

# **CHAPTER-V**

## **LAND REVENUE**

## EXECUTIVE SUMMARY

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<b>What we have highlighted in this Chapter</b>	<p>In this Chapter we present illustrative cases of ₹ 4.45 crore selected from observations noticed during our test check of records relating to <i>Khas Mahal</i> land and transfer of Government land in the office of the DCLR, <i>Khas Mahal</i> and <i>Anchal</i> offices, 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>Trend of receipts</b>	<p>In 2012-13, the collection of taxes from Land Revenue increased by 82.06 <i>per cent</i> over the previous year but the Department did not assign any reason thereof.</p>
<b>Internal Audit</b>	<p>No Internal Audit Wing has been set up in the Department. The Internal Audit is conducted by the Finance Department from time to time. However, information regarding conduct of audit during 2012-13 by the Finance Department was not furnished.</p>
<b>Impact of audit conducted by us in 2012-13</b>	<p>In 2012-13 we test checked the records of 32 units relating to Land Revenue and noticed non/short levy of cesses and/or interest on arrears of cess, non/short fixation of <i>salami</i> and commercial rent, non-settlement of vested lands, etc. of ₹ 587.79 crore in 159 cases.</p> <p>The Department accepted non-realisation/short computation of <i>salami</i>, rent etc. amounting to ₹ 4.52 crore in 37 cases pointed out by us during 2012-13.</p>
<b>Our conclusion</b>	<p><b>The Revenue and Land Reforms Department needs to improve the internal control system including instituting an Internal Audit Wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</b></p>

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## CHAPTER – V: LAND REVENUE

### 5.1 Tax administration

The laws<sup>1</sup> governing Land revenue in Jharkhand are administered by the Secretary/Commissioner of the Revenue and Land Reforms Department. All important cases of settlement, framing of policies and sanction of alienation of Government land are decided at the Government level. The State is divided into five divisions<sup>2</sup> each headed by a Divisional Commissioner and 24 districts<sup>3</sup> each headed by a Deputy Commissioner. At the district level the Deputy Commissioner is assisted by the Additional Collector/Additional Deputy Commissioner (AC/ADC). Each district is divided into sub-divisions headed by a Sub-Divisional Officer (SDO) who is assisted by a Deputy Collector Land Reforms (DCLR). The sub-divisions are divided into circles each headed by a Circle Officer (CO).

The various receipts under ‘Land Revenue’ are Land rent, *Sairat*<sup>4</sup>, *Salami*<sup>5</sup>, commercial/residential rent, cess<sup>6</sup> etc.

### 5.2 Trend of receipts

According to the provisions of the Bihar Financial Rules, Vol. I (adopted by the Government of Jharkhand) the responsibility for preparation of budget estimates of revenue receipts is vested in the Finance Department. However, the material for the budget estimates is obtained from the concerned Administrative Department which is responsible for the correctness of the material. In case of fluctuating revenue the estimates should be based on a comparison of the last three years’ receipts.

The revised estimates (REs) and actual receipts from Land Revenue during the period 2008-09 to 2012-13 along with the total tax receipts during the same period is exhibited in the following table:

<sup>1</sup> 1. Bihar Tenancy Act, 1885, 2. Chotanagpur Tenancy Act, 1908, 3. Santhal Pargana Act, 1949, 4. Bihar Land Reforms Act, 1950, 5. Bihar Land Reforms (Fixation of Ceiling Area and Acquisition of Surplus Land) Act, 1961, 6. Bihar Bhoodan Act, 1954, 7. Bihar Government Estate (*Khas Mahal*) Manual, 1953 8. Bihar Public Land Encroachment Act, 1956, 9. Bengal Cess Act, 1880 and 10. Executive orders issued by the Revenue and Land Reforms Department, Government of Jharkhand from time to time.

<sup>2</sup> South Chotanagpur (Ranchi), North Chotanagpur (Hazaribag), Santhal Parganas (Dumka), Palamu (Medininagar) and Kolhan (Chaibasa).

<sup>3</sup> Bokaro, Chatra, Dhanbad, Dumka, Deoghar, East Singhbhum, Garhwa, Godda, Giridih, Gumla, Hazaribag, Jamtara, Koderma, Khunti, Latehar, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi, Sahebganj, Saraikela-Kharsawan, Simdega and West Singhbhum.

<sup>4</sup> *Sairat*: The right and interest in respect of revenue earning *hat, bazaar, mela*, trees, ferries etc.

<sup>5</sup> *Salami* is the market value of the land.

<sup>6</sup> Education cess: 50 per cent, Health cess: 50 per cent, Agriculture Development cess: 20 per cent and Road cess: 25 per cent of the rent (Total 145 per cent).

(₹ in crore)						
Year	Revised estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual Land Revenue receipts vis-à-vis total tax receipts
2008-09	52.75	53.33	(+) 0.58	(+) 1.10	3,753.21	1.42
2009-10	60.00	41.28	(-) 18.72	(-) 31.20	4,500.12	0.92
2010-11	66.00	130.65	(+) 64.65	(+) 97.95	5,716.63	2.29
2011-12	83.49	52.94	(-) 30.55	(-) 36.59	6,953.89	0.76
2012-13	82.00	96.38	(+) 14.38	(+) 17.54	8,223.67	1.17

Source: Finance Accounts and revised estimates as per the Statement of Revenue and Receipts 2013-14 of the Government of Jharkhand.

In 2012-13, the collection of taxes from Land Revenue increased by 82.06 *per cent* over the previous year but the Department did not assign any reason thereof.

The Department did not assign any specific reason for variation between the BEs and the actual receipts but stated that the budget had been fixed by the Finance Department. This indicates that the BEs were not prepared on a realistic basis as per provisions of the Budget Manual.

**We recommend that the Government may issue suitable instructions to the Department for preparing the BEs on a realistic and scientific basis to ensure that these are close to the actual receipts.**

### 5.3 Working of Internal Audit Wing

There is no Internal Audit Wing in the Revenue and Land Reforms Department. The internal audit is conducted by the Finance Department from time to time. Information regarding conduct of audit by the Finance Department during 2012-13 was not furnished (December 2013).

### 5.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 were ₹ 10.98 crore. The year-wise position of arrears of revenue during the period 2008-09 to 2011-12 is depicted below:

(₹ in crore)					
Year	Target fixed	Opening balance	Addition <sup>7</sup>	Clearance	Closing balance
2008-09	1.85	1.85	0.12	0.99	0.98
2009-10	0.98	0.98	9.76	1.74	9.00
2010-11	9.00	9.00	2.21	0.69	10.52
2011-12	10.52	10.52	2.92	2.46	10.98
2012-13	The Department did not furnish the position of arrears.				

Source: Revenue and Land Reforms Department, Government of Jharkhand.

The above table indicates that the Department could not achieve target of collection of arrears during any of the four years except during 2009-10. Further, the arrears of ₹ 1.85 crore as on 31 March 2008 increased to ₹ 10.98

<sup>7</sup> Amounts of addition and clearance of arrears of revenue as furnished by the Department differ from those featured in the previous Audit Report on the basis of information furnished by the Department.

crore as on 31 March 2012. Thus, the arrears pending collections is on an increasing trend.

The Department has not furnished the stages of action at which arrears of revenue is pending and arrears outstanding for more than five years.

## 5.5 Impact of Audit

### 5.5.1 Status of compliance to Audit Reports (2007-08 to 2011-12)

During the period 2007-08 to 2011-12 we had pointed out non/short fixation of *salami*, non/short levy of rent and/or cesses, non-settlement of vested lands etc. involving ₹ 438.45 crore. Of which the Department/Government accepted our observation of ₹ 8.78 crore. However, the Government/Department had not reported recovery against our observations. The details are mentioned below:

(₹ in crore)				
Year	No. of paragraph	Amount objected	Amount accepted	Amount recover up to 2012-13 out of Col. 4
1	2	3	4	5
2007-08	2	200.13	0.29	0
2008-09	2	222.81	3.67	0
2009-10	1	0.52	0.11	0
2010-11	-	-	-	-
2011-12	2	14.99	4.71	0
<b>Total</b>	<b>7</b>	<b>438.45</b>	<b>8.78</b>	<b>0</b>

The above table shows that the Department/Government did not intimate recovery even in those cases where it has accepted our contention.

### 5.5.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12)

During the period 2007-08 to 2011-12 we test checked 73 units relating to land revenue and pointed out cases of non-renewal of leases of *Khas Mahal*<sup>8</sup> land, encroachment of public land, etc., with revenue implication of ₹ 1,776.48 crore in 5,712 cases. Of these, the Department/Government accepted audit observations in 773 cases involving ₹ 347.95 crore but recovery against the accepted amount had not been intimated by the Department/Government, as shown in the following table:

(₹ in crore)						
Year	No. of units audited	Amount objected		Amount accepted		Amount recovered upto 2012-13 out of Col. 6
		No. of cases	Amount	No. of cases	Amount	
1	2	3	4	5	6	7
2007-08	12	3,231	588.50	694	5.17	0
2008-09	9	2,395	1,151.31	55	338.04	0
2009-10	22	18	0.03	18	0.03	0
2010-11 <sup>9</sup>	-	-	-	-	-	-
2011-12	30	68	36.64	6	4.71	0
<b>Total</b>	<b>73</b>	<b>5,712</b>	<b>1,776.48</b>	<b>773</b>	<b>347.95</b>	<b>0</b>

<sup>8</sup> *Khas Mahal*: Estates under the direct possession/management of the Government.

<sup>9</sup> Audit was not conducted in 2010-11 as a performance audit on "Working of Revenue and Land Reforms Department" featured in the Audit Report 2009-10.

### 5.5.3 Status of compliance to Inspection Reports (2012-13)

During 2012-13 we test checked the records of 32 units (having revenue collection of ₹ 4.17 crore) out of 270 units relating to Land Revenue. The test checked units revealed non/short levy of cesses and/or interest on arrears of cess, non/short fixation of *salami* and commercial rent, non-settlement of vested lands etc. involving ₹ 587.79 crore in 159 cases which fall under the following categories:

Sl. No.	Categories	Number of cases	(₹ in crore)
			Amount
1.	Non/short levy of cesses/interest on arrears of cess	44	7.68
2.	Non/short fixation of <i>salami</i> <sup>10</sup> and commercial rent	3	7.63
3.	Non-settlement of vested lands	7	0.03
4.	Non-settlement of <i>sairats</i>	2	0.09
5.	Other cases	103	572.36
<b>Total</b>		<b>159</b>	<b>587.79</b>

During the course of the year, the Department accepted non-realisation/short computation of *salami*, rent etc. amounting to ₹ 4.52 crore in 37 cases pointed out by us during 2012-13.

In this chapter we present a few illustrative cases having recoverable financial implication of ₹ 4.45 crore, of which the department accepted ₹ 3.94 crore. These are discussed in the following paragraphs.

<sup>10</sup> *Salami* is the market value of the land.

## 5.6 Audit observations

*Our scrutiny of records in the offices of the Revenue and Land Reforms Department relating to revenue received from land rent, sairat, salami etc. indicated cases of non-observation of the provisions of the Acts/Rules resulting in non/short levy of salami, rent, capitalised value of commercial rent and cess as mentioned in the succeeding paragraph in the chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out by us each year, but not only do the irregularities persist, they remain undetected till the date of audit.*

## 5.7 Non-observance of the provisions of Acts/Rules

*The Bihar Government Estates (Khas Mahal) Manual, 1953 and instructions issued from time to time, as adopted by the Government of Jharkhand, provide for:*

- (i) *levy of salami on fresh leases equal to prevailing market value of land besides annual rent at the rate of two and five per cent for residential and commercial purposes respectively of such salami; and*
- (ii) *levy of salami and capitalised value of both commercial rent and cess for permanent settlement of Government land.*

*The Revenue and Land Reforms Department did not observe diligently the provisions of the Acts/Rules resulting in non/short realisation of Government revenue as mentioned in the succeeding paragraphs:*

## 5.8 Non-realisation/short computation of salami and capitalised value

By a resolution issued by the Government of Jharkhand in January 2011 under the provisions of the Bihar Government Estates (Khas Mahal) Manual, 1953 in case of permanent transfer of Government land (*Gair Mazarua Khas/Aam Land*) for commercial purposes, *salami* equal to prevailing market value of such land and capitalised value of both commercial rent and cess are realisable for transfer of such land. Further, *Rajyadesh* (ordinances) provides for realisation of demand before transfer of such land.

**5.8.1** We noticed (between July 2012 and March 2013) during scrutiny of *files related to permanent transfer of Government land in five circle offices*<sup>11</sup> that in 28 cases 8.521 acres of *Gair Mazarua (GM) Khas/GM Aam*<sup>12</sup> land was sanctioned through eight *Rajyadesh* (ordinances) issued between May 2011 and March 2012 for permanent transfer to the National Highways Authority of India (NHAI)

<sup>11</sup> Sadar Anchal of Hazaribag and Bundu, Namkum, Ormanjhi and Tamar Anchals of Ranchi.

<sup>12</sup> *Gair Mazarua Khas* land means land retained by ex-intermediaries and not settled with *Raiyats* which subsequently vested in the State under the Bihar Land Reforms Act, 1950. *Gair Mazarua Aam* land means uncultivated land for public use as grazing ground, play ground, graveyards, religious place, village road etc.

for widening of NH-33 subject to payment of *salami* and capitalised value of commercial rent<sup>13</sup> without making provision for payment of capitalised value of cess<sup>14</sup> as stipulated in the resolution issued by the Government. Thus, a sum of ₹ 1.86 crore on account of capitalised value of cess remained outside the purview of the ordinance due to deviation from the provisions of the resolution.

Further, the NHA reported (May 2013) that widening of NH-33 had already been taken up. However, out of total leviable demand of ₹ 4.18 crore<sup>15</sup>, only the circle office, Sadar (Hazaribag) had raised the demand of ₹ 44.94 lakh<sup>16</sup> for *salami* and capitalised value of commercial rent only in three cases. The four circle offices did not raise the demand in the remaining 25 cases. Thus, non-prescribing provisions in the ordinances for levy of capitalised cess and non-realisation of the land revenue of ₹ 4.18 crore before transfer of land was violation of the rajyadesh and resolution issued by the Government.

After we pointed out the cases between July 2012 and March 2013, the CO, Sadar (Hazaribag) stated (July 2012) that demand of capitalised value of cess would be raised. Circle offices, Bundu, Tamar and Namkum stated (between January and March 2013) that demand would be raised, while circle office, Ormanjhi did not furnish any reply. However, the case was brought to the notice (April 2013) of the Deputy Collector Land Reforms, Ranchi and he stated that instruction would be given to circle officer, Ormanjhi to raise the demand.

We reported matter to the Government/Department in June 2013; their reply has not been received (December 2013).

By *Rajyadesh* (ordinance) issued by the Government of Jharkhand between September 2010 and January 2011 under the provisions of the Bihar Government Estates (Khas Mahal) Manual, 1953, in case of permanent transfer of Government land (*Gair Mazarua (GM) Khas/Aam Land*) for commercial purposes, *salami* equal to prevailing market value and 25 times of commercial rent as capitalised value are realisable.

**5.8.2** We noticed (December 2012) during test check of files related to permanent transfer of Government land in the circle office, Katkamsandi (Hazaribag) for the year 2010-11 that in two cases 4.02 acres of *GM Khas* land was sanctioned (September 2010) for transfer to Ministry of Railways, Government of India (GOI) for construction of new railway track from Koderma to Giridih, subject to payment of *Salami* and capitalised value of commercial rent at the prevailing

value of land on the date of transfer vide ordinances issued in September 2010. We noticed that demand of ₹ 31.93 lakh had been raised by CO, Katkamsandi between June 2007 and May 2008 at the market value applicable for the year 2005 in course of preparing and forwarding the proposal to the Government

<sup>13</sup> Capitalised value of commercial rent = 25 times of commercial rent.

<sup>14</sup> Capitalised value of cess = 25 times of cess.

<sup>15</sup> Salami = ₹ 1.03 crore, Capitalised value of commercial rent = ₹ 1.29 crore and Capitalised value of cess = ₹ 1.86 crore.

<sup>16</sup> Salami = ₹ 19.97 lakh and Capitalised value of commercial rent = ₹ 24.97 lakh.



for permanent settlement of the land. However, *Salami* and capitalised value of commercial rent at the prevailing market value of land applicable in September 2010 amounting to ₹ 53.34 lakh was required to be levied which was not done. This resulted in short levy of *Salami* and capitalised value of commercial rent of ₹ 21.41 lakh.

After we pointed out the cases in December 2012, the CO stated (December 2012) that the demand would be raised. Further reply has not been received (December 2013).

We reported matter to the Government/Department in June 2013; their reply has not been received (December 2013).

**5.8.3** Further, on test check of the records of the circle office, Churchu (Hazaribag) we noticed (November 2012) that in three cases 0.80 acres of land (*GM Khas* Land: 0.65 acres and *GM Aam* Land: 0.15 acres ) was transferred to NHAI for widening of NH-33 vide ordinances issued between October 2010 and January 2011. The CO, Churchu had raised the demand of ₹ 6.04 lakh by applying rate for lower category of land (*Tand* land instead of land for road, as classified in ordinance). However, we worked out the actual demand of ₹ 17.79 lakh as per land categorised under the ordinances and observed that due to non-computation of *Salami* and capitalised value of commercial rent at the prevailing market rate of actual category of land resulted in short levy of ₹ 11.75 lakh.

After we pointed out the cases in November 2012, the CO stated (November 2012) that the demand would be raised after examination. Further reply has not been received (October 2013).

We reported the matter to the Government in June 2013; their reply has not been received (December 2013).

## 5.9 Short levy of salami and rent for lease hold property

Under the provisions of Rule 9 of the Bihar Government Estate (*Khas Mahal*) Manual, 1953 and orders issued thereunder, in case a lease holder changes the purpose of lease without approval of competent authority he is to be treated as a trespasser and shall have no claim for the renewal of lease on the past terms and condition of the lease agreement. Further, on fresh leases for residential and commercial purposes, *salami* equal to current market value of the land besides annual rent of two *per cent* and five *per cent* for residential and commercial purposes respectively of such *salami* is payable.

We noticed (December 2012) during test check of Lease Register and records<sup>17</sup> of the Khas Mahal Office, Hazaribagh for the period 2003-04 to 2011-12 that a lessee applied (December 2007) for renewal of lease of 0.11 acre of Khas Mahal land for residential purpose. During an inspection conducted by the Department in December 2011, the lessee was found utilising 0.02 acre of the

above land for commercial purposes without approval of the competent authority in contravention of the terms and condition of the lease agreement

<sup>17</sup> Register of Khas Mahal Land and files related to renewal of Khas Mahal Land.

and thus, was a trespasser. The lessee was liable to pay ₹ 43.34 lakh and ₹ 1.10 lakh for *salami* and rent respectively treating it as fresh lease. However, the Government had settled the land with the lessee in August 2012 levying *salami* and rent of ₹ 4.81 lakh and ₹ 19,779 respectively on renewal of the lease without treating it as fresh lease although the Government conceded (July 2013) that the lessee was a trespasser. Thus, non-compliance with provisions of the Manual resulted in short levy of *salami* and rent of ₹ 39.44 lakh<sup>18</sup>.

After we pointed out the case in December 2012, the Dy. Collector, Hazaribag stated (December 2012) that after verification action would be taken as per rules. Further reply has not been received (December 2013).

The matter was reported to the Government in June 2013; their reply has not been received (December 2013).

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(Amount in ₹)

Purpose Area (in acre)	Market value of the land per acre	Leviable		Levied		Short levied		
		Salami (1 x 2)	Rent (Residential 2% of salami Commercial- 5% of salami)	Salami	Rent	Salami (3 – 5)	Rent (4 – 6)	Total
1	2	3	4	5	6	7	8	9
Commercial 0.02	3,93,97,000	7,87,940	39,397	3,93,970	19,700	3,93,970	19,697	4,13,667
Residential 0.09	3,93,97,000	35,45,730	70,915	86,674	79	34,59,056	70,836	35,29,892
<b>Total</b>		<b>43,33,670</b>	<b>1,10,312</b>	<b>4,80,644</b>	<b>19,779</b>	<b>38,53,026</b>	<b>90,533</b>	<b>39,43,559</b>