

## EXECUTIVE SUMMARY

<b>Tax collection</b>	<p>In 2010-11 the collection of taxes from land revenue increased by 100.42 <i>per cent</i> over the previous year, the reasons for which was not informed by the Department, despite our request.</p>
<b>Results of audit conducted by us in 2010-11</b>	<p>In 2010-11 we test checked the records of 45 units relating to taxes on land revenue and found underassessment of premium, ground rent, diversion rent and other irregularities involving ₹ 870.47 crore in 1,72,568 cases.</p> <p>The Department accepted underassessment and other deficiencies of ₹ 272.58 crore in 1,60,044 cases, which were pointed out by us during the year 2010-11. An amount of ₹ 60.95 crore was recovered in 23,029 cases during the year 2010-11.</p>
<b>What we have highlighted in this Chapter</b>	<p>In this Chapter we present illustrative cases of ₹ 3.90 crore selected from observations noticed during our test check of records relating to non/short levy, non/short realisation, incorrect exemption etc. on land revenue in the office of the Tahsildars and Collectors, where we found that the provisions of the Acts/Rules were not observed.</p> <p>It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action.</p>
<b>Our conclusion</b>	<p>The Department needs to initiate immediate action to recover the amount on account of under assessment of premium and ground rent, under assessment of diversion rent and <i>upkar</i>, non recovery of process expenses etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

## CHAPTER - V LAND REVENUE

### 5.1 Tax administration

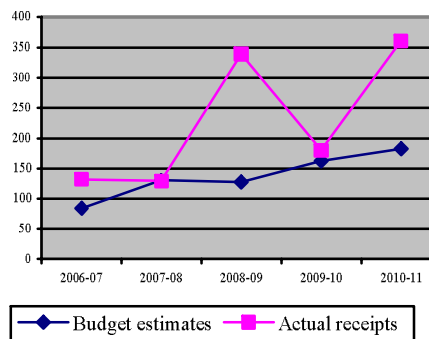
The Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Record (CSLR). Commissioners of divisions exercise administrative and fiscal control over the districts included in the division. In each district, Collectors administer the activities of the Department. It is entrusted upon the Collector of a District to place one or more Assistant Collector or Joint Collector or Deputy Collector in charge of a sub-division of a district. The officers so placed in charge of a sub-division are called SDOs. They have to exercise such powers of the Collector as are directed by the State Government by notification. Superintendents, Assistant Superintendents, Land Record (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. Tahsildars/Additional Tahsildars are deployed in the tahsils as representative of the Revenue Department. There are 10 revenue divisions, each headed by a Commissioner, 50 districts, each headed by a Collector and 341 tahsils in the State.

### 5.2 Trend of receipts

Actual receipts from Land Revenue during the period from 2006-07 to 2010-11 along with the total tax receipts during the same period is exhibited in the following table and line graph:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual tax receipts vis-a-vis total tax receipts
2006-07	84.21	132.21	(+) 48.00	(+) 57.00	10,473.13	(+) 1.26
2007-08	130.00	129.15	(-) 0.85	(-) 0.65	12,017.64	(+) 1.07
2008-09	127.45	338.84	(+) 211.39	(+) 165.86	13,613.50	(+) 2.49
2009-10	161.81	180.03	(+) 18.22	(+) 11.26	17,272.77	(+) 1.04
2010-11	182.46	360.81	(+) 178.35	(+) 97.75	21,419.38	(+) 1.68



In 2010-11 the collection of taxes from land revenue increased by 100.42 *per cent* over the previous year, the reasons for which was not informed by the Department despite being requested.

### 5.3 Analysis of budget preparation

No files regarding budget preparation were made available to audit at the Government level. However, we observed from the records available at the office of the Head of the Department that the budget estimates were prepared on an *ad hoc* basis without following any uniform criteria on estimating the receipts to be actually realised during the year. The revised estimate for the year 2010-11 was ₹ 400.24 crore against the budget estimate of ₹ 182.46 crore. The actual receipt (₹ 360.81 crore) was less by 9.85 *per cent* as compared to the revised estimate though the revised estimate was 119.36 *per cent* over the budget estimate. The unexpected receipt of ₹ 132.50 crore of *Nazul* premium from the MP Housing Board was stated to be the reason for increase in the revised estimate.

### 5.4 Working of internal audit wing

No separate team has been constituted for performing the work of internal audit wing in the department. From time to time, in case of receipt of any complaint, the work of internal audit is performed by the officers posted in the finance section of the Department.

## 5.5 Results of audit

Test check of the records of 45 units relating to land revenue revealed underassessment of tax and other irregularities involving ₹ 870.47 crore in 1,72,568 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Loss of revenue due to incorrect application of premium and ground rent	337	4.38
2.	Loss of revenue due to reduction of premium and ground rent without assigning any reason	36	2.77
3.	Non-execution and non registration of lease deeds	05	0.84
4.	Non-levy of stamp duty on partition/gift of the building on <i>nazul</i> land	02	0.005
5.	Non-renewal of lease of <i>nazul</i> land	1,234	4.21
6.	Loss of revenue due to short assessment of premium and ground rent	698	1.75
7.	Non-raising of demand of ground rent/premium and penalty	3,676	4.45
8.	Non-levy/realisation of process expense	3,338	7.62
9.	Non-recovery of collection charges	504	1.35
10.	Non-registration of revenue recovery certificates	9,587	48.53
11.	Other observations	1,53,151	794.57
<b>Total</b>		<b>1,72,568</b>	<b>870.47</b>

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 272.58 crore in 1,60,044 cases, which were pointed out in audit during the year 2010-11. An amount of ₹ 60.95 crore was realised in 23,029 cases during the year 2010-11.

A few illustrative audit observations involving ₹ 3.90 crore highlighting important audit findings are mentioned in the following paragraphs.

## 5.6 Misclassification of receipts from land revenue and *upkar* in Government account

As per Rule 7(I) of the Madhya Pradesh Treasury Code (MPTC) (volume I) read with Government notification issued in November 2001, land revenue and *Upkar*\* collected by Tahsil offices should be remitted into the treasury in Government account under the major head-0029.

During test check of the Challans in 23 tahsil offices<sup>1</sup> between May 2010 and January 2011, we observed that land revenue and *Upkar* of ₹ 2.22 crore collected between 2005-06 and 2009-10 by Tahsil offices was incorrectly

deposited under the major head '0515'-Other Rural Development programmes instead of the proper head i.e. '0029'-Land Revenue. This resulted in misclassification of receipts of ₹ 2.22 crore.

After we pointed out, 13 Tahsildars<sup>2</sup> stated between May 2010 and January 2011 that land revenue and *upkar* would be deposited in the major head-0029. Further reply has not been received (March 2012).

We reported the matter to the Department and the Government between February and May 2011; their reply has not been received (March 2012).

## 5.7 Irregular exchange of land

Revenue Book Circular (RBC) provides that the Collector of the district may permit exchange of agricultural land of any *Bhumiswami*\*\* with Government agricultural land of equal values situated in the same district. There is no provision to exchange *Nazul* land\*\*\* of State Government with the agricultural land of *Bhumiswami*. According to the order issued by the MP Government on 18 May 1965, all Collectors shall declare Government land falling within five miles of the limit of urban area of all towns in their district as *Nazul* land and include it in the *Nazul Khasra* appropriately.

During test check of records of Sub-Registrar, Sardarpur (March 2009), Collector Dhar and Tahsil Sardarpur (April 2010), we observed that *Nazul* land measuring 1.362 hectares was exchanged with 1.672 hectares of agricultural land of a trust situated in

\* It is defined under the term "tax" which includes a tax, cess and rate of fee leviable under the MP Land Revenue Code, 1959.

\*\* The owner of the land.

\*\*\* Government land situated within Nagar Nigam, Nagar Palika and Nagar Panchayat area.

<sup>1</sup> Bada Malhara (Chhatarpur), Bandhavgarh (Umaria), Barghat (Seoni), Batiyagarh (Damoh), Betul, Bichhua (Chhindwara), Chhindwara, Chorai (Chhindwara), Dewas, Dhar, Gaurihar (Chhatarpur), Jabalpur, Jaitpur (Shahdol), Khairlanji (Balaghat), Kirnapur (Balaghat), Mandsaur, Morena, Rampur Nekin (Sidhi), Raipur Karchuliyan (Rewa), Ratlam, Suwasara (Mandsaur), Tendukheda (Narsinghpur) and Ujjain.

<sup>2</sup> Bada Malhara (Chhatarpur), Barghat (Seoni), Betul, Bichhua (Chhindwara), Chorai (Chhindwara), Gaurihar (Chhatarpur), Jabalpur, Jaitpur (Shahdol), Kirnapur (Balaghat), Raipur Karchuliyan (Rewa), Rampur Nekin (Sidhi), Suwasra (Mandsaur), Tendukheda (Narsinghpur).

village Dalpura. The exchange deed was executed and registered in June 2006. As exchange of *Nazul* land with the agricultural land of *bhumiswami* was not permissible under the above rules, the exchange was irregular.

After we pointed out the cases, the Collector stated in April 2010 that the land situated within two kilometers of the limits of *Nagar Panchayat* area is *Nazul* land and such exchange was not permissible under rules. He further stated that it was difficult to ascertain the circumstances under which the incumbent Collector permitted such exchange. The fact remains that the *nazul* land was required to be taken back from the concerned private party. The reply is not specific about it.

We brought the matter to the notice of the Commissioner, Indore and the Government between May 2010 and May 2011; their replies have not been received (March 2012).

### 5.8 Non-recovery of process expenses

The MP *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhiniyam, 1987* (MPLA) and Madhya Pradesh Land Revenue Code (MPLRC) provides that the recovery officer will register the revenue case in the Revenue Case Register after receipt of the Revenue Recovery Certificate (RRC) and issue the demand notice within 15 days. As per the *Adhiniyam* and rules made thereunder, process expense at the rate of three *per cent* of the principal amount is leviable.

During test check of the statements of recovery of 23 Tahsil offices<sup>3</sup> between June 2010 and December 2010, we observed that though process expenses of ₹ 70.75 lakh was recoverable on the principal amount of ₹ 23.59 crore recovered against RRCs during the period from 2005-06 to 2009-10, the Department did not include the process expenses while issuing notice of demand, as a result of which the same was not recovered from the

defaulters. This resulted in non-realisation of process expenses of ₹ 70.75 lakh.

We reported the matter to the Department and the Government in February and May 2011; their reply has not been received (March 2012).

<sup>3</sup> Bada Malhara (Chhatarpur), Barghat (Seoni), Batiyagarh (Damoh), Betul, Bichhua (Chhindwara), Bohariband (Katni), Chhindwara, Chorai (Chhindwara), Gadakota (Sagar), Gaurihar (Chhatarpur), Gwalior, Jaitpur (Shahdol), Khairlanji (Balaghat), Mandsaur, Morena, Mudwara (Katni), Patera (Damoh), Rampur Nekin (Sidhi), Raipur Karchuliyan (Rewa), Rewa, Sohagpur, Tendukheda (Narsinghpur) and Ujjain.

## 5.9 Non-recovery of premium and ground rent in case of advance possession

Paragraph 29 of the RBC-IV-I prescribes that prior to granting advance possession of Government land, the applicant in anticipation of the final sanction, shall necessarily deposit the anticipated premium and ground rent on the basis of estimated premium and ground rent. In the meantime, the applicant should provide an undertaking that he will pay premium and ground rent, which the Government finally decides. This was reiterated by the Government direction of February 1985, which provided that the amount of anticipated premium and ground rent should be compulsorily deposited in case of advance possession. No time limit for submission of the case for final allotment has, however, been prescribed.

During test check of records (Files of allotment of *Nazul* land) of Collectorate (*Nazul*) Umaria in September 2010 we observed that in two cases, advance possession of land measuring 1843.20 Sq. mt. and 4230 Sq. mt. respectively was given to *Nagar Palika Parishad*, Umaria in July 2006 without payment of premium and ground rent. This resulted in non-recovery of revenue of ₹ 70.50 lakh as per details given in the following table:-

Sl. No.	Area of land	Premium (in ₹)	Annual rent (in ₹)	Rent up to 2009-10 (in ₹)
1.	1843.20 sq.mt.	8,11,008	1,21,651	4,86,604
2.	4230 sq.mt.	35,95,500	5,39,325	21,57,300
<b>Total</b>		<b>44,06,508</b>		<b>26,43,904</b>

Further, the Collectorate (*Nazul*) did not send these cases to the Government for final allotment of the land even after a lapse of five years.

After we pointed this out, the *Nazul* officer stated (September 2010) that demand notices had been issued from time to time. The situation of issuance of demand notices could have been avoided, had the rules been followed. Further, the Additional Collector Umaria stated (July 2011) that an amount of ₹ 12 lakh had been recovered.

We reported the matter to the Department and the Government in May 2011; their reply has not been received (March 2012).

### 5.10 Under assessment of diversion rent, premium and *upkar*

Under the provision of the MPLRC where land assessed for one purpose is diverted for any other purpose, land revenue payable on such land shall be revised and reassessed in accordance with the purpose for which it has been diverted from the date of such diversion at the rates fixed by the Government. Further, *Panchayat Upkar* at the rate of 50 paise per one rupee of diversion rent is also leviable in *Gram Panchayat* area.

During test check of diversion cases of four Collectorates<sup>4</sup>, and *Tahsil Dewas* between August 2010 and December 2010, we observed that there was under assessment of diversion rent, premium and *upkar* in 30 cases of diversion decided between March 2008 and December 2010. We noticed that diversion for commercial purposes was treated as

residential purpose or assessment was done on reduced area or rates were incorrectly applied for diversion rent and premium. This resulted in short realisation of premium, diversion rent and *upkar* of ₹ 20.84 lakh.

We reported the matter to the Department and the Government in May 2011; their reply has not been received (March 2012).

### 5.11 Non-assessment and levy of *Panchayat* cess on diversion rent

*Panchayati Raj Adhiniyam*, 1993 provides that *panchayat* cess is leviable for each revenue year on every land holder and the Government lessee in respect of land held by him in the '*Gram Panchayat*' area at the rate of 50 *paise* per rupee of land revenue or rent assessed for each piece of land. The cess is leviable in addition to the land revenue or rent. Under section 58 (2) of MPLRC, diversion rent is included in the definition of land revenue, hence *Panchayat* cess is leviable on diversion rent also.

During test check of diversion cases in Collectorate (diversion), Umaria and Tahsil, Devari (Sagar) between July and September 2010 we observed that in 32 cases, *Panchayat* cess amounting to ₹ 5.44 lakh was not levied on diversion rent of ₹ 10.88 lakh in respect of land pertaining to *Gram Panchayat* areas. This resulted in non-levy of *Panchayat* cess

of ₹ 5.44 lakh.

<sup>4</sup> Betul, Dhar, Mandsaur and Ratlam.



After we pointed this out, SLR (diversion) Umaria stated (September 2010) that cases would be sent to SDOs. *Tahsildar*, Devari stated (July 2010) that no order had been received to realise *Panchayat* cess on diversion rent. The reply is not acceptable as under Section 58 (2) of MPLRC, diversion rent is included in the definition of land revenue; hence *Panchayat* cess is leviable on diversion rent also.

We reported the matter to the Department and the Government in May 2011; their reply has not been received (March 2012).