

CHAPTER-IV: LAND REVENUE

EXECUTIVE SUMMARY

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| What we have highlighted in this Chapter | In this Chapter we present illustrative case of ₹ 16.76 lakh selected from observations noticed during our test check of records relating to short recovery of cost of proceedings. |
| Trend of revenue receipts | Actual receipts exceeded the budget estimates by 32.67 per cent, 45.51 per cent and 8.22 per cent in the year 2009-10, 2010-11 and 2011-12 respectively. However, the same decreased by 32.34 per cent during the year 2012-13. The decrease was due to non collection of land revenue in <i>Naxal</i> affected areas and due to non-realisation of targeted amounts of <i>Adhosanrachana vikas cess</i> and <i>Paryavaran cess</i> . |
| Absence of Internal Audit | There is no Internal Audit Wing (IAW) in the Department. In the absence of IAW, the Department failed to ensure effective controls on recoveries of arrears, raise regular demands etc. |
| Our conclusion | The Department needs to put in place the internal control system including creating an internal audit wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future. |

4.1 Tax administration

The Land Revenue Department collects revenue in the form of taxes on agriculture and commercial crops, land development tax, *Gramin Vikas* tax, environmental and development cess, school building cess, premium and rent, tax on diversion of land, ground rent and penalties etc. The Government dues are recovered from the defaulters by issuing Revenue Recovery Certificates (RRC). *Tahsildars* have a vital role in the recovery of Government dues from the defaulters.

The Department follows the undermentioned Acts, Rules, Circulars and Code:-

- Land Revenue Code, 1959;
- *Chhattisgarh Lok Dhan (Shodhya Rashiyon Ki Vasuli) Niyam*, 1988;
- Revenue Book Circular (RBC), Volume I to VI; and
- *Chhattisgarh Adhosanranchna Vikas Evam Paryavaran Upkar Adhiniyam*, 2005.

The Land Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Record (CSLR) and four Divisional Commissioners (DC). The DCs exercise administrative and fiscal control over the districts included in the divisions. In each district, Collector administers the activities of the Department. It is entrusted upon the Collector of the district to place one or more Assistant Collectors or Joint Collectors or Deputy Collectors in charge of a sub-division of a district.

4.2 Trend of revenue receipts from Land Revenue

Actual receipts from Land Revenue during the years 2008-09 to 2012-13 along with the total tax receipts during the period is exhibited below:

(₹ 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 |
|---------|------------------|-----------------|-------------------------------------|-------------------------|---------------------------------|--|
| 2008-09 | 100.00 | 359.49 | (+) 259.49 | 259.49 | 6,593.72 | 5.45 |
| 2009-10 | 120.36 | 159.68 | (+) 39.32 | 32.67 | 7,123.25 | 2.24 |
| 2010-11 | 170.00 | 247.37 | (+) 77.37 | 45.51 | 9,005.14 | 2.75 |
| 2011-12 | 250.00 | 270.56 | (+) 20.56 | 8.22 | 10,712.25 | 2.53 |
| 2012-13 | 346.00 | 234.11 | (-) 111.89 | (-) 32.34 | 13,034.21 | 1.80 |

(Source: Finance Accounts of Government of Chhattisgarh)

The land revenue receipt to the total tax revenue of the State during the last five years ranged between 1.80 and 5.45 *per cent*. It may be seen from the above table that while there was increase of 259.49 *per cent*, 32.67 *per cent*, 45.51 *per cent* and 8.22 *per cent* during 2008-09 to 2011-12, the same fell short of the budget estimate by 32.34 *per cent* during the year 2012-13 respectively. The above variation in actual receipts indicates inaccurate budgeting. The reasons for increase were mainly due to excess realisation of arrears on account of land

revenue, *Adhosanrachana vikas cess*, *Paryavaran cess* and *Panchayat cess* during the year 2010-11. As regard to the short fall in 2012-13, the Department intimated (July 2013) that the target could not be achieved due to creation of new districts, Naxal activities in Bastar, Dantewada and Sukma districts and due to non-realisation of targeted amounts of *Adhosanrachana vikas cess* and *Paryavaran cess*.

4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013, as furnished by the Department, was ₹ 31.65 crore. The following table depicts the position of arrears of revenue during the period from 2008-09 to 2012-13:

(₹ in crore)

| Year | Opening balance of arrears | Demand raised during the year | Amount collected during the year | Closing balance of arrears |
|---------|----------------------------|-------------------------------|----------------------------------|----------------------------|
| 2008-09 | 9.52 | 37.75 | 35.42 | 11.85 |
| 2009-10 | 11.85 | 56.06 | 30.54 | 37.37 |
| 2010-11 | 37.37 | 29.52 | 32.37 | 34.52 |
| 2011-12 | 34.52 | 61.48 | 72.83 | 23.17 [#] |
| 2012-13 | 23.17 | 42.19 [*] | 33.71 [*] | 31.65 |

(Source: Office of the Commissioner, Land record, Raipur)

* Information of only 15 districts¹ out of 27 districts

Information of only 14 districts out of 27 districts

The department did not furnish the details of arrears of revenue outstanding for more than five years even after several reminders.

4.4 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well. Due to shortage of staff, no IAW was established in the Department and thus no audit was conducted during 2012-13.

We recommend that the Government should consider establishment of IAW in the Department in order to prevent leakage, short/non-recovery of revenue etc.

4.5 Impact of Audit

4.5.1 Status of compliance to Audit Reports (2007-08 to 2011-12):

¹ Bastar, Bijapur, Bilaspur, Dantewada, Dhamtari, Durg, Gariaband, Jashpur, Kanker, Sukma, Kondagaon, Narayanpur, Mahasamund, Sarguja and Janjgir-Champa

During the period 2007-08 to 2011-12, through our Audit Reports we had pointed out cases of non/short levy of tax, penalty with revenue implication of ₹ 14.91 crore. The Department accepted observations of ₹ 4.96 crore and had since recovered ₹ 2.82 crore as shown below:

(₹ in crore)

| Sl. No. | Year of the Audit Report | Total money value | Amount accepted | Recovery made up to March 2013 |
|--------------|--------------------------|-------------------|-----------------|--------------------------------|
| 1 | 2007-08 | 0.07 | Nil | Nil |
| 2 | 2008-09 | 2.23 | 2.23 | 2.23 |
| 3 | 2009-10 | 0.71 | 0.65 | 0.57 |
| 4 | 2010-11 | 10.86 | 2.08 | 0.02 |
| 5 | 2011-12 | 1.04 | Nil | Nil |
| Total | | 14.91 | 4.96 | 2.82 |

It may be seen from the above table that the Department recovered 56.85 per cent of the accepted amount.

It is recommended that the Government may make efforts to recover the amount involved in the accepted cases at the earliest.

4.5.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the last five years, through our Inspection Reports we had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 173.36 crore in 26,378 cases. Of these, the Department/Government had accepted audit observations in 13,506 cases involving ₹ 125.85 crore and amount of ₹ 72.17 lakh was recovered. The details are shown in the table below:

(₹ in lakh)

| Year of IR | No. of units audited | Amount objected | | Amount accepted | | Amount recovered | |
|--------------|----------------------|-----------------|------------------|-----------------|------------------|------------------|--------------|
| | | No. of cases | Amount | No. of cases | Amount | No. of cases | Amount |
| 2007-08 | 24 | 2,721 | 2,570.00 | 2,700 | 2,516.00 | 1 | 0.36 |
| 2008-09 | 24 | 3,616 | 6,023.00 | 2,566 | 4,147.92 | 3 | 65.75 |
| 2009-10 | 20 | 4,037 | 2,744.00 | 3,099 | 2,710.00 | 360 | 5.77 |
| 2010-11 | 19 | 4,042 | 1,244.41 | 2,160 | 610.13 | Nil | Nil |
| 2011-12 | 38 | 11,962 | 4,755.00 | 2,981 | 2,601.00 | 18 | 0.29 |
| Total | | 26,378 | 17,336.41 | 13,506 | 12,585.05 | 382 | 72.17 |

The above table indicates that only 0.57 per cent of the accepted amount has been recovered by the Department during last five years which is very low.

4.5.3 Status of compliance to Inspection Reports (2012-13):

We conducted test check of the records of 20 out of 165 units of the Land Revenue Department during the year 2012-13. We found non-recovery of ground

rent and premium, non levy/realisation of cess, non/short levy of process fee, delay in collection of Revenue Recovery Certificate and other irregularities etc. amounting to ₹ 15.01 crore in 3,475 cases. The observations broadly fall under the following categories:

(₹ in crore)

| Sl. No. | Category | No. of cases | Amount |
|--------------|--|--------------|--------------|
| 1. | Non-recovery of ground rent and premium | 41 | 6.04 |
| 2. | Non levy/realisation of cess | 8 | 0.09 |
| 3. | Non/short levy of process fee | 750 | 0.30 |
| 4. | Delay in collection of Revenue Recovery Certificates | 2 | 0.49 |
| 5. | Other irregularities | 2674 | 8.09 |
| Total | | 3,475 | 15.01 |

During the course of the year, the Department accepted non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in collection of Revenue Recovery Certificate etc of ₹ 6.83 crore in 3,216 cases but no recovery was made.

An illustrative case involving ₹ 16.76 lakh is mentioned in the following paragraph.

4.6 Audit observations

We scrutinised the records relating to assessment and collection of Land Revenue which revealed short recovery of cost of proceedings as mentioned in the succeeding paragraph in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out repeatedly, but not only do the irregularities persist, these remain undetected till an audit is conducted by us. There is need for the Government to improve the internal control system including setting up an internal audit wing so that these omissions can be avoided, detected and corrected.

4.7 Short recovery of cost of proceedings

Rule 4 (a) of the *Madhya Pradesh Lokdhan (Shodhya Rashiyon ki Vasuli) Niyam, 1988* (as adopted by Government of Chhattisgarh) provides for levy of cost of proceedings, at the rate of three *per cent* of the principal amount recovered. The cost of proceedings thus recovered is to be deposited in the treasury under the Major Head 0070-Other Administrative Services-Miscellaneous Receipts (Cost of Proceedings).

We scrutinised (between May 2012 and March 2013) the Revenue Recovery Certificate (RRC) Registers of 20 Collector/Tehsil Offices for the period October 2001 to March 2013 and found that the Collector, Kanker raised demand through RRC for recovery of principal amount of ₹ 19.90 crore

in 1,941 cases against which recovery of ₹ 5.65 crore was made during the period April 2008 to March 2012 in 463 cases. On this recovered amount, cost of proceedings amounting to ₹ 16.94 lakh at the rate of three *per cent* was leviable. Against this, only ₹ 17,569 was recovered. Thus, non-inclusion of cost of proceedings in RRCs resulted in short recovery of ₹ 16.76 lakh (as detailed in the *Appendix 4.1*).

We reported this (June 2013) to the Government/Department for their comments; The Government while accepting the audit objection stated (September 2013) that instructions would be issued to recover the outstanding amount of process fee.

Similar issue was raised in Para No. 6.2 and Para No. 5.8.8 of Audit Reports (Revenue Receipts) for the year 2007-08 and 2010-11 respectively. The Department recovered ₹ 3.55 lakh out of objected amount of ₹ 6.35 lakh in respect of Para No. 6.2 of Audit Report (Revenue Receipts) for the year 2007-08. No reply has been received so far for Para No. 5.8.8 of Audit Report (Revenue Receipts) for the year 2010-11.