

CHAPTER III

EXECUTIVE SUMMARY

Substantial increase in tax collection	In 2010-11, the collections of land revenue increased by 54.05 <i>per cent</i> over the previous year.
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Results of audits conducted by us in 2010-11	Test check of records in the offices of Collectors, District Development Officers and Mamlatdars (LR) in the State during the year 2010-11 revealed under assessment of tax and other irregularities involving ₹ 54.51 crore in 203 cases. During the course of the year, the Department accepted and recovered underassessed revenue of ₹ 2.13 crore in 46 cases of which 8 cases involving ₹ 11.23 lakh were pointed out during the year 2010-11 and the rest in earlier years.
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What we have highlighted in this Chapter	Test check of records relating to assessment and collection of premium price, conversion tax etc. in the offices of Collectors, District Development Officers and Mamlatdar (LR) revealed the following:
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- In 46 cases of allotment of Government land for windmill project, conversion tax amounting to ₹ 0.88 crore for change in use of land was not levied.
- Deficiency in the system to keep proper watch by the Department to levy and collect occupancy price at prescribed rates resulted in non/short recovery of occupancy price of ₹ 16.48 lakh.
- A new tenure land was transferred by the owner without converting it into old tenure. The registering authorities did not initiate action to send copy of the document to the concerned Collector for recovery of premium price of ₹ 9.10 lakh.
- In one case, the applicant committed breach of condition by commencing non agricultural use on a new tenure land. In one case, premium price was levied incorrectly due to incorrect calculation of area. There was total short levy of premium price of ₹ 14.04 lakh.
- Deficit premium price of ₹ 7.62 lakh was not recovered in one case.

Recommendations	Based on the audit observations pointed out in the succeeding paragraphs, we suggest the following recommendations for improvement
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- In cases of allotment of Government land, occupancy price and conversion tax should be levied at prescribed rates.
- In cases of breach of conditions of grant of Government land or breach of condition in cases of new tenure land, premium should be levied at correct rates.

CHAPTER-III LAND REVENUE

3.1 Tax administration

The administration of Land Revenue Department vests with the Principal Secretary (Revenue). For the purpose of administration, the State is divided into 26 districts. Each district is further divided into *talukas* and villages.

The District Collectors are overall in charge and responsible for the administration of their respective districts. The *Mamlatdars* and Executive Magistrates are in charge of the administration of their respective *talukas* and exercise supervision and control on *talatis* who are entrusted with the work of collection of land revenue and other receipts including recovery of dues treated as arrears of land revenue. In addition, the Revenue Department has delegated powers to the *Panchayat* Officers (DDOs and TDOs) for recovery of dues treated as arrears of land revenue to facilitate the revenue administration.

3.2 Analysis of budget preparation

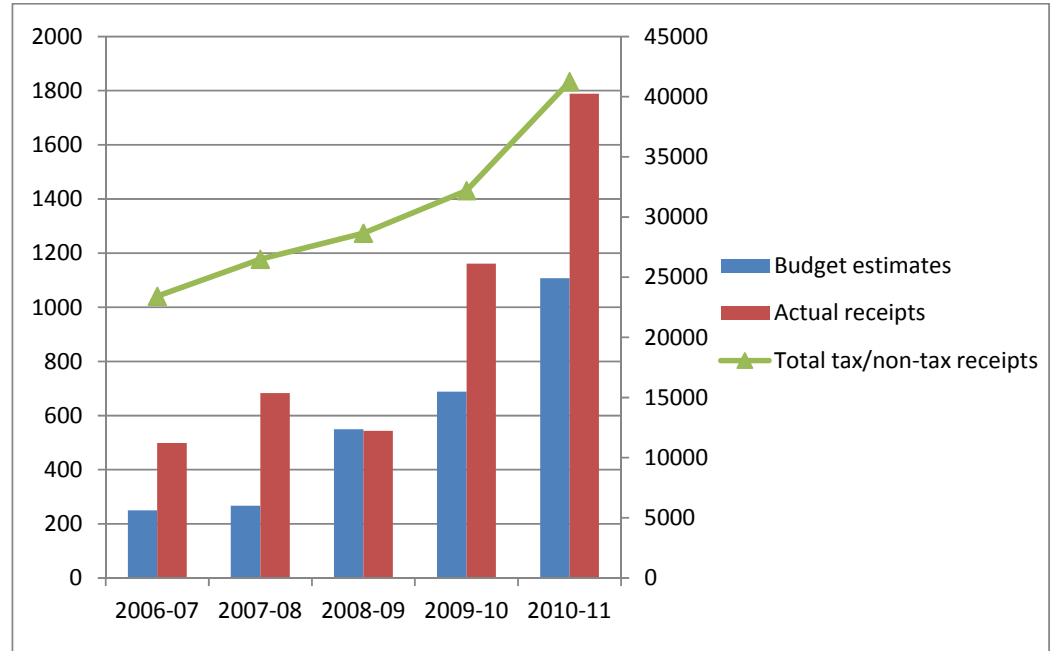
The Budget Estimates are furnished by the Revenue Department in the prescribed format to the Finance Department. While preparing the budget estimates, the Department is required to consider the income of previous year and the expected receipts during the financial year. The targets set by the Department are reported to the Finance Department which is responsible for preparation of the Budget estimates for the entire state.

3.3 Trend of receipts

Actual receipts from Land Revenue during the last five years 2006-07 to 2010-11 alongwith the total tax/non-tax receipts 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/ non-tax receipts of the State	Percentage of actual receipts vis-a-vis total tax/non-tax receipts
2006-07	250.00	498.71	(+) 248.71	(+) 99.48	23,413.41	2.13
2007-08	267.50	683.09	(+) 415.59	(+) 155.36	26,494.88	2.58
2008-09	550.00	543.50	(-)6.50	(-) 1.18	28,656.35	1.90
2009-10	688.50	1,161.20	(+) 472.70	(+) 68.66	32,191.94	3.61
2010-11	1,107.50	1,788.78	(+) 681.28	(+) 61.52	41,253.65	4.34



It could be seen from the above that there was substantial increase in actual receipts as compared to budget estimates for the period except in 2008-09. The variation between the actual receipts and the budget estimates ranged between 61.52 per cent and 155.36 per cent. This indicates that the budget estimates were not prepared on realistic basis.

As budget estimates are an important part of the financial planning, we recommend the Government to issue suitable directions to the Department for framing the budget estimates on realistic and scientific basis and ensure that the estimates are as close to the actual receipts as possible.

3.4 Results of audit

Test check of records in the offices of Collectors, District Development Officers and Mamlatdar (LR) in the State during the year 2010-11 revealed under assessment of tax and other irregularities involving ₹ 54.51 crore in 203 cases, which fall under the following categories:

Sl. No.	Category	No. of cases	Amount (₹ in crore)
1.	Non/short recovery of occupancy price/premium price	39	33.03
2.	Non/short recovery of NAA, non/short levy of NAA at revised rate, non-raising NAA demand	21	0.71
3.	Non/short recovery of conversion tax	49	7.73
4.	Other irregularities	75	12.50
5.	Non-levy of measurement fee	19	0.54
	Total	203	54.51

During the course of the year, the Department accepted and recovered underassessment and other irregularities of ₹ 2.13 crore in 46 cases of which 8 cases involving ₹ 11.23 lakh were pointed out in audit during the year 2010-11 and the rest in earlier years.

A few illustrative cases involving ₹ 1.51 crore are mentioned in the following paragraphs.

3.5 Non-levy of conversion tax

Section 67 of Bombay Land Revenue Code, 1879 provides for the levy of conversion tax on change in the mode of use of land from agricultural to non agricultural purpose or from one non agricultural purpose to another in respect of land situated in a city, town or village. Different rates of conversion tax are prescribed for residential/charitable and industrial/other purposes, depending upon the population of the city/town/notified area/village. Conversion tax shall be paid in advance by challan in the Government treasury. Revenue Department in its resolution of December 2006 had stated that in cases of allotment of Government land for non- agricultural purpose, conversion tax is required to be levied as per standing instructions of the Department.

During test check of records of Collector, Jamnagar and District Development Officer, Porbandar between April and October 2010, it was noticed that in 46 cases relating to the period 2008-09 to 2009-10, 14.75 lakh square metres of government land was allotted to Suzlon and other companies for windmill project. Though conversion tax for change in mode of use of land was required to be levied, the departmental officials

failed to levy it. This resulted in non-levy of conversion tax amounting to ₹ 0.88 crore.

After this was pointed out to the Department in December 2010 and April 2011, the Department in one case has recovered ₹ 7.20 lakh. Particulars of recovery and reply in remaining cases have not been received (October 2011).

The matter was reported to the Government in June 2011, their reply has not been received (October 2011).

3.6 Non/short levy of occupancy price

Government of Gujarat instructed in May 2006, that in case of allotment of Government land, market rate fixed by the District Land Price Committee (DLPC) shall be increased by adding 12 *per cent* at flat rate instead of calculating the increase of 12 *per cent* on monthly basis where orders of the allotment are issued after one year from the date of market rate fixed by the DLPC. The DLPC shall fix market value of the land afresh if the order of allotment is issued after completion of two years.

During test check of records of Sub-Registrar, Bhuj in April 2010, it was noticed in one case that occupancy price³³ fixed by Government (June 2005) was not increased after lapse of one year at the time of allotment of land (March 2007).

Deficiency in the system to keep proper watch by the Department to levy and collect occupancy price at correct rates resulted in non/short recovery of occupancy price of ₹ 16.48 lakh.

This was pointed out to the Department in October 2010, their reply has not been received (October 2011).

The matter was reported to the Government in June 2011, their reply has not been received (October 2011).

³³ Government can dispose off available land to needy persons for cultivation and for any other purpose on payment of occupancy price, subject to such terms and conditions as may be specified by them.

3.7 Non-levy of premium price

The Government of Gujarat decided in July 1983 to allow conversion of land from new and restricted tenure to old tenure for sale/transfer for agricultural purpose or non-agricultural purposes subject to payment of premium price at prescribed rates fixed by the Government from time to time. The premium recoverable is 80/50 *per cent* of the differential value when land is sold for non-agricultural or agricultural purpose respectively. Any breach of condition(s) specified in the order of conversion of land under new and restricted tenure to old tenure attracts differential premium price at prescribed rates. Again, as per the Government Resolution dated 16 March 1982, premium price at prescribed rates was required to be levied on estimated market value adopted for levy of premium price or actual sale consideration, as per sale deed registered on the first occasion whichever is higher. This proviso was cancelled with effect from 4 July 2008. Thus in the cases where the sale consideration was higher and documents of such land were registered between the period 16 March 1982 and 3 July 2008, premium was leviable on higher value.

3.7.1 Test check of sale deeds (December 2010) registered with Sub-Registrar, Valsad for the year 2009 revealed that new tenure³⁴ land was transferred by the owner without converting it into old tenure³⁵ land. As the land was of new tenure, it cannot be transferred without prior approval of the Collector and payment of premium. The fact of non-conversion of land into old tenure was evident from the recital of the document. However, the registering authorities did not

initiate action to send copy of the document to the concerned Collector for recovery of the premium price of ₹ 9.10 lakh.

This was pointed out to the Department in May 2011, their reply has not been received (October 2011).

3.7.2 During test check of records of two Collector offices³⁶ between April and September 2010, it was noticed that out of two cases, in one case, the applicant committed breach of condition as was evident from the orders of the Collector, by commencing non-agricultural activity on the new tenure land valued at ₹ 67.47 lakh without prior approval of Collector. However, the departmental officials failed to initiate any action to recover the differential premium price at the rate of 20 *per cent* of market value for breach of condition. In other case, premium price was recovered less due to incorrect calculation of area. Premium price was levied incorrectly on 39,154 sq m

³⁴ New and restricted tenure means the tenure of occupancy which is non-transferable and impartible without the prior approval of Collector.

³⁵ Old tenure means land deemed to have been purchased by a tenant on Tiller's Day, 1 April 1957, free from all encumbrances.

³⁶ Anand and Bhuj

instead of actual area of 39,514 sq m. This resulted in non/short recovery of premium of ₹ 14.04 lakh.

This was pointed out to the Department in December 2010 and March 2011, their reply has not been received (October 2011).

3.7.3 During test check (April 2010) of documents registered with Sub-Registrar, Bhuj in the year 2008, it was noticed from recital of one sale deed that initially, the Collector had fixed the estimated market value of a land at ₹ 40.47 lakh for payment of premium price for the purpose of conversion of land from new to old tenure. Subsequently, the same land was sold at a sale consideration of ₹ 50 lakh which was higher than the estimated market value adopted for the purpose of levy of premium price. The premium price was required to be levied on the differential amount between the estimated market value and actual sale consideration, but it was not levied. The registering authorities also did not initiate action to send copy of the document to the concerned Collector for recovery of the deficit premium price of ₹ 7.62 lakh.

This was pointed out to the Department in September 2010, their reply has not been received (October 2011).

The matter was reported to the Government in June 2011, their reply has not been received (October 2011).

3.8 Non/short levy of measurement fees

Settlement Commissioner and Director of Land Records, Gandhinagar vide orders dated 4 May, 2000 revised the rates of measurement fee from 1 February 2003. Accordingly, measurement fee is leviable at the rate of ₹ 1200 for each development plan upto four plots and ₹ 300 for each additional plot.

During test check of records of three Collector offices³⁷ for the year 2008-09 and 2009-10, it was noticed in 76 cases during September to November 2010 that the revenue authorities granted permission to use land for various non-agricultural purposes as per approved plan. However, departmental officials did not recover

measurement fee at prescribed rates. This resulted in non/short levy of measurement fee of ₹ 16.47 lakh.

This was pointed out to the Department in February and March 2011, their reply has not been received (October 2011).

The matter was reported to the Government in June 2011, their reply has not been received (October 2011).

³⁷ Gandhinagar, Jamnagar and Palanpur.

