

***CHAPTER-IV***  
***LAND REVENUE***

### Executive Summary: Chapter - IV

<p>Abnormal increase/decrease in revenue collection</p>	<p>We noticed abnormal increase/decrease in revenue collection during the period 2006-07 to 2010-11. In 2007-08 and 2008-09, the revenue collection increased over previous year by 33.03 <i>per cent</i> and 4.66 <i>per cent</i> respectively and in 2009-10 it decreased by 9.14 <i>per cent</i> over previous year. During 2010-11, the revenue collections increased abnormally by 50.46 <i>per cent</i> over the previous year, due to sale of Government assets and waste land.</p>
<p>Low recovery by the Department in respect of observations pointed out by us in earlier years</p>	<p>During the period 2005-06 to 2009-10 we had pointed out non/short levy, non/short realisation, underassessment/loss of revenue, incorrect exemptions, application of incorrect rate of tax, incorrect computation etc. with revenue implication of ₹ 504.67 crore in 10 paragraphs. The Department/Government accepted audit observations in 10 paragraphs involving ₹ 367.01 crore, of which ₹ 94.21 crore (25.06 <i>per cent</i>) had been recovered till December 2011.</p>
<p>Results of Audit conducted by us in 2010-11</p>	<p>During test-check of the records of the 113 units of Land Revenue Department conducted during the year 2010-11, we noticed non recovery/loss of revenue <i>etc.</i> amounting to ₹ 419.95 crore in 1403 cases. During the year 2010-11, the Department accepted underassessment and other deficiencies of ₹ 27.39 crore in 1132 cases, of which 921 cases involving ₹ 6.12 crore were pointed out in audit during the year 2010-11 and the rest in earlier years. The Department recovered ₹ 12.64 crore in 220 cases during the year 2010-11, of which 65 cases involving ₹ 0.87 crore related to the year 2010-11 and the rest to the earlier years.</p>
<p>What we have highlighted in this Chapter</p>	<p>In this Chapter we present illustrative cases of ₹ 300.37 crore selected from observations noticed during our test check of records relating to non/short levy, non/short recovery and loss of revenue, 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. We are also concerned that though these omissions were apparent from the records which were made available to us, the Department was unable to detect these mistakes.</p>

<p>Our conclusion</p>	<p>Land was allotted at cheaper rates to Hotels in violation of the Tourism Policies framed by the State Government in one case and at agricultural rate instead of commercial rate in another case. Cost of land allotted was not recovered in three cases. Conversion charges were not recovered in two cases.</p> <p>The Department also needs to initiate immediate action to recover the non-realisation, undercharge of tax, etc. pointed out by us, more so in those cases where it has accepted our contention.</p>
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## CHAPTER-IV: LAND REVENUE

### 4.1 Tax administration

The assessment and collection of land revenue is governed under the Rajasthan Land Revenue Act, 1956 and the Rules made thereunder. Land revenue mainly comprises of rent on land, lease rent, premium, conversion charges, receipts from sales of Government land *etc.*

The powers of the Administrative Department are vested in the Revenue Department of the Government. The overall control of revenue related judicial matters along with supervision and monitoring over revenue officers vests with the Board of Revenue (BOR). The BOR is assisted by 33 Collectors at district level, 191 Sub-Divisional Officers (SDOs) at sub-division level and 244 Tehsildars at Tehsil level, in all matters relating to assessment and collection of land revenue. BOR is also the State level implementing authority for Computerisation of land records in Rajasthan.

### 4.2 Trend of revenue

The budget estimates (BEs), revised estimates and actual revenue realised by the Department during the period 2006-07 to 2010-11 is as under:

(₹ in crore)

Year	Budget estimates	Land revenue collected	Percentage of variation between BEs and collection
2006-07	90.05	116.71	(+) 29.61
2007-08	122.06	155.29	(+) 27.22
2008-09	145.01	162.52	(+) 12.08
2009-10	160.16	147.66	(-) 7.80
2010-11	185.06	222.17	(+) 20.05

The above table indicates that budget preparation activity has not been undertaken with due diligence and estimates were not supported with realistic data except for the year 2009-10 as variation between the BEs and actual collection ranged between (+) 12.08 *per cent* (2008-09) to (+) 29.61 *per cent* (2006-07). Fall of revenue during 2009-10 was mainly due to less receipts on account of conversion charges received from Urban Development Department (UDD) and Sale of land. We noticed abnormal increase in revenue collection during 2010-11 which was due to more receipts received from sale of Government assets and sale proceeds of waste land.

### 4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2011 amounted to ₹ 75.21 crore, of which ₹ 13.91 crore were outstanding for more than five years. The following

table depicts the position of arrears of revenue as on 31 March 2011.

(₹ in crore)

Year of arrear	Opening balance of arrears as on 1.4.2010	Amount collected during the year 2010-11	Closing balance of arrears as on 31.3.2011
Upto 2005-06	15.96	2.05	13.91
2006-07	38.47	0.33	38.14
2007-08	3.75	0.94	2.81
2008-09	12.78	4.38	8.40
2009-10	49.58	37.63	11.95
<b>Total</b>	<b>120.54</b>	<b>45.33</b>	<b>75.21</b>

The chances of recovery of arrears of ₹ 13.91 crore, outstanding for more than five years, are bleak.

**We recommend that the Government should take appropriate action to recover the arrears.**

#### 4.4 Impact of Audit Reports

During the last five years upto 2009-10, audit through its Audit Reports had pointed out non/short levy, non/short realisation, underassessment/loss of revenue, incorrect exemptions, application of incorrect rate of tax, incorrect computation *etc.*, with revenue implication of ₹ 504.67 crore in 10 paragraphs. Of these, the Department/Government had accepted audit observations in 10 paragraphs involving ₹ 367.01 crore and had since recovered ₹ 94.21 crore (December 2011). The details are shown in the following table:

(₹ in crore)

Year of audit	Paragraphs included		Paragraphs accepted		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2005-06	2	40.71	2	30.14	1	16.32
2006-07	1	22.14	1	22.14	-	-
2007-08	4	260.68	4	196.05	3	76.64
2008-09	-	1.13	-	1.13	-	1.13
2009-10	3	180.01	3	117.55	1	0.12
<b>Total</b>	<b>10</b>	<b>504.67</b>	<b>10</b>	<b>367.01</b>	<b>5</b>	<b>94.21</b>

The Government should make efforts for early recovery of balance amount pointed out in the audit reports.

#### 4.5 Working of Internal Audit Wing

There are 15 internal audit parties, each consisting of three members, which conduct audit of offices on annual basis. The position of number of units, planned for audit, actually audited and remained in arrears during the period

from 2006-07 to 2010-11 was as follows:

Year	No. of units	No. of units planned for audit	No. of units actually audited	No. of units in arrear	Percentage of units in arrear
2006-07	567	567	486	81	14
2007-08	567	557	502	55	10
2008-09	570	532	436	96	18
2009-10	570	468	398	70	15
2010-11	570	535	707*	35	5

\*Including arrear.

The arrear in audit was due to vacant posts, engagement of staff in Local Body election duties, leave taken by audit party members etc.

#### 4.6 Results of Audit

During test-check of the records of the 113 units of Land Revenue Department conducted during the year 2010-11, we noticed loss of revenue *etc.* amounting to ₹ 419.95 crore in 1403 cases. Details are as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non-recovery of price of command/uncommand/custodian/ceiling land <i>etc.</i>	162	70.29
2.	Non-recovery of premium and rent from Central/State Government Departments/undertakings	267	306.88
3.	Non-recovery of conversion charges from 'Khatedars'	297	1.63
4.	Non-regularisation of cases of trespassers on Government land	181	6.13
5.	Other irregularities	496	35.02
<b>Total</b>		<b>1403</b>	<b>419.95</b>

During the year 2010-11, the Department accepted underassessment and other deficiencies of ₹ 27.39 crore in 1132 cases, of which 921 cases involving ₹ 6.12 crore were pointed out in audit during the year 2010-11 and the rest in earlier years. The Department recovered ₹ 12.64 crore in 220 cases during the year 2010-11, of which 65 cases involving ₹ 0.87 crore related to the year 2010-11 and the rest to the earlier years.

A few illustrative cases involving ₹ 300.37 crore are mentioned in the following paragraphs.

#### **4.7 Audit observations**

*During test-check of the records of the Land Revenue Department, we observed non/short levy/recovery of demand of revenue as mentioned in the succeeding paragraphs of this chapter. In particular we noticed inadequate procedures and systems, which did not ensure that Government land was allotted and possession given to the allottees only on payment of the requisite rates as defined by Government in its various policy directives. We saw that Central Departments were put in possession of Government land without recovery of cost of land as per Government directives. Some omissions were pointed out in earlier years but not only did the irregularities persist, these remain undetected till an audit is conducted. These cases are illustrative and are based on a test-check carried out by us. There is need for the Government to improve the internal control system including strengthening of internal audit in order to avoid recurrence of such cases.*

#### **4.8 Non-compliance of provisions of Rules/Circulars**

*The Rajasthan Land Revenue Act, 1956 and the rules made thereunder/ notifications of the Government provide for allotment/conversion of land inter alia under the provisions of :*

- 1. Tourism Unit Policy, 2007;*
- 2. Circular dated 2 March 1987 issued by Revenue Department, Government of Rajasthan;*
- 3. Rajasthan Industrial Areas Allotment Rules, 1959; and*
- 4. Rajasthan Land Revenue (Conversion of Agricultural Land for Non-agricultural purposes in Rural Areas) Rules 2007.*

*During test check of the records, we noticed that Departmental authorities did not observe some of the provisions of policies/rules ibid which resulted in non-realisation of revenue of ₹ 300.37 crore as mentioned in succeeding paragraphs.*



#### 4.8.1 Short recovery of cost of land

##### 4.8.1.1 Land for Hotels allotted in violation of New Tourism Policy, 2007

The State Government introduced (27 November 2007) Rajasthan Tourism Unit Policy, 2007 applicable to all types of hotels and tourism units. As per Policy 2007, land to the tourism unit other than star category hotels is to be allotted at special reserve price i.e. 50 per cent of the commercial reserve price of the land of that area. The special reserve price was the base price for disposal of the identified and reserve lands through a process of competitive bidding. Further, as per the policy all the concerned Departments were required to amend respective rules/sub-rules and notifications, according to the policy.

During test check (December 2010 - February 2011) of the records and information provided by Secretary (Revenue Group III), Rajasthan, Jaipur and District Collector (Revenue), Jaisalmer, we noticed that in four cases Government land was allotted (May 2008 to

December 2008) for establishment of tourism units i.e. hotel, motel *etc.* without adopting competitive bidding process. The cost of land was charged as per Rajasthan Industrial Areas Allotment Rules, 1959 (which were previously applicable) instead of cost as envisaged in the Rajasthan Tourism Unit Policy, 2007. In these four cases, the price of land (on the basis of commercial DLC rates as commercial reserve prices of the areas were not made available), worked out to ₹ 675.18 lakh against which ₹ 25.00 lakh were recovered by the Department. This resulted in potential loss of ₹ 6.50 crore to the State exchequer by not applying the new Tourism policy 2007.

Matter was pointed out (December 2010 - February 2011) to Department; their replies were awaited (December 2011). However, we discussed the case with Pr. Secretary (Land Revenue) who during discussion said that they were not sure whether the Tourism Policy, 2007 was notified. The Department did not also respond to our query regarding development of Land Bank by the Gram Panchayats/Local Bodies/JDA as envisaged in the Policy.

#### 4.8.1.2 Non/short recovery of cost of land

As per circular dated 2 March 1987, issued by Revenue Department Government of Rajasthan, cost of Government land allotted to Central Government Departments/organisations in rural/urban areas and its periphery is chargeable as per residential rates of the concerned area prescribed from time to time. If allotment is made for commercial purposes cost is to be charged at commercial rates. As per explanation IV (i) under section 90-B (12) of Land Revenue Act, where any part of village falls within the peripheral belt, the whole village shall be deemed to be within the peripheral belt.

(a) During test check of files relating to allotment of land to Border Security Force (BSF) in the office of the Collector (Revenue), Jaisalmer, we noticed (September 2010) that 12.00 *bigha* Government land of *khasra* 541 at Sum road, Jaisalmer was in possession of the BSF since 1966. This land falls under residential area of municipal limits, hence, cost of land ₹ 7.53 crore,

calculated at prevailing residential DLC rates, was to be charged from the BSF after proper allotment. However, neither allotment of land was made nor cost of the land was recovered resulting in non-recovery of ₹ 7.53 crore.

When we pointed out (September 2010-May 2011), the Collector, Jaisalmer intimated (May 2011) that on the request of BSF, the 12 *bigha* Government land had been allotted to the BSF on payment basis as per circular dated 02.03.1987. Accordingly, a demand notice has been issued (March 2011) to BSF for depositing ₹ 8.66 crore in a period of one month. However, details of recovery have not been intimated (December 2011).

(b) During test check of the records of the Collector, Jaisalmer, we found (September 2010) that 483 *acre* Government land situated at Sum road, Jaisalmer was allotted (27.4.68) to Army. The Army authority did not deposit the cost of land and stated (14 January 1977) that land was no more required, hence allotment was cancelled (September 1989). Later on, the Defence Ministry again requested (October 1989) to allot the land which was in their possession since 1950. As per joint survey by the Army and Revenue authorities, 453.03 *bigha* land valuing ₹ 284.17 crore (calculated as per DLC rates effective from 13.10.2009 for residential land) in Girdhar camp, Jaisalmer was found in possession of the army. However, the matter was still pending (March 2011) and the Government has been deprived of revenue of at least of ₹ 284.17 crore.

When we pointed out (May 2010), Government intimated (December 2011) that a meeting with Civil Military Liaison Conference was held (September 2011) and army authority given consent to deposit the objectionable amount as per current DLC rates. We are awaiting further progress of the case.

(c) During test check of the records (January - March 2011) and information provided by Deputy Secretary, Revenue (Group III) Rajasthan, Jaipur and District Collector (Revenue), Jaipur, we found that the Government issued (December 2009) a sanction for allotment of 1.20 Hectare (*gair mumkin abadi siwaichak land* of Khasra No. 798) in village Mahachandpura of Tehsil Chaksu to Power Grid Corporation of India Ltd. (PGCIL). The Department demanded and recovered (February 2010) cost of land ₹ 72.00 lakh at residential rate of ₹ 600 per square metre, instead of ₹ 144.00 lakh at commercial rate of ₹ 1200 per square metre, since the activities of the PGCIL were treated by the Government as commercial. Therefore the Corporation should have been charged commercial rates for the land allotted. Charging cost of land at residential rates instead of commercial rates resulted in short recovery of cost of land ₹ 72.00 lakh.

When we pointed out (July 2011) the department intimated (November 2011) that the entire amount has been recovered.

The matter was reported to the Government (January to March 2011); their replies were awaited (December 2011).

#### 4.8.2 Undue favour to firm

As per Rule 3A of the Rajasthan Industrial Areas Allotment (RIAA) Rules, 1959, price of land shall be charged equivalent to the prevailing market price of the same class of agricultural land in the vicinity. Further, Rule 7 of *ibid* rules provides that industries shall be set up within a period of two years, failing which the land shall revert to the Government unless the period is extended by the allotting authorities.

During test check of the records of the Divisional Commissioner, Jodhpur, we found (October 2010) that the Collector Jaisalmer had allotted (27.8.2001) a plot of land admeasuring 8.08 *bigha* (1,45,926 Square feet) on lease basis for setting up a hotel to M/s Payal Hotel and Resort, Jaisalmer (firm) under the terms and conditions of RIAA Rules, 1959. Allotment of the land was made at a price of ₹ 25.50 lakh as per auction dated 05.12.1998. The

actual possession was handed over on 27 March 2003 and the lease agreement was executed on 31.03.2003. Due to non-compliance of the terms and conditions of allotment, Collector, Jaisalmer ordered (28.12.2006) that the land be reverted back in favour of the Government. The firm submitted a review petition to the Revenue Minister against the above order. The Revenue Minister restored (20.08.2007) the lease subject to recovery of cost of land at current District Level Committee (DLC) rate adjusting the amount already deposited by the firm. Department worked out the cost of land ₹ 21.00 lakh taking into consideration DLC rate for agriculture land ₹ 2.50 lakh per *bigha* instead of applying commercial DLC rates because the initial allotment of land

was made through auction like a commercial plot. Since the firm had already deposited ₹ 25.50 lakh as auction amount on 04.12.1998 and 24.01.1999, the Department restored (17.10.2007) the lease deed of the land without recovering any cost. The cost of the land as per commercial rates by DLC of industrial area at ₹ 500 per square feet worked out to ₹ 729.63<sup>1</sup> Lakh. Thus, incorrect application of DLC rates resulted in short levy of ₹ 7.04<sup>2</sup> crore.

The matter was brought to notice of the Department (October 2010) and reported to the Government (April 2011); their replies were awaited (December 2011).

### 4.8.3 Short recovery of conversion charges

As per rules 9 and 16 of the Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural areas) Rules, 2007, conversion charges are to be paid in advance before use of agriculture land for non-agricultural purposes. Conversion charges for commercial purpose are ₹ 10.00 per square meter or 10 *per cent* amount of the DLC rate of agriculture land, whichever is higher. If a person fails to deposit the due amount of conversion charges within the specified time interest at the rate of 12 *per cent* per annum shall be charged for the delayed period.

**4.8.3.1** During test check of the records of offices of the Principal Secretary (Revenue) and Tehsil Kolayat No.1, we found (March 2011) that State Government had allotted (18.10.2007) 79.37 hectare land situated at village Gudda (East) and Chack Bandha No. 1 to M/s Marudhar Power Private Limited (now M/s V. S. Lignite Power Private Limited).

The Commissioner, Colonisation issued (12.06.2008) a demand notice for depositing ₹ 79.37 lakh of conversion charges for use of land as commercial purposes, against which the firm deposited only (13.07.10) ₹ 20.00 lakh. The firm without depositing the conversion charges started using land for non-agricultural purposes from 12 November 2008. The balance recoverable amount ₹ 59.37 lakh and interest of ₹ 17.14 lakh (calculated upto 31 March 2010) on non-deposited demand, had not been recovered from the firm.

The matter was pointed out to the Department and reported to the Government (March 2011), their replies were awaited (December 2011).

<sup>1</sup> ₹ 729.63 lakh (1,45,926 × ₹ 500).

<sup>2</sup> ₹ 7.04 crore (₹ 7.30 crore - ₹ 0.26 crore).

**4.8.3.2** During test check of the records of the Principal Secretary, Revenue and District Collector, Sikar, we found (December 2010) that 7.01 Hectare land (Khasra No. 1452) situated in village Palsana was allotted (January 2003) by the Government to Sikar and Jhunjhunu Milk Production Dairy Federation Ltd. for dairy Plant (commercial use). However neither Collector, Sikar raised the demand of conversion charges of ₹ 13.58 lakh, nor the allottee has applied for conversion of land. This resulted in non-realisation of conversion charges ₹ 13.58 lakh.

Matter was reported to the Government (December 2010); their reply was awaited (December 2011).