

## CHAPTER-III

### CCO BASED AUDIT

#### REVENUE DEPARTMENT

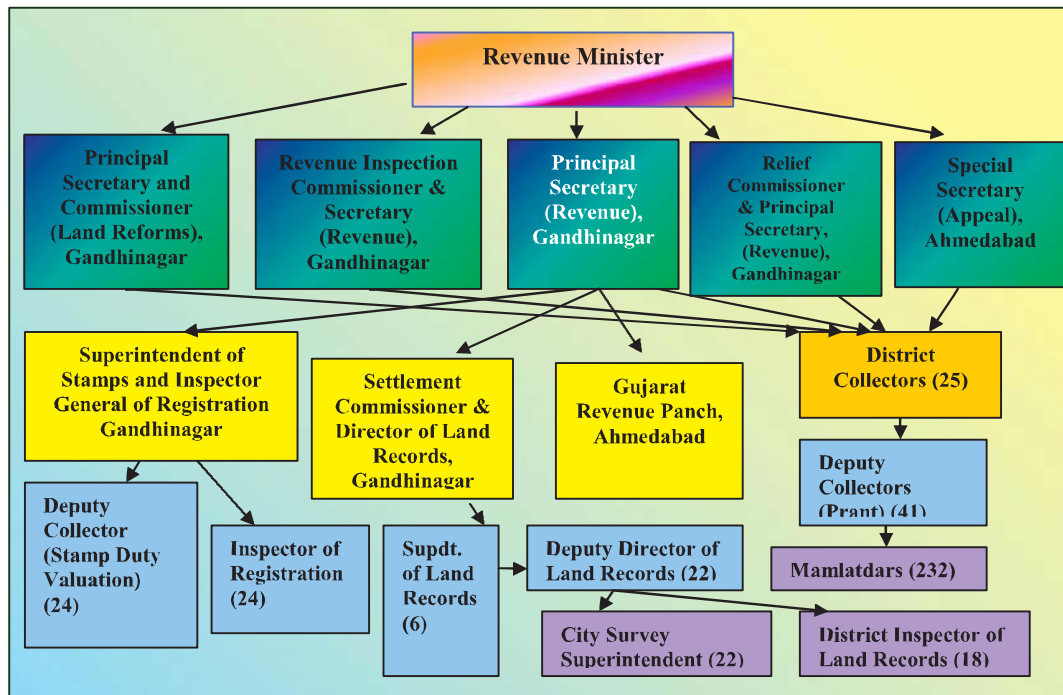
##### 3.1 Chief Controlling Officer based audit of Revenue Department

###### 3.1.1 Introduction

Revenue Department in Gujarat State is entrusted with the task of land management, recovery of land revenue, registration of land documents, survey, measurement and documentation of land records as well as adjudication of land disputes and levy of stamp duties, etc.

###### 3.1.2 Organizational set up

There are five Principal Secretaries/Secretaries in the Revenue Department working under the Revenue Minister of the State. The organogram of Revenue Department is as below:



The main responsibilities of Revenue Department officers are –

- The Commissioner of Land Reforms is responsible for the implementation and monitoring of ‘award of rights’ (Hakk Patrak), Tenancy Act and Agricultural Land Ceiling Act;
- The Revenue Inspection Commissioner is responsible for internal audit;

- The Principal Secretary (Revenue) is responsible for conversion of land from agricultural use to any non-agricultural use and new and restricted tenure to old tenure and levy of occupancy price (OP), premium price (PP), conversion tax (CT), non-agricultural assessment (NAA), measurement fees (MF) and fine for breach of conditions in respect of such conversion;
- The Special Secretary (Appeals) is responsible for hearing and finalizing the cases where appeals against decisions of the Collectors in matters related to land are made to him;
- The Superintendent of Stamps and Inspector General of Registration is responsible for the levy of stamp duties on various documents registered and the valuation of stamp duty on the documents registered under Bombay Stamp Duty Act, 1958; and
- The Settlement Commissioner and Director of Land Records is responsible for the survey of lands, consolidation of holdings, maintaining and updating of lands, survey and re-survey of villages of tribal areas, deciding the areas/borders of personal land holdings, providing copies of land records and advising Government on matters relating to the survey and consolidation of land holdings.

### ***3.1.3 Audit Objectives***

The broad objective of audit was to assess the performance of the department on the following parameters:

- Financial Management;
- Planning, programme management and supervision;
- Human Resource Management; and
- Internal Control Mechanism.

### ***3.1.4 Audit Criteria***

Audit criteria adopted for the evaluation of performance of the Department were –

- Provisions of the Budget Manual;
- Rules and orders framed by the Department and orders and instructions of the Government issued from time to time; and
- Guidelines of the schemes implemented by the department.

### ***3.1.5 Audit Coverage and Methodology***

There were 524 units under the Department which were divided into three categories<sup>1</sup> based on annual expenditure for audit purpose. Based on stratified sampling method, records of 67<sup>2</sup> units (2007-10) including six Departmental

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<sup>1</sup> Category-A (units each having an annual expenditure above one crore rupees )-82 units; Category-B (units each having an annual expenditure of ₹50 lakh but less than one crore rupees)-239 units; Category-C (units each having an annual expenditure less than ₹50 lakh)-203 units

<sup>2</sup> Category-A – 54 units; Category-B – 13 units

Heads<sup>3</sup> (Appendix-XIX) were selected (April 2010 to May 2011) for detailed check. Exit Conference with Principal Secretary, Revenue Department was held (October 2011) to explain the audit findings.

## Audit Findings

### Financial Management

#### 3.1.6 Excess expenditure

The budgetary allocations for the Revenue department are made under Grant No. 76 to 82. The budget provision, expenditure there against and savings during 2007-10 were as detailed in Table 1 below.

Table-1: Budget provisions, expenditure and savings

(Rupees in crore)

Year	Budget Provision	Expenditure	Savings	Percentage of Savings
<b>A. Revenue Expenditure</b>				
2007-08	739.04	590.83	148.21	20.05
2008-09	985.27	957.79	27.48	2.79
2009-10	1244.93	961.97	282.96	22.73
<b>B. Capital Expenditure</b>				
2007-08	6.34	4.82	1.52	23.97
2008-09	263.87	218.80	45.07	17.08
2009-10	212.86	211.66	1.20	0.56

(Source: - Appropriation accounts for the year 2007-08, 2008-09 and 2009-10)

We observed several deficiencies in financial management including poor budgeting and expenditure control, as discussed in the succeeding paragraphs.

#### 3.1.6.1 Budgeting

According to Paragraph 11 of Gujarat Budget Manual (Volume I), the Controlling Executive Officers are required to prepare Budget Estimates (BEs) in a realistic manner taking into account all relevant factors like staff strength, scheme outlay, past trends etc. As per the manual, the Principal Secretary/Secretary and Commissioners are entrusted with the responsibility of preparing realistic budgets for the department. A review of the budget provisions and expenditure in the last three years indicated that BEs were unrealistic and lacked credibility in view of the persistent and substantial savings. Timely action for surrender of savings was not initiated. These are elaborated below –

- The savings at the end of the year were more than the supplementary grants as can be seen from Table 2 given below. This indicates that supplementary grants were obtained without proper analysis/justification and that the expenditure were not monitored or reviewed by controlling officers, defeating the very purpose of effective budgeting.

Budget was unrealistic and lacked credibility due to persistent savings occurring each year

<sup>3</sup> (i) Pr. Secretary, Revenue Department, Gandhinagar; (ii) Commissioner, Land Reforms, Gandhinagar; (iii) Revenue Inspection Commissioner, Gandhinagar; (iv) Settlement Commissioner and Director of Land Records, Gandhinagar; (v) Pr. Secretary (Appeal), Revenue Department, Gandhinagar; and (vi) Superintendent of Stamps and Inspector General of Registration, Gandhinagar

**Table-2: Supplementary grants and savings  
(Rupees in crore)**

Grant No.	Year	Supplementary Grant	Amount saved
76(Revenue)	2008-09	1.97	6.16
76(Revenue)	2009-10	1.71	4.11
77(Revenue)	2008-09	5.23	9.61
81(Revenue)	2008-09	0.35	1.85
82 (Capital)	2007-08	0.10	0.16

(Source: Appropriation accounts for the years 2007-08, 2008-09 and 2009-10)

- Scrutiny of records of 16 offices<sup>4</sup> revealed huge difference between the BEs and actual allotment during the years 2008-09 and 2009-10. The shortfall in actual allotment against the BEs ranged between three *per cent* and 69 *per cent* as shown in **Appendix XX**. Delays ranging from five days to three months in sending the monthly expenditure returns to the Department by 11 Drawing and Disbursing Officers<sup>5</sup> (DDOs) were also noticed.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that a minimum of 33 *per cent* of anticipated expenditure on construction was provided for in the BEs as per instructions of Finance Department. However, due to non receipt of Plans and Estimates (P&E) from the executing department, the provisions resulted in savings and ultimate surrender. DS also stated that expenditure against provisions made for relief work, disaster work, jantri work, etc. depends upon occurrence of events, in the absence of which the amounts were surrendered.

The reply of the DS is not justified because –

- Non-receipt of P&E from the work executing departments indicate lack of co-ordination between the owner and work executing departments; and
- Making provision in the BEs for uncertain items resulted in wasteful provisions in the Budget, which could have been otherwise provided for any other priority items.

### 3.1.6.2 Rush of expenditure

**Rush of expenditure during the month of March was noticed in nine DDOs**

As per para 109 of the Gujarat Budget Manual, expenditure during the year should as far as possible, be uniformly spread over during the year and rush of expenditure during the last quarter and particularly during the last month should be avoided. Scrutiny of records of Settlement Commissioner and Director of Land Records, Gandhinagar revealed that there were cases of rush of expenditure (**Appendix XXI**) ranging from 23 *per cent* to 100 *per cent* under different heads of account (2007-10).

<sup>4</sup> (i) Settlement Commissioner and Director of Land Records, Gandhinagar; (ii) Collectors at Dahod, Rajkot, Sabarkantha, Gandhinagar, Godhra, Ahmedabad, Bhuj, Narmada, Bhavnagar, Dang-Ahwa and Valsad; (iii) Mamlatdars at Navsari (City), Bhuj, Zalod, and Deputy Collector (Prant), Vadodara.

<sup>5</sup> Collectors at Sabarkantha (32 Days), Gandhinagar (five days), Godhra (3 months), Kutch (39 days), Rajkot (seven days), Mehsana (26 days), Bhavnagar (16 days), Dangs (20 days) Settlement Commissioner and Director of Land Records (two months), Dy. Collector (Prant) Navsari (45 days), Mamlatdar Bhuj (12 Days)

Similar rush of expenditure (for procurement of articles) under different heads of account ranging between 20 *per cent*<sup>6</sup> and 100 *per cent*<sup>7</sup> (2008-10) was found in nine field offices test checked (**Appendix XXII**).

The Settlement Commissioner and Director of Land Records attributed reasons for heavy expenditure in the last month of the financial year to late issue of administrative sanctions and time consumed in tendering process. The reply was not tenable as this indicated lack of planning of departmental activities, as the time required for tendering is known. This also indicated inadequate monitoring of expenditure.

When reported, Deputy Secretary, Revenue Department stated (November 2011) that resurvey of land due in every decade was in arrears for 130 years. SCDLR handled the entire operation with new technology and machine based survey programme, replacing the old technology. The activities involved digitalized and geo-referenced data, establishing of control points across the resurvey area using DGPS<sup>8</sup> and establishing its network. This involved pre-tendering process for standardization of new benchmarks, detailed planning of logistics and manpower, etc.

The reply of the Deputy Secretary was not tenable as provisions in the Budget were made without any ground-work, as a result of which much time was lost in completing the procedure warranting a rush of expenditure at the fag end of the financial year.

### **3.1.6.3 Parking of funds in Personal Ledger Accounts**

Under Rule 193 of Gujarat Treasury Rules, 2000 withdrawal of funds from treasuries to avoid lapse of budget grants and keeping them in PLA/Bank is prohibited.

Funds sanctioned for implementation of the schemes were being placed at the disposal of Collectors/Mamlatdars; this could be kept in Personal Ledger Account (PLA) of respective officers till the end of the year and incur expenditure incurred from this account. However, unspent balances, if any, at the end of the year were to be credited into Government account.

We observed that there was an unspent balance of ₹10.54 crore in the PLA of Collector, Godhra (March 2010), of which, in contravention to codal provisions ₹1.56 crore and ₹3.21 crore were lying since March 2008 and March 2009 respectively<sup>9</sup>.

### **3.1.6.4 Detailed Contingent Bills not submitted or submitted late**

Rule 211 of Gujarat Treasury Rules, 2000 provides that Detailed Contingent (DC) Bills should be sent to the Accountant General (Accounts and Entitlement) Gujarat, Rajkot by Drawing and Disbursing officers within three

**Fund of ₹4.77 crore allotted for specific scheme remain parked in PLAs of DDOs**

**Detailed Contingent bills to the extent of ₹17.15 crore were not submitted in time by 20 DDOs**

<sup>6</sup> Collector, Dahod : Major Head 2014 in 2009-10

<sup>7</sup> Collector, Gandhinagar : Major Head 2053-093-05 in 2009-10

<sup>8</sup>Differential Global Positioning System

<sup>9</sup> This included ₹5.39 lakh for Sardar Sarovar Project, ₹1.02 crore for celebration of Independence Day by Nagarpalikas, ₹1.94 crore for tourism, etc. since 2009

months from the date of drawal of the funds on Abstract Contingent (AC) Bills.

During scrutiny of records, it was noticed that in nine out of 67 DDOs (**Appendix XXIII**), 60 DC Bills amounting to ₹10.58 crore were not submitted (May 2010 to March 2011) despite lapse of one month to 23 months beyond the due dates<sup>10</sup>. Further, cases of delayed submission of DC bills were noticed (April 2010 to March 2011) in 11 DDOs, where 211 DC Bills amounting ₹6.57 crore were submitted after delays ranging from one month to 41 months<sup>11</sup> (**Appendix XXIV**). DDOs attributed delays in sending DC Bills to heavy work load and shortage of staff.

### **3.1.6.5 Arrears in recovery of Land Revenue**

**Recovery of land revenue arrears mounted to ₹56.47 crore**

As per Rule 117-C of Gujarat Land Revenue Rules, 1972, Mamlatdars were required to maintain detailed account<sup>12</sup> of revenue demands raised during the year, collections made there-against and amounts in arrears at the end of the respective year. Scrutiny of records of sampled Mamlatdars revealed that recovery of Land Revenues on agriculture and non-agricultural land and education cess thereon amounting to ₹56.47 crore was in arrears (March 2011); arrears of recovery ranged between 40 *per cent* and 97 *per cent* (**Appendix XXV**).

Mamlatdar, Dahod had not maintained any account of land revenue charges and no demands were being raised. Only random collections based on assessments filed by the landowners were being made. Hence, the pending dues could neither be assessed nor demands raised. No notices were served to the defaulters for recovery of arrears and accounts were not closed since 2001-02.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that Revenue Inspection Commissioner (RIC) gave guidance and instructions periodically to all taluka Mamlatdars. But due to Panchayat election and staff shortage, total recovery could not be effected.

The reply of the DS is not tenable as (i) guidance given to the Mamlatdars failed to make any impact, (ii) Panchayat election happens for a very short duration and the remaining period was not fruitfully utilized and (iii) necessary manpower should have been provided for collection of the revenues of the State.

### **3.1.6.6 Penalty from defaulting shopkeepers not recovered**

District Supply Officer may impose such penalties under Section 6A and 6B of Essential Commodities (License, Control and Declaration of stock) Act, 1955 for violation of the provisions of the Act from fair price shopkeepers, petrol pumps, etc. Wherever these penalties were not paid by the concerned shop-keepers, etc., cases are forwarded to the Mamlatdars having jurisdiction to recover the amount as 'arrears of land revenue'.

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<sup>10</sup> This includes 18 bills (₹98.72 lakh) not submitted for over 12 months

<sup>11</sup> This includes 44 bills amounting to ₹77.44 lakh delayed for over 12 months

<sup>12</sup> Survey number-wise and land holder-wise

We observed from the records of 19 Mamlatdars selected that in nine talukas<sup>13</sup>, though DSOs imposed penalties amounting to ₹19.01 lakh (2007-10) on the defaulting shopkeepers, the concerned Mamlatdars had not effected any recovery. As penalties are prescribed to serve as deterrent against the violation of provisions of the Act, non-recovery may encourage defaulters.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that the issue pertains to Food & Civil Supply Department. However, the fact remains that when it pertains to recovery, respective Mamlatdars were to take necessary action for realization of the penalty imposed from the defaulting shop-keepers.

### **3.1.6.7 TDS from contractors not recovered**

As per Section 194-C of Income Tax Act, 1961, wherever payment to contractors/sub-contractors in a single case was more than ₹30,000<sup>14</sup> or payment was more than ₹75,000 per annum<sup>15</sup>, besides the surcharge/cess as applicable from time to time, tax at two *per cent* was required to be deducted at source (TDS).

We observed from the records of six DDOs that TDS amounting to ₹1.89 lakh (inclusive of surcharge and cess) was not deducted by the paying authorities while making payments to various contractors (**Appendix XXVI**). Thus the recovery was not monitored by Income Tax Department/ Government of Gujarat. The DDOs stated (May-December 2010) that necessary deduction would be effected in due course.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that instructions have been issued to effect TDS without exception.

## **Planning and Programme Management**

### **3.1.7 Shortcomings in Planning and Programme Management**

Annual action plans were prepared by HODs for the programmes to be carried out by the department during the year. Important schemes<sup>16</sup> like consolidation of land holdings, carrying out land surveys, creation of a databank of land records and its proper preservation by lamination of survey records and creating an adequate IT infrastructure for scanning and maintenance of land records were in operation. Audit scrutiny however revealed several shortcomings in the planning and implementation of the schemes which are discussed in the succeeding paragraphs.

#### **3.1.7.1 Shortfall in the achievement of targets**

The Annual Action Plans (AAPs) were being prepared setting out financial and physical targets for the various activities to be undertaken. Audit analysis

<sup>13</sup> Mamlatdars at (i) Lunawada (₹1.99 lakh); (ii) Limkheda (₹0.03 lakh); (iii) Navsari (₹1.05 lakh); (iv) Godhra (₹1.80 lakh); (v) Santrampur (₹0.38 lakh); (vi) Dahod (₹2.25 lakh); (vii) Zalod (₹0.04 lakh); (viii) Vadodara (City) (₹9.83 lakh); (ix) Shchhara (₹1.64 lakh)

<sup>14</sup> ₹. 20,000 up to 30.06.2010

<sup>15</sup> ₹ 50,000 per annum up to 30.06.2010

<sup>16</sup> Implemented by Settlement Commissioner and Director of Land Records

revealed that AAPs prepared by Settlement Commissioner and Director of Land Records were not realistic and there were persistent shortfalls (eight *per cent* to 100 *per cent*) in achievements of physical targets fixed (**Appendix XXVII**).

Settlement Commissioner and Director of Land Records attributed (March 2011) reasons for such shortfalls to delay in Government approval to programmes, staff shortage, late release of grants, less survey works, etc. Thus, there were deficiencies in planning as well as execution of programmes.

Similarly, though the work of introduction of City Surveys<sup>17</sup> in important towns and cities was being planned every year since 2007-08, the work was not yet started (March 2011). Thus, despite vacant posts, unachievable targets were being fixed, which was attributed to vacancies.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that Heads of Departments have since prepared ‘targets’ and ‘action plan’. The reply of the DS is not justified in view of the persistent/high short fall in achieving the targets.

### 3.1.7.2 Implementation of the Gujarat Land Ceiling Act

- **Surplus land not distributed to the beneficiaries**

As per Gujarat Land Ceiling Act, 1960 (GLC Act), Government shall take possession of land beyond ceiling limit from land owners and distribute it among agricultural workers or to needy agricultural labourers of SC/ST and other weaker sections as per yearly targets.

We observed from the records of Commissioner of Land Reforms that as of November 2009, as against declaration<sup>18</sup> of 2,38,339 acres of land as surplus, possession of only 1,79,327 acres of land was taken by Government, of which 15,587 acres of land was yet to be distributed (March 2011) among the eligible beneficiaries, as detailed in **Table 3**.

**Table-3: Details of distribution of surplus land**

Year	Declared surplus land (Acre)	Possession of surplus land taken by the Government (Acre)	Land distributed (Acre)	Total No. of beneficiaries
Up to 2007-08	237737	179134	162505	36350
Up to 2008-09	237758	179175	162721	36682
Upto 2009-10	238339	179327	163314	37091
Upto 2010-11	238339	179327	163740	37353

(Source: Information collected from Commissioner of Land Reforms Office)

The Commissioner attributed (April 2011) the shortfall to portion of land being under litigation, but could not furnish the details of actual areas under litigation as the details of the same were not available with him. However, Commissioner, being the controlling authority was required to have all requisite details, non-availability of which indicated lack of monitoring.

<sup>17</sup> Survey of city lands and measurements, issuing of property cards to property holders

<sup>18</sup> Declarations are made from time to time since 1960



When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that there were a number of litigation cases, still Collectors were given a target of distribution of 1453 acres of land.

- ***Financial assistance to the land allottees not paid***

Under GLC Act, provision existed for financial assistance (FA) of ₹5000/hectare to the beneficiaries for purchase of agriculture equipment, etc. We observed that of the 1003 beneficiaries (2008-11) who were allotted surplus land, 520 beneficiaries (52 per cent) alone were given FA (March 2011). Thus, though the entitled groups were either agricultural workers/labourers of SC/ST, etc. who needed FA, all of them were not provided FA. Further, nothing was found on record to show that the beneficiaries were motivated to file applications for FA and to avail benefits of the scheme.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that FA was given on selective basis on the basis of recommendations of Agricultural Officers and Collectors. The reply of the Deputy Secretary was not tenable as the entitled group for allotment of land itself was of agricultural workers/labourers of SC/ST, etc. were the theory of selective FA was without any basis.

### ***3.1.7.3 Preservation of important records***

- ***Pending Lamination Works***

Settlement Commissioner and Director of Land Records instructed (May 1999) Superintendents of Land Records (Vadodara and Surat) to laminate important records like Tippan Books, Gunakar Books, etc. for their preservation; lamination work of Tippan Books was given priority.

We observed from the records of Deputy Director, Land Records, Surat that work taken up in 1999 was stopped (2004-05) when 541 out of 2412 Tippan Books (22 per cent) were pending for lamination; there were 3447 Gunakar Books, but none of them was laminated.

The lamination work was held up as the machines were shut-down (February 2005). Similarly, information in respect of other four districts<sup>19</sup> under the control of Deputy Director, Land Records, Surat revealed that 43286 Tippan Books<sup>20</sup> were yet to be laminated. This indicated that the planning made for preservation of important documents was not implemented.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) stated that City Superintendent, Surat has been instructed to complete the work by March 2012.

- ***Pending work of scanning of city survey records***

Settlement Commissioner and Director of Land Records awarded (March 2007) the work of scanning of city survey records of seven cities to an agency<sup>21</sup>. On completion of the work, the agency was to provide the data-CD of property cards after correcting the entries as directed by the authorities.

<sup>19</sup> Bharuch, Narmada, Navsari and Valsad

<sup>20</sup> Bharuch-2044, Narmada-687, Navsari-51 and Valsad-40504

<sup>21</sup> Sanghvi Computer Center Private Ltd., Rajkot

However the agency had not submitted (March 2011) the data-CD, due to which the updated records were not available with the department.

When pointed out, Deputy Secretary has stated that CDs and hard-disc of scanned property cards have since been deposited by the original agency at the office of the Settlement Commissioner. The reply of the Deputy Secretary was not tenable as soft copies of these documents were delivered only after four years after award of work in March 2007.

**3.1.7.4 Delay in providing services to common people by e-Dhara Centers**

Section 135-D of Land Revenue Code, 1879 provides that application received for change in holding of lands was required to be disposed of within thirty days of its receipt. The work of change in holdings was being done electronically through e-Dhara centers. Scrutiny of records of Mamlatdar of selected talukas revealed that out of 30255 applications, delays ranging from one month to six months were noticed in 21386 applications (71 per cent) in making changes in land records (**Appendix-XXVIII**).

The concerned Mamlatdars attributed (March 2011) reasons for the delay to staff shortage and heavy work load. The reply was not tenable as the public was deprived of getting the services within the prescribed time.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that review of pending entries was taken up at Collector conference.

**3.1.7.5 Assistance under a GOI sponsored scheme not utilized**

Government of India (Ministry of Rural Development) introduced (1990-91) Strengthening of Revenue Administration and Updating of Land Records and National Land Records Modernization Programme; GOI and State Government shared the expenditure equally. Settlement Commissioner and Director of Land Records (SCDLR) was the implementing authority. In all ₹122.53 crore was allotted (1990-2011), of which expenditure of ₹51.35 crore incurred (42 per cent) as shown in **Table 4**.

**Table-4: Assistance under CSS and its utilization**

(Rupees in crore)

Year	Funds allotted	Expenditure during the year	Percentage of expenditure
1990-2007	19.16	16.65	87
2007-08	21.44	1.65	8
2008-09	18.84	0.26	1
2009-10	36.35	6.05	17
2010-11	26.74	26.74	100
<b>Total</b>	<b>122.53</b>	<b>51.35</b>	<b>42</b>

(Source:-Information collected from Department)

Non-utilization of fund for updating and modernizing of land records indicated inadequacies in preparation of project proposals, slow progress of work as well as inadequate departmental monitoring and supervision.

Settlement Commissioner and Director of Land Records stated (March 2011) that due to late revalidation of grant and Parliamentary election during the period (2009), funds could not be utilized. The reply of SCDLR is not tenable as progress of expenditure during 2007-10 was negligible and that out of total

expenditure of ₹51.35 crore (1990-2011), ₹26.74 (52 per cent) was spent in 2010-11 only.

### Internal controls

#### 3.1.8 Internal control and vulnerability to fraud and corruption

##### 3.1.8.1 Internal Audit

Internal Audit (IA) was provided to obtain compliance to Government rules, regulations, orders, etc. General Administration Department (GAD) directed (August 1987) that all the departments shall carry out IA to assess the work done, the schemes and programmes carried out, the implementation of rules and regulations, hearing and redressal of complaints of public/Government servants and maintenance of office records. The IA work was being attended by staff specifically allotted.

Coverage of internal audit by RIC was less due to shortage of staff

Revenue Inspection Commissioner (RIC) was responsible for IA of various field offices<sup>22</sup> under Revenue Department. Test check of records revealed that RIC did not conduct IA in 648 (75 per cent) offices.

Settlement Commissioner & Director of Land Records (SCDLR) and Superintendent of Stamps (SS) were conducting IA in the offices under their respective charge. Scrutiny of records revealed shortfall in IA ranging from six per cent to 100 per cent as given in **Table 5**.

**Table-5: Shortfall in conducting internal audit by the SCDLR and SS**

Year (August to July)	Target <sup>23</sup>		Achievement		Shortfall (in per cent)	
	Number of offices					
	SCDLAR	SS	SCDLAR	SS	SCDLAR	SS
2007-08	119	28	48	0	60	100
2008-09	118	28	68	22	42	21
2009-10	121	28	114	0	6	100

(Source: - Information collected from Department)

Out of 67 units test-checked, IA was not conducted in 36 units (2007-11). This indicated that the existent internal control mechanism was not adhered to as planned. The deficiencies and irregularities may remain undetected in absence of a sound internal control system.

##### 3.1.8.2 Shortfall in inspection

Government in General Administration Department Circular (February 1965, November 1971) provides that inspection of different offices was required to be conducted by the Secretary and other Heads of Offices/Departments to ensure proper functioning of various offices under the Department. During test check of records of 16 offices, shortfall ranging from 25 per cent to 76 per cent was noticed, whereas the shortfall in inspection by the subordinate officers ranged between five per cent and 93 per cent (**Appendix XXIX**).

<sup>22</sup> Such as Collector offices, District Panchayat Offices, Prant offices, Land Reforms offices, Mamlatdar offices, etc.

<sup>23</sup> Excluding backlog

The shortfall was attributed by the concerned officers to shortage of staff and heavy workload. The replies of the officers were not tenable as this is an important function to be carried out by them.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that inspections of the office of Settlement Commissioner & Director of Land Records and City Survey Superintendent, Rajpipla were conducted in July 2011.

**3.1.8.3 Lack of response to inspection by the Accountant General**

Accountant General (Civil Audit), Gujarat, Rajkot conducts periodical inspections of all the Heads of Offices to test check their transactions and to verify the maintenance records as per prescribed rules and procedures. After inspection, Inspection Reports containing audit observations were being issued to Heads of the Department, with copies to Heads of Offices inspected.

Rule 14 of the Gujarat Financial Rules, 1971 stipulates that prompt reply to audit observations be furnished to ensure corrective action and accountability. However, compliance to 996 paragraphs of 422 Inspection reports were outstanding (March 2011) as mentioned in Table 6 given.

**Table-6: Details of outstanding Inspection Reports**

Office Name	Audit Year	No. of Inspection Reports issued	No. of Paragraphs	No. of pending Inspection Reports	No. of pending Paragraphs
Collectors	1993-2011	181	792	109	375
Mamlatdars	1993-2011	220	423	220	423
Dy. Collectors	1999-2011	44	118	44	118
Land Records Offices	1993-2011	238	513	40	67
Registration Offices	1997-2011	17	26	07	09
Ambaji Temple	2002-2011	02	06	02	04
<b>Total</b>		<b>702</b>	<b>1878</b>	<b>422</b>	<b>996</b>

Lack of remedial action by the departmental authorities resulted in non-settlement of these outstanding paragraphs. As a result, the deficiencies and lapses pointed out continued to remain unaddressed.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that instructions have since been issued to all concerned in the matter.

**3.1.8.4 Delay in credit of receipts in Government account**

Rule 25 of Gujarat Treasury Rules, 2000 provides that all moneys received by or tendered to the Government should be paid in full within the next two working days into Government account.

We observed instances of receipts<sup>24</sup> not being credited into Government account in time. In the office of Principal Secretary (Appeals), it was noticed that fees amounting to ₹74,689 were received during October 2008 to January 2011, of which ₹52,134 was remitted into Government account in

<sup>24</sup> Copying fee, survey fee, RTI fee, ration card fee, Land Revenue Receipt, etc.

**Compliance to 996 paragraphs of 422 Inspection Reports was yet to be made by Revenue Department**

March 2011 after delay ranging from two to five months; the remaining amount of ₹22,555 was yet to be remitted (March 2011).

In respect of other four offices <sup>25</sup> test checked, such delays in crediting the receipts into Government account ranged between one month and 26 months.

Retention of Government moneys beyond the stipulated time indicated inadequate financial control and monitoring of Government receipts, besides facilitating temporary misappropriation of Government money.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that PS (Appeal) has deposited ₹22,555 into Government account and that instructions have been issued to all officers to remit receipts within the stipulated period. The reply of the Deputy Secretary was not tenable as the system in this regard was not followed by the concerned officers.

#### **3.1.8.5 Deficiencies in execution of security bonds**

Rule 176 of Gujarat Finance Rules, 1971 provides that Government servants, entrusted with handling of cash, stamps, library books, etc. were required to submit security bonds of value as prescribed by the competent authority and if personal security was given by another employee, solvency certificate was required to be obtained every year from him.

We observed from the records of 67 DDOs that neither security bond from the employees handling cash/valuables nor solvency certificates from other employees were obtained. Failure to obtain security bonds from employees entrusted with the responsibility of handling cash, etc. increases risk of pecuniary losses.

#### **3.1.8.6 Irregularities in maintaining Cash Books**

Rule 28 of the Gujarat Treasury Rules, 2000 stipulates that –

- Every officer receiving money on behalf of the Government shall maintain a Cash Book in Form GTR-2;
- All monetary transactions should be entered in the Cash Book as soon as they occur and attested by the head of the office in token of having been verified;
- The Cash Book should be closed regularly and completely checked. The Head of the Office should verify the totalling of Cash Book or have it checked by some responsible officer other than the writer of the Cash Book and certify them accordingly;
- At the end of each month, the head of office should verify the Cash Balance in the Cash Book and record a signed and dated certificate to that effect mentioning therein the balance both in words and figures;

<sup>25</sup> (i) Deputy Collector (Prant), Vadodara: ₹16495 (delay upto 26 months); (ii) Mamlatdar, Bhuj: ₹253405 (delay upto 11 months); (iii) Mamlatdar, Kalol: ₹1820 (delay upto two months); and (iv) Mamlatdar, Dabhoi: ₹ 13932 (delay upto one month)

- Use of erasure or overwriting of an entry once made in the Cash Book was strictly prohibited;
- Monthly physical verification of cash was required to be done by the DDO; and
- Surprise check of cash was required to be done by the officer other than the DDO at a regular interval.

We observed from the cash books (2007-11) maintained in 19<sup>26</sup> offices the following omissions/deficiencies –

- No periodical surprise checks were conducted (2007-10) by competent authority in any office test checked; overwriting and corrections remained un-attested;
- In the test checked offices (except SCDLR), Drawing and Disbursing Officers did not certify cash balances at the end of the month;
- In Cash Book of City Survey Superintendent, Surat-I, transactions were not entered for the period 3 December 2010 to 30 March 2011. From 30 November 2010 to 2 December 2010, entries were made only on the receipt side and there was no entry on the payment side though payments were made. From 7 August 2010 to 29 November 2010, there were no entries related to opening balance and closing balance on many pages;
- In the Cash Book of Mamlatdar, Bhuj, full details such as from/to whom amounts were received/paid and nature of transaction were not recorded for the years 2009-11; and
- Transactions made for the period from 3 August 2008 to 24 August 2010 in respect of Disaster Branch of the Collector, Bhuj were not reflected in the cash book.

Failure to maintain the cash book as per the codal provisions has the potential of fraud and misuse of funds.

### **3.1.8.7 Dead stock registers/ verification**

**Annual physical verification of dead stock registers remained pending since long in nine offices**

Rule 98 of the Gujarat Contingent Expenditure Rules, 1958 provides that a register prescribed under the rules should be maintained in Form-8 for recording purchase of furniture, fixture and other dead stock articles. Rule 98 *ibid* further provides that the Head of Office would be responsible for verification of ground stock of the articles annually with reference to the register and would record a certificate to that effect.

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<sup>26</sup> Three Heads of Departments : (i) Principal Secretary (Appeal), Ahmedabad; (ii) Commissioner (Land Reforms), Gandhinagar; (iii) Settlement Commissioner and Director of Land Records, Gandhinagar; five Collectors at : (iv) Vadodara; (v) Gandhinagar; (vi) Ahmedabad; (vii) Bharuch; (viii) Bhuj; Eight Mamlatdars at : (ix) Bhuj; (x) Kalol; (xi) Dabhoi; (xii) Santrampur; (xiii) Vadodara; (xiv) Ahmedabad; (xv) Shehra; (xvi) Limkheda; Two Deputy Collectors (Prant): at (xvii) Himatnagar; (xviii) Viramgam; and One (xix) City Survey Superintendent at Surat (I)

On test check in nine offices<sup>27</sup>, it was noticed that annual physical verification of the articles and dead-stock registers was not conducted. Pendency of such verification ranged between two years and 34 years.

Receipts of some items/articles were not recorded in the Dead Stock Registers of three offices viz. Principal Secretary (Appeal), Ahmedabad (one lap-top), Commissioner (Land Reforms), Gandhinagar (two mobile handsets, one vehicle and one fax machine) and Mamlatdar, Lunawada (10 computers). Failure to regularly verify dead stock articles has the risk of theft and loss of Government assets un-noticed. Concerned DDOs stated that thenceforth the Register would be maintained as per rules.

### 3.1.8.8 Delay in completing preliminary inquiry and finalization of vigilance cases

Gujarat Civil Services (Discipline and Appeal) Rules, 1971 provide that on receipt of complaint (major and minor) against staff, preliminary inquiry is required to be completed by the competent authority within three months and the case is to be finalized in a reasonable time. It was noticed that in SCDLR office, of 81 complaints received (2004-11), as at the end of February 2011–

- In 38 cases preliminary inquiry was not completed; and
- Period of delay ranged from one to two years (10 cases); two to three years (six cases); three to four years (two cases); four to five years (four cases); five to six years (one); four to five years (three); three to four years (two); and two to three years (12).

Thus, the preliminary enquiries were badly delayed. Failure to act quickly on complaints against the charged officials can result in denial of justice for a long period.

## Human Resource Management

### 3.1.9 Shortages/Resource Development

#### 3.1.9.1 Acute shortage of officers and staffs

Staff shortage ranged between 14 and 100 per cent in various HoDs of Revenue Department

To carry out various functions of the department, it is essential that vacant posts of different categories be filled up immediately. Shortage of staff for considerable period eventually affects the performance of the department.

Recruitment to Class I and II posts are made through Gujarat Public Service Commission and Class III and IV posts through Collectors. As of January 2011, shortage of man-power ranged between 14 per cent and 100 per cent in different categories of staff under four HoDs<sup>28</sup> (**Appendix XXX**). In many cases, as commented in the foregoing paragraphs, Departmental/Office heads

<sup>27</sup> (i) Principal Secretary (Appeal), Ahmedabad, (ii) Commissioner of Land Reforms, Gandhinagar, (iii) Settlement Commissioner and Director of Land Records, Gandhinagar, (iv) City Survey Superintendent, Surat, (v) Deputy Director of Land Records, Surat, (vi) Superintendent of Stamps, Gandhinagar, (vii) Mamlatdar, Halol, (viii) Mamlatdar, Lunawada and (ix) Mamlatdar, Shehara

<sup>28</sup> (i) Principal Secretary (Revenue); (ii) Settlement Commissioner and Director of Land Records; (iii) Superintendent of Stamps and (iv) Inspector General of Registration

attributed non-achievement of targets to shortage of manpower. Thus, shortages of manpower adversely affected the performance of the Department in carrying out various activities.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that the process of filling the vacant posts has since been set in motion.

### 3.1.9.2 Training to staff and officers

Revenue Inspection Commissioner (RIC) was responsible for providing Revenue Training to staff of the department for upgradation of their skill and knowledge. The syllabus was prepared by RIC, while training was given by two institutes viz. Din Dayal Institute, Gandhinagar and Sardar Patel Institute of Public Administration, Ahmedabad. Subject matter of training was Land Revenue administration.

It was observed that RIC did not have the details of staff who were trained, coverage made, office-wise staff trained and to be trained, etc. The details of officers/staff who were imparted training during the last three years were as shown in **Table 7**.

**Table-7: Details of training imparted**

Sr. No.	Name of Training Institute	2007-08	2008-09	2009-10	Total
1	Din Dayal Institute, Gandhinagar	1607	1119	1022	3748
2	Sardar Patel Institute of Public Administration, Ahmedabad	998	1171	1055	3224
	<b>Total</b>	<b>2605</b>	<b>2290</b>	<b>2077</b>	<b>6972</b>

(Source: Information collected from Department)

We also observed that the department had no records regarding the number of officers/officials trained. In the absence of proper data-base, systematic training of staff according to their training needs was not ensured.

## Other points of interest

### 3.1.10 Management of other activities

#### 3.1.10.1 Failure to utilize Dangs Reserve Fund

**Though substantial moneys were available with 'Dangs District Reserve Fund', it was not utilized for welfare of public**

Dangs area was being administered by Crown Representatives of erstwhile Bombay under British rule. Consequent on Constitutional changes and abolition of Residencies (August 1947), Dangs area was merged (January 1948) in Bombay Province under Bombay (Enlargement of Area and Alteration of Boundaries) Order, 1947.

With a view to utilizing surplus revenues, if any, realized from Dangs, Government of Bombay decided (August 1948) preparation of separate accounts for the receipts and payments of Dangs. Accordingly, it was decided to deposit any difference between receipts and expenditure in Deposit head (Reserve Fund). This Fund has been held separately for the exclusive purpose of welfare of people of Dangs district.



After the merger of Dangs district in Gujarat State (May 1960), available balances with Bombay Government under the 'Dangs District Reserve Fund'<sup>29</sup> (DDRF) were transferred to Gujarat and DDRF was being administered by Collector, Dangs. The said fund had a corpus of ₹3.04 crore (July 2010).

We observed that no expenditure had been incurred from DDRF since February 2001. On being pointed out, the Collector stated (March 2011) that correspondence with the Government to get the permission to utilize the Fund was made, but there was no response from the Government.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that Finance Department has since decided to merge the Dangs Reserve Fund in the Consolidated Fund of Gujarat. The reply of the Deputy Secretary was not tenable as Fund remained unutilized since February 2001.

- ***Moneys invested in a company not realized***

We observed that out of DDRF, ₹82 lakh was invested (1985-86) in Fixed Deposit (FD) with Gujarat Electronics and Communication Limited (GECL), Vadodara; the deposit was last due for maturity in April 1999.

On maturity (April 1999), Finance Department was required to take action to encash the Fixed Deposit and the matter was stated to have been taken up (June 1999) with Finance Department by the Collector. GECL continued to make payment of interest till October 1999 and the company eventually went into liquidation (February 2001). Collector reported the matter to Finance Department and Revenue Department (June 1999), but no money could be realized from the liquidator (March 2011).

Thus, as a result of failure to promptly encash the Fixed Deposit on maturity, possibility of recovery of the money was bleak.

When pointed out, Deputy Secretary, Revenue Department stated (November 2011) that the deposit was an unsecured claim and the liability would be discharged only after settlement of dues of secured creditors. Thus, money meant for development of a backward tribal district has become irrecoverable.

### ***3.1.10.2 BPL status for deciding beneficiaries under Old Age Pension scheme not verified***

Under GOI 'Vaya Vandana' scheme launched during 1990-91, pension at a rate of ₹200/month was payable to BPL beneficiaries above 65 years of age. State Government also launched 'Niradhar Pension Scheme' (1990-91) to those above 60 years and having no earning member in the family; however,

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<sup>29</sup> Fund exclusively created for the benefits of the people of Dangs under which the surplus of the receipts of Dangs district over its expenditure was being transferred

there was no condition of the beneficiary being a BPL person. Those who were above 65 years would be eligible for benefits under both the schemes if they fulfilled conditions of the respective schemes.

Since launching (April 2008) of Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Government of India discontinued 'Vaya Vandana' scheme. Pension at ₹200/month was payable under IGNOAPS to the BPL beneficiaries on attaining 65 years of age.

We observed from the records of four DDOs<sup>30</sup> that pension amounting to ₹6.49 crore was paid (April 2008 to September 2010) under IGNOAPS at a rate of ₹200 to 11,193 beneficiaries identified under the Niradhar Pension Scheme (State) without verification of their BPL status for eligibility under IGNOAPS.

On being pointed out, the DDOs agreed to the audit observation and stated (August 2010) that BPL criteria of the pensioners would be verified under intimation to audit.

### **3.1.11 Conclusion**

Revenue department is an important department of the state and is responsible for land management in the state. It is entrusted with the important responsibility of maintenance and documentation of land records, collection of land revenue etc. Weaknesses were however noticed in the delivery of services to the people by the department. Full quantum of surplus land acquired was not distributed to the landless labourers, and eligible financial assistance for agricultural equipments to the allottees did not reach them for want of their applications. Pendency with e-Dhara Centres for making changes in land records was substantial.

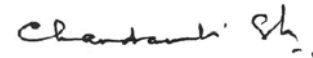
Weaknesses were also noticed in the internal control mechanism of the department. There were savings in the grants under the revenue department which was attributed to the delay in receiving the plans and estimates from the Roads and Building department. Rush of expenditure was reported due to late receipt of administrative sanctions and delay in finalizing tenders. Instances of parking of funds in PLA to avoid lapse of grants were also noticed. Instances of Government receipts not promptly remitted into Treasury as well as deficiencies in the maintenance of Cash Book were also noticed. Penalties imposed by District Supply Officer on defaulting shopkeepers were not being done promptly which could encourage them to continue violation of the Essential Commodities Act. Internal audit, an important tool to strengthen accountability, was in arrears with all the Department Heads of the Revenue department.

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<sup>30</sup> (i) Dy. Collector (Prant), Rajkot - ₹1.75 crore upto September 2010 in 2914 cases (average), (ii) Deputy Collector (Prant), Himatnagar - ₹1.97 crore upto June 2010 in 3654 cases (average), (iii) Dy. Collector (Prant), Navsari - ₹1.61 crore upto September 2010 in 2691 cases and (iv) Deputy Collector (Prant), Virangam - ₹1.16 crore upto September 2010 in 1934 cases (average)

**3.1.12 Recommendations**

- Savings out of Budget allotment be avoided and unspent balances surrendered within the stipulated time frame; funds should not be parked in PLAs and DC Bills against AC Bills drawn should be submitted in time;
- System may be streamlined to ensure that Government revenues are recovered scrupulously and in time;
- Landless labourers may be allotted surplus land already acquired and mechanism evolved to ensure that they apply for and get due financial assistance;
- Working of e-Dhara Centres may be streamlined to make changes in land records as per codal provisions;
- Departmental Heads may take appropriate action to complete Internal Audits in time; and
- Cash Books should be maintained as per rules and receipts remitted into Treasury immediately.



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