

EXECUTIVE SUMMARY	
Increase in tax collection	In 2010-11 the collection of taxes from Land Revenue increased by 34.95 <i>per cent</i> over the previous year which was attributed by the Department to more receipts from surcharge on land revenue, Rural Employment.
Audit coverage by Internal Audit Wing	Internal Audit Wing of the Land and Land Reforms Department planned to audit 18 District Land and Land Reforms Officers (DL and LROs), 10 Land Acquisition (LA) Collectors, one Rent Controller and one Controller of Thika Tenancy out of 18 DL and LROs, 19 LA Collectors, two Rent Controllers and two Controller of Thika Tenancy during the year. Audit was conducted in respect of 17 DL and LROs, seven LA Collectors, one Rent Controller and one Controller of Thika Tenancy during the period which is 63 <i>per cent</i> of the units auditable and 87 <i>per cent</i> of the units planned for audit.
Very low recovery by the Department against observations pointed out by us	During 2006-07 to 2010-11, we had pointed out non/short levy, non/short realisation, underassessment /loss of revenue etc. with revenue implication of ₹1,003.54 crore in 25 paragraphs. Of these, the Department accepted audit observations in 23 paragraphs involving ₹313.71 crore of which only an amount of ₹14.46 crore has been recovered by the Department.
Results of audit conducted by us in 2010-11	In 2010-11, we test checked the records of five units relating to receipts from Land Revenue and found non-realisation/blocking of revenue and other irregularities involving ₹786.28 crore in 55 cases. The Department accepted non-realisation/blocking of revenue and other deficiencies of ₹9.05 crore in 38 cases. An amount of ₹1.34 crore was realised in 14 cases.
What we have highlighted in this Chapter	In this Chapter we presented illustrative cases of ₹1.27 crore selected from observations noticed during our test check of records of the office of the DL and LROs and Block Land and Land Reforms Officers (BL and LROs) where we found that the provisions of the West Bengal Land Reforms Act, 1955, West Bengal Land and Land Reforms Manual, 1991 and the Cess Act, 1880 were not complied with. Irregular transfer of 237.72 acres of land by the Department in favour of National Textile Corporation has been pointed out by us. Similar

	<p>other omissions on the part of the DL and LROs and BL and LROs were pointed out by us each year, but not only do the irregularities persist, these remain undetected by them till these were detected once again by us. These irregularities/omissions were apparent from the records made available to us by the DL and LROs and BL and LROs but they were unable to detect these mistakes.</p>
<p>Our conclusion</p>	<p>The functioning of the internal audit wing is satisfactory though the wing has a shortage of manpower. The manual of the wing is required to be published at the earliest.</p> <p>The Department needs to initiate immediate action to recover the non-realisation/blocking of revenue and other irregularities etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

CHAPTER III : LAND REVENUE

3.1 Tax administration

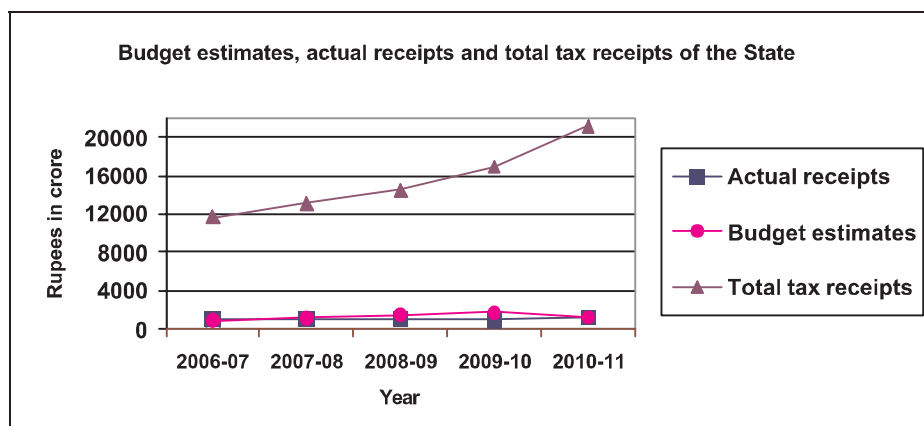
Land Revenue consists of receipts from land rent, rates and cess, management of Ex-Zamindari Estates, survey and settlement operations etc. The assessment and collection of land revenue is governed by the West Bengal Land Reforms Act, 1955, West Bengal Land Reforms Rules, 1965, West Bengal Land Acquisition Manual, 1991, West Bengal Land and Land Reforms Manual, 1991 and Land Transfer Rules contained in the Bengal Land Acquisition Act, 1917. Land Revenue is administered by the Land and Land Reforms Department headed by the Principal Secretary, assisted by the Director of Land Records and Survey, 19 District Land and Land Reforms officers (DL and LROs), 59 Sub-divisional Land and Land Reforms officers (SDL and LROs) and 698 Block Land and Land Reforms officers (BL and LROs).

3.2 Trend of receipts

Actual receipts from land revenue during the years 2006-07 to 2010-11 along with the total tax receipts of the year during the same period is exhibited in the following table and graph:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2006-07	894.51	952.69	(+) 58.18	(+) 6.50	11,694.77	8.15
2007-08	1,109.64	1,039.58	(-) 70.06	(-) 6.31	13,126.33	7.92
2008-09	1,488.58	983.78	(-) 504.80	(-) 33.91	14,419.15	6.82
2009-10	1,711.87	928.92	(-) 782.95	(-) 45.74	16,899.98	5.50
2010-11	1,190.93	1,253.66	(+) 62.73	(+) 5.27	21,128.74	5.93



A study of the budget estimates vis-à-vis actual receipts shows that the actual receipts was less than the budget estimates during the years 2007-08 to 2009-10. The percentage of variation ranged between (-) 6.32 per cent and (-) 45.74 per cent. In 2010-11 the actual receipts was more than budget estimates and the percentage of variation was (+) 5.26 per cent.

The budget estimates showed an increasing trend upto 2009-10 but it decreased sharply in the year 2010-11. Reasons for decrease in the budget estimate of 2010-11 over the preceding year, though called for have not been furnished by the Department (October 2011).

3.3 Cost of collection

The gross collection of land revenue and the expenditure incurred on collection during the years 2008-09 to 2010-11 are given in the following table:

(₹ in crore)				
Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection
Land Revenue	2008-09	983.78	353.89	35.97
	2009-10	928.92	536.29	57.73
	2010-11	1,253.66	576.57	45.99

Source: Finance Accounts.

Though the percentage of expenditure on collection of land revenue decreased in 2010-11, it is still high. Thus, there is scope for the Government to improve the efficiency in collection of land revenue.

3.4 Revenue impact of audit reports

During the last five years (including the current year's report), we pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc. with revenue implication of ₹ 1,003.54 crore in 25 paragraphs. Of these, the Department/Government had accepted audit observations in 23 paragraphs involving ₹ 313.71 crore and had since recovered ₹ 14.46 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraph included		Paragraphs accepted by the departments		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2006-07	6	962.50	6	273.93	1	0.05*
2007-08	5	0.70	4 ¹	0.40	NIL	NIL
2008-09	5	37.34	5 ²	37.03	1	14.20
2009-10	4	1.73	4 ³	1.10	2 ⁴	0.04
2010-11	5	1.27	4 ⁵	1.25	4	0.17
Total	25	1,003.54	23	313.71	8	14.46

* intimated in July 2011.

Thus, against the accepted cases of ₹ 313.71 crore, the Department/Government has recovered ₹ 14.46 crore which is only 4.61 per cent.

We recommend that the Government should take appropriate steps to improve recovery position.

3.5 Working of internal audit wing

The internal audit wing of an organisation is a vital component of its internal control mechanism and is generally defined as the control of all controls to enable the organisation to assure itself that the prescribed system is functioning reasonably well.

The internal audit wing (IAW) of the Land and Land Reforms Department has been re-introduced in the year 2007-08 with the objective of fulfilling accountability obligation, complying with applicable rules and regulations, executing orderly, ethical, economic, efficient and effective operations and safeguarding resources against loss. The wing is headed by the Audit Officer cum Ex-officio Deputy Secretary who is assisted by Internal Audit Officers and Assistant Auditors. No Internal Audit Officer was posted in the IAW against sanctioned strength of 16 posts whereas the existing strength of Assistant Auditor was 11 against the sanctioned strength of 14. Though the manual of the wing has been drafted, it has not yet been published. The wing planned to audit 18 DL and LROs, 10 Land Acquisition (LA) Collectors, one Rent Controller and one Controller of Thika Tenancy out of 18 DL and LROs, 19 LA Collectors, two Rent Controllers and two Controller of Thika Tenancy during the year 2010-11. Audit was conducted in respect of 17 DL and LROs, seven LA Collectors, one Rent Controller and one Controller of Thika Tenancy during the period which is 63 per cent of the units auditable and 87 per cent of the units planned for audit.

¹ Partly accepted.

² Four paragraphs partly accepted.

³ Partly accepted.

⁴ Partly recovered.

⁵ One Paragraph partly accepted.

3.6 Results of audit

In 2010-11 we test checked the records of five units relating to receipts from Land Revenue and found non-realisation/blocking of revenue and other irregularities involving ₹ 786.28 crore in 55 cases which fall under the following categories:

(₹ in crore)

Sl. no.	Categories	No. of cases	Amount
1	Irregular conferment of ownership of land to NTC	1	768.65
2	Non-levy/realisation of rent and salami at commercial rate	36	16.92
3	Non-realisation of cess from big raiyats	2	0.05
4	Blockage/loss of revenue due to non-leasing of <i>sairati</i> bodies	2	0.02
5	Other cases	14	0.64
Total		55	786.28

During the year, the department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 9.05 crore in 38 cases. An amount of ₹ 1.34 crore was realised in 14 cases at the instance of audit.

A few illustrative cases involving ₹ 1.27 crore are mentioned in the following paragraphs.

3.7 Audit observations

Scrutiny of the records of the DL and LR offices indicated several cases of non-compliance with the provisions of the West Bengal Land Reforms (WBLR) Act, 1955, West Bengal Land and Land Reforms (WBL and LR) Manual, 1991 and the Cess Act, 1880 as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test check carried out in audit. Although such omissions are pointed out by us every year but not only do the irregularities persist; these remain undetected till we conducted an audit. We also observed the irregular conferment of ownership of government land in favour of National Textile Corporation. There is need for the Government to improve the internal control system so that recurrence of such cases can be avoided.

3.8 Irregular conferment of ownership of land to National Textile Corporation

Rule 266 (v) of West Bengal Land Management Manual, 1977 and Land Transfer Rules as contained in Appendix-L, Part-II of the Bengal Land Acquisition Manual, 1917 read with Government order dated 3 September 1993 and order dated 17 October 2005 prescribe that in case of transfer of land owned by the State Government to the Government of India (GOI) or a company or body corporate under the GOI, transfer value comprising market value and capitalised value equal to 25 times of annual land revenue for outside Kolkata and 20 times of annual land revenue for Kolkata is realisable.

In West Bengal 14 textiles mills were in operation in five⁶ districts since pre-independence. Land comprised in these mills was 237.7158 acres. On introduction of the West Bengal Estate Acquisition Act, 1953, all the lands comprised in these mills were vested in the State. Subsequently the mills became sick and were nationalised in 1974 by an

Act⁷ of the Parliament. The Land and Land Reforms (L and LR) Department allowed the land comprised in the mills to be mutated in favour of NTC by an order issued in July 2000 on the plea that on nationalisation of the sick textile units the Central Government had become the absolute owner of all properties of the nationalised textile units including their land. However, chapter II of the said Act stipulates that the rights, title and interest of the then owners of the sick textile undertakings were acquisitioned and vested absolutely in the Central Government excluding the land comprised in the mills which was owned by the State Government. Subsequently NTC sold 169.729 acres of land between August 2006 and August 2009 to private parties. Thus, there was irregular conferment of ownership of 237.7158 acres of land to the NTC violating the land transfer Rules.

We forwarded the case to the Department and the Government in February 2011, but they did not furnish any reply (October 2011).

⁶ Hooghly, Howrah, Murshidabad, Nadia and North 24 Parganas.

⁷ The Sick Textile Undertakings (Nationalisation) Act, 1974.

3.9 Non/short realisation of rent and cess on land used for commercial purpose

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Section 23 of the West Bengal Land Reforms (WBLR) Act, 1955 provides that *raiya*s using land for commercial purposes are liable to pay land rent at the prescribed rate. Different kinds of cess are also realisable on land rent payable by the *raiya*s. The *bhumi sahayaks* posted in the Revenue Inspectors' office under the BL and LR office are responsible for collection of land rent. Further, Rule 303 of the WBL & LR Manual, 1991 stipulates that interest will be charged at the rate of 6.25 per cent per annum on arrears of land revenue and cess. As per Land and Land Reforms Manual, 1991 tenants' ledger was required to be maintained by each BL and LR office.

We found from the Register of payment of revenue and rent receipt books in four⁸ DL and LR offices between September and December 2009 that 352 *raiya*s⁹ under 18 BL and LR offices used 575.49 acres of land for commercial purposes during the period between 1411 BS (2004-05) and 1415 BS (2008-09) of which 340 *raiya*s did not pay land rent and cess¹⁰ of ₹ 54.61 lakh for using 449.048 acres of land whereas 12 *raiya*s using 126.44 acres of

land paid rent and cess of ₹ 2.95 lakh instead of ₹ 10.76 lakh. The DL and LROs did not initiate any action to realise the dues even after lapse of five to 53 months. We also noticed that the tenants' ledger was either not maintained or maintained improperly. As a result the rent due and demand notice issued could not be monitored. This resulted in non/short realisation of revenue of ₹ 71.44 lakh including interest.

After we reported the cases, all the district authorities between September and December 2009 admitted the audit observations involving ₹ 69.57 lakh in respect of 344 *raiya*s but did not furnish report on realisation. In respect of the remaining eight *raiya*s involving ₹ 1.87 lakh, the DL and LRO, Malda did not furnish any specific reply (October 2011).

The Government stated in June 2011 that ₹ 7.26 lakh has been realised by three DL and LROs¹¹. Action taken by the DL and LRO, Malda and further report on realisation of the balance amount from other DL and LROs has not been received (October 2011).

⁸ Burdwan (East), Jalpaiguri, Malda and Purulia.

⁹ *Raiyat* means a person or an institution holding land for any purpose.

¹⁰ Road cess 6 paise, public works cess 25 paise, primary education cess 10 paise, rural employment cess 30 paise and surcharge 15 paise.

¹¹ Burdwan (East), Jalpaiguri and Purulia.

3.10 Non-realisation of lease rent due to non-settlement of *sairati*¹² interest

Rule 272 of the WBL and LR Manual, 1991 prescribes that, all *sairati* interests like fisheries, *khal* etc. should be leased out on a year to year basis but not exceeding seven years. The Collector of the district is required to fix the economic rent and realise 25 per cent thereof at the time of settlement of *sairati* interests and the balance before the beginning of the year. The rent for the successive years is to be deposited by the lessee in full before the beginning of the respective year and a lease agreement executed beforehand. The district offices are required to maintain Registers VI and VII for credit of revenue from fisheries and Register XII for its settlement.

We found in two¹³ DL and LR offices between June and August 2009 that 12 water bodies¹⁴ involving 478.64 acres were leased out to different fisherman co-operative societies. Though the validity of the lease agreements had expired between 2001-02 and 2008-09 the co-operative societies continued to occupy the water bodies without paying any rent. The district authorities failed to settle the water bodies afresh by calling

tenders. Consequently the water bodies remained unsettled for the period between 2001-02 and 2008-09 and Government suffered a loss of revenue of ₹ 3.91 lakh. Further we found in September 2009 that eight water bodies involving 428.50 acres in DL and LRO, Malda were leased out between 2006-07 and 2009-10. But the district authority did not raise any demand notice for payment of lease rent. As a result the lease rent of ₹ 10.96 lakh continued to remain unrealised. We also noticed that the prescribed registers were not maintained properly. As a result the district authorities were not in a position to watch the revenue realised from fisheries and its pending settlement. Thus, failure of the internal control mechanism resulted in loss/non-realisation of revenue of ₹ 14.87 lakh including interest.

After we pointed these out, the district authorities between August and September 2009 admitted the audit observation and stated that action would be taken to realise the dues but did not furnish report on realisation (October 2011).

The Government stated between June and September 2011 that ₹ 1.01 lakh had been realised in two cases by DL and LROs, Nadia and Coochbehar. Report on realisation of balance amount and action taken by DL and LRO, Malda has not been received (October 2011).

¹² Derived from the word *sair*. The duties which the owners of hat, bazaar, markets, ferries, fisheries etc. used to levy on commodities sold or benefits derived from those places were designated as *sair* collection. Such hat, ferries etc. are *sairati* interests.

¹³ Coochbehar and Nadia.

¹⁴ Water bodies means large water channels.

3.11 Non-settlement of land with unauthorised occupiers

Rule 238 of the WBL and LR Manual, 1991 provides that Government land remaining in possession of a person(s) without any lease, may be offered to such person(s) on long term settlement for non-agricultural purpose on realisation of rent and *salami* at the prescribed rates. Rule 225 of the said Manual prescribes that the procedure of long term settlement is to be completed by the department within five months from the date of its initiation.

We found in BL and LR office, Malda in September 2009 that in two cases 0.83 acres of land remained unauthorisedly occupied by two individuals since 1981. The occupiers between July 2006 and September 2008 applied for long term settlement of land for 30 years. However, the Department did not finalise

the long term settlement even after lapse of 12 to 36 months. Of these, one case was forwarded to DL and LRO, Malda in October 2008 and the other case in March 2009. The stage at which both the cases were pending could not be ascertained due to non-availability of required information from the relevant records. Thus, failure of the Department to settle the land with unauthorised occupiers within the prescribed time limit resulted in non-realisation of revenue of ₹ 11.18 lakh (Rent: ₹ 3.73 lakh and *Salami*: ₹ 7.45 lakh).

After we pointed these out, the DL and LRO, Malda in September 2009 admitted the audit observation in both the cases and stated that action would be taken to realise the dues but did not furnish report on realisation (October 2011).

The Government stated in June 2011 that in one case ₹ 3.85 lakh has been realised by DL and LRO, Malda but did not furnish report on action taken in the remaining case (October 2011).

3.12 Non/short realisation of land revenue from *Raiyats*

Sections 22 & 23 of the West Bengal Land Reforms (WBLR) Act, 1955 provide that a *raiyyat* using a plot of land shall pay land rent at the prescribed rate and rent is payable yearly according to the Bengali calendar year which falls due on the last day of the year in respect of which it is paid. Different kinds of cess and surcharge at the rate of 86 paise per rupee of land rent is also realisable. Cess at the rate of 41 paise per rupee of land rent is also payable by the *raiyyats* exempted from paying land rent. In case of default in payment of land rent and cess within the prescribed date, the *raiyyats* are liable to pay, in addition to the arrear of rent and cess, interest at the rate of 6.25 per cent per annum. *Bhumi sahayaks* posted in the Revenue Inspectors' office are responsible for collection of land rent and cess etc.

Further, Rule 482 of the WBL & LR Manual provides that every BL and LR office will maintain Register-II containing the names of the tenants, their status, their land revenue/rent, surcharge, cesses, the area and the class of land they hold. This register is required to be reviewed from time to time to assess the land revenue realisable from different *raiyyats*.

3.12.1 We found in three¹⁵ DL and LR offices between November and December 2009 that 965 big *raiyyats*¹⁶ under nine BL and LR offices did not pay the land rent and cess for 7881.44 acres of land used by them for the period between 2006-07 and 2008-09. The district authorities did not initiate any action to issue demand notice against the defaulting *raiyyats*.

We scrutinised the Register-II in these BL and LR offices and noticed that the register was either not maintained properly or periodical review was not conducted to ascertain the revenue in arrears. These weaknesses in the internal control

mechanism resulted in non-realisation of revenue of ₹ 7.16 lakh.

After we pointed these out, the district authorities between November and December 2009 admitted the audit observation in all the cases and stated that action would be taken to realise the dues, but did not furnish report on realisation.

The Government stated in June 2011 that out of ₹ 2.45 lakh realisable, an amount of ₹ 1.34 lakh has been realised in 121 cases by DL and LRO, Jalpaiguri. Report on realisation of the balance amount and action taken by other DL and LROs has not been received (October 2011).

¹⁵ Burdwan (East), Dakshin Dinajpur and Jalpaiguri.

¹⁶ Big *raiyyats* - holding more than six acres of land.

3.12.2 We found between November and December 2009 in three¹⁷ DL and LR Offices that in 21 BL and LR offices a total area of 1,29,782.01 acres of vested land was distributed among 3,14,420 landless persons on raiyati basis for which pattas¹⁸ were given. These persons were liable to pay cess¹⁹ of ₹ 31.82 lakh on the notional rent of the land for the period between 1413 BS (2006-07) and 1415 BS (2008-09) against which only ₹ 9.96 lakh had been realised. This resulted in short realisation of cess of ₹ 21.86 lakh.

After we reported the cases, all the district authorities admitted the audit observations between November and December 2009 and stated that action would be taken to realise the dues but did not furnish report on realisation of cess (October 2011).

The Government stated in June 2011 that out of ₹ 4.39 lakh realisable, an amount of ₹ 3.35 lakh has been realised by DL and LRO, Jalpaiguri. Report on realisation of the balance amount and action taken by other DL and LROs has not been received (October 2011).

¹⁷ Dakshin Dinajpur, Jalpaiguri and Uttar Dinajpur.

¹⁸ A document evidencing lawful possession of land by a person.

¹⁹ Road cess 6 paise, public works cess 25 paise and primary education cess 10 paise = 41 paise.