levy of Government revenue amounting to ₹ 4.88 lakh (SD of ₹ 3.37 lakh and RF of ₹ 1.51 lakh).

After we pointed out the case, the DSR, Koraput stated, in September 2009, that the deficit amount would be realised after verification of the document.

We reported the matter to the Government in May 2010; their reply is yet to be received (December 2010).