

## CHAPTER-III EXECUTIVE SUMMARY

---

**Results of audit** Test check of records in the offices of the Collectors and *Mamlatdars* (LR) in the State during the year 2013-14 revealed underassessment of tax and other irregularities involving ₹ 403.40 crore in 82 cases.

During the course of the year, the Department accepted and recovered under-assessment and other irregularities of ₹ 92.44 lakh in 26 cases.

---

**What we have highlighted in this Chapter**

A Performance Audit on “Lease of Government Land” revealed the following:

The system for maintaining the records was not secure, reliable and adequate. The Jamnagar Collectorate had not maintained data of the Government land granted on lease in the LeLIS software developed for the maintenance of data. In eight districts, the data as per LeLIS software did not match with the data as per the records.

In certain instances, the grant of Government land on lease was not in accordance with the existing provisions of the concerned Act(s), Rules and Regulations, GRs, etc. and policies framed by the Government from time to time, as noticed in the following cases:

- In case of Solaris ChemTech Ltd., the Government land was granted for installation of plant and machinery on recovery of one-time occupancy price, while in other two similar cases, it was granted on lease at the rate of ₹ 150 per hectare per annum applicable to salt and bromine, though in these cases, the land was leased for construction/ installation of plant and machinery. The different treatment given to these two companies resulted in non-levy of occupancy price of ₹ 130.11 crore had the land been given on one time occupancy price.
- In 15 cases, the Government land admeasuring 17.57 lakh sq. mtr. valued at ₹ 69.71 crore granted was in excess of the eligible limit and in other two cases occupancy price of ₹ 2.03 crore though leviable was not levied.
- Though the area of grazing land was not sufficient with reference to number of cattle of the area, even then grazing land was irregularly granted on lease for industrial purpose.

---

The monitoring mechanism was deficient so far as it relates to ensuring adherence to the terms and conditions of lease of the land/renewal of lease, as noticed in the following cases:

- Out of total 6,587 cases of lease, 4,682 leases had expired between 1933 and 2012 but no action was taken for their renewal or eviction of lessees from the leased land. In five cases, rent at revised rates was also recoverable.
- The Government land admeasuring 1,508.69 hectare granted by the Collector, Ahmedabad remained unused and continued to be in the occupation of the Company even after lapse of 10 years from the date of allotment for which lease rent of ₹ 22.63 lakh (2000-10) was not recovered from the Company.
- In two Collectorate offices, in seven cases, land admeasuring 1,15,402.12 sq. mtr. granted on lease was lying un-utilised for period ranging between 3 and 57 years, but the same had not been resumed by the Government despite breach of conditions of allotment of land.
- In five Collectorates, in 542 cases, Government land admeasuring 72,206.56 sq. mtr. given on lease was transferred in the name of purchaser based on the sale deeds executed and certified by the City Survey Superintendents (CSS). Neither the permission of Collectors nor proof of payments of any premium by the original lessees for purchasing the Government land was available in the records.
- In 578 cases of four Collectorates, lease rent for the period after 2 February 2010 was recovered at pre revised annual rent of ₹ 150 instead of ₹ 300 resulting in short levy of lease rent of ₹ 68.96 lakh. In other six Collectorates, interest and services charges of ₹ 2.88 crore were levied in 235 cases.

In eight cases, the premium price was either not recovered or was recovered short resulting in non/short realisation of Government revenue of ₹ 3.37 crore in 5 offices.

In 12 cases, conversion tax was either not recovered or was recovered short resulting in non/short realisation of Government revenue of ₹ 14.84 lakh.

Service charge was not recovered in six cases and recovered less in two cases resulting in non/short levy of service charge of ₹ 17.43 lakh in three offices.

## CHAPTER-III LAND REVENUE

### 3.1 Results of audit

Test check of records in the offices of the Collectors and *Mamlatdars* (LR) in the State during the year 2013-14 revealed underassessment of tax and other irregularities involving ₹ 403.40 crore in 82 cases, which fall under the following categories:

Sl. No.	Category	No. of cases	Amount (₹ in crore)
1	Performance Audit on "Lease of Government Land"	1	206.29
2	Allotment of Government Land	1	30.97
3	Non/short levy of occupancy price/premium price	31	104.41
4	Non/short recovery of Non Agricultural Assessment (N.A.A.), non/short levy of N.A.A. at revised rate, non raising N.A.A. demand	5	2.74
5	Non/short recovery of conversion tax	9	30.16
6	Other irregularities	35	28.83
	<b>Total</b>	<b>82</b>	<b>403.40</b>

During the course of the year, the Department accepted and recovered under-assessment and other irregularities of ₹ 92.44 lakh in 26 cases.

A Performance Audit on "Lease of Government Land" involving ₹ 206.29 crore, and a few illustrative cases involving ₹ 36.37 crore are mentioned in the following paragraphs:

## 3.2 Performance Audit on “Lease of Government Land”

### Highlights

- The system for maintaining the records was not secure, reliable and adequate. The Jamnagar Collectorate had not maintained data of the Government land granted on lease in the LeLIS software developed for the maintenance of data. In eight districts, the data as per LeLIS software did not match with the data as per the records.

*(Paragraph 3.2.7)*

- In certain instances, the grant of Government land on lease was not in accordance with the existing provisions of the concerned Act(s), Rules and Regulations, GRs, etc. and policies framed by the Government from time to time, as noticed in the following cases:
  - In case of Solaris ChemTech Ltd., the Government land was granted for installation of plant and machinery on recovery of one-time occupancy price, while in other two similar cases, it was granted on lease at the rate of ₹ 150 per hectare per annum applicable to salt and bromine, though in these cases, the land was leased for construction/ installation of plant and machinery. The different treatment given to these two companies resulted in non-levy of occupancy price of ₹ 130.11 crore had the land been given on one time occupancy price.

*(Paragraph 3.2.8.3)*

- In 15 cases, the Government land admeasuring 17.57 lakh sq. mtr. valued at ₹ 69.71 crore granted was in excess of the eligible limit and in other two cases occupancy price of ₹ 2.03 crore though leviable was not levied.

*(Paragraph 3.2.8.4)*

- Though the area of grazing land was not sufficient with reference to number of cattle of the area, even then grazing land was irregularly granted on lease for industrial purpose.

*(Paragraph 3.2.8.5)*

- The monitoring mechanism was deficient so far as it relates to ensuring adherence to the terms and conditions of lease of the land/renewal of lease, as noticed in the following cases:
  - Out of total 6,587 cases of lease, 4,682 leases had expired between 1933 and 2012 but no action was taken for their renewal or eviction of lessee from the leased land. In five cases, rent at revised rates was also recoverable.

*(Paragraphs 3.2.9.1)*

- The Government land admeasuring 1,508.69 hectare granted by the Collector, Ahmedabad remained unused and continued to be in the occupation of the Company even after lapse of 10 years from the date of allotment for which lease rent of ₹ 22.63 lakh (2000-10) was not recovered from the Company.

*(Paragraph 3.2.10.2)*

- In two Collectorate offices, in seven cases, land admeasuring 1,15,402.12 sq. mtr. granted on lease was lying un-utilised for period ranging between 3 and 57 years, but the same had not been resumed by the Government despite breach of conditions of allotment of land.

(Paragraph 3.2.10.2)

- In five Collectorates, in 542 cases, Government land admeasuring 72,206.56 sq. mtr. given on lease was transferred in the name of purchaser based on the sale deeds executed and certified by the City Survey Superintendents (CSS). Neither the permission of Collectors nor proof of payments of any premium by the original lessees for purchasing the Government land was available in the records.

(Paragraph 3.2.10.3)

- In 578 cases of four Collectorates, lease rent for the period after 2 February 2010 was recovered at pre revised annual rent of ₹ 150 instead of ₹ 300 resulting in short levy of lease rent of ₹ 68.96 lakh. In other six Collectorates, interest and services charges of ₹ 2.88 crore were levied in 235 cases.

(Paragraph 3.2.11.3)

### 3.2.1 Introduction

The leases of the Government land granted for various purposes such as agricultural, residential, educational, production of salt/bromine, wind farm, industrial, commercial, etc. are governed by the Gujarat Land Revenue Code, 1879 (Code) and Gujarat Land Revenue Rules, 1972 (Rules).

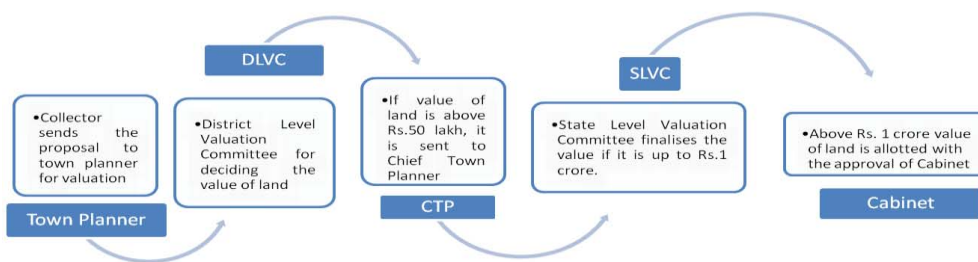
The grant of Government land on lease is made by the Revenue Department (the Department) on an application before the District Collector. On receipt of application from individual/trust/institution/co-operative society etc., for grant of land on lease for any purpose, the Collector initially ascertains the availability of land from the *Mamlatdar*. If the land is available, he prepares a proposal with relevant documents for obtaining approval of the Department. Gujarat Government Rules of Business, 1990 stipulate that where the proposals involving by way of lease of Government property exceeds ₹ 50 lakh upto December 2010 and ₹ one crore thereafter in value or yields an annual income of ₹ 10 lakh or more, these shall be placed before the Cabinet for approval.

After approval of the Cabinet the Department issues a Resolution. Based on this Resolution, the Collector issues a detailed order to the lessee spelling forth the terms and conditions of lease which is followed by execution of lease agreement.

The Code and Rules empower the Collector and other Revenue Authorities (RA) to deal with the grant of Government land on leasehold rights at the rates prescribed by the Government from time to time. Rates of lease rent granted for non- agricultural purpose and the authority under which these have been prescribed by Government from time to time are depicted in **Annexure**.

Government Resolution (January 1998) stipulates the procedure for fixation of market value of Government land for which two committees were constituted (a) District Land Valuation Committee (DLVC) at district level, wherein Collector is the chairman and town planner is the member, and (b) State Land Valuation Committee (SLVC) at the State level, where Principal Secretary, Revenue Department is the chairman and Chief Town Planner (CTP) is the member. In case the value of land as determined by the DLVC exceeds ₹ 50 lakh, the Revenue Department refers the case to SLVC for finalisation of value of the land.

After finalisation of market value of the land by the SLVC, the case is placed before the Cabinet for approval. The monetary limit of ₹ 50 lakh for Cabinet approval was increased to ₹ one crore in 2010. The assessment of the value of the land is made on the basis of reports (called valuation reports) prepared by the concerned Town Planner at district level and the Chief Town Planner (CTP) at State level. The hierarchy of valuation system is as depicted as follows:



### 3.2.2 Organisational set-up

The administration of Land Revenue Department vests with the Additional Chief Secretary (Revenue). For the purpose of administration, the State is divided into 33 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 viz. District Development Officers and *Taluka* Development Officers for recovery of dues treated as arrears of land revenue to facilitate the revenue administration.

### 3.2.3 Audit Objectives

The Performance Audit was conducted with a view to ascertain whether:

- the system for maintaining the records was secure, reliable and adequate; the grant of Government land on lease was in accordance with the existing provisions of the concerned Act(s), Rules and Regulations, GRs etc. and policies framed by the Government from time to time;
- there existed a proper monitoring mechanism to ensure that the process of allotment was transparent and that the suitable terms and conditions of lease of the land/renewal of lease exist and were being followed uniformly;
- action was taken for resumption of non-utilised land allotted on lease and cases of breach of conditions of lease agreements/renewal of leases were dealt with as per the provisions of the GLR code; and
- adequate system and procedures were in place in the Department to ensure correctness of assessment and timely collection of lease rent and renewal of expired leases.

### 3.2.4 Audit Criteria

The audit criteria were based on the following Laws and the Rules made there under to govern the grant of Government land on lease:

- Gujarat Land Revenue Code, 1879;
- Gujarat Land Revenue Rules, 1972;
- Gujarat Government Rules of Business, 1990; and
- The Notifications/Resolutions/Circulars/Orders issued by the Government/ Department from time to time.

### 3.2.5 Scope of Audit, Methodology and reasons for selection of the topic

We conducted the Performance Audit (PA) of the records of Government land granted on lease, covering cases of lease finalised by the Revenue Department for the period from 2008-09 to 2012-13 and by the eight<sup>1</sup> out of 33 District Collectorates upto 2012-13. Consolidated data for the number of lease cases finalised by the district Collectors was not furnished by the Department stating that it was not readily available with them. As such, the districts were selected on the basis of their geographical location. One district was selected from each of the East, West, North, South and Central regions. In addition Rajkot and Jamnagar falling in Saurashtra region and Navsari being the district where the Lease Land Information System (LeLIS) data was first initiated were selected. The PA was conducted from October 2013 to June 2014.

<sup>1</sup> Ahmedabad, Jamnagar, Kutch, Navsari, Palanpur, Rajkot, Surat and Vadodara

In the eight Districts, we test checked the records of 32 *Mamlatdars* and 16 City Survey Superintendent's (CSS) offices and 96 *Talatis*. The selection of these *Mamlatdars* and the *Talatis* are based on the number of leases, types of lease and amount of rent involved. Number of leases<sup>2</sup> and category wise list of Government land granted on lease during the period 1 January 2008 to 31 December 2013 of selected units as per the information furnished by the Department is given below:

Category wise permission granted for lease of Government land (Area in sq. mtr.)												
Year	Total cases	Area	Education		Commercial (ST bus stand)		Industrial		Salt & Bromine		Agricultural (Tree plantation)	
			No.	Area	No.	Area	No.	Area	No.	Area	No.	Area
2008	72	960325	68	448902	3	11423	0	0	0	0	1	500000
2009	35	64502978	27	100448	0	0	1	40470	7	64362060	0	0
2010	69	73007972	66	223712	1	3035	1	36400	1	72744825	0	0
2011	41	838730	40	836230	1	2500	0	0	0	0	0	0
2012	17	174814	17	174814	0	0	0	0	0	0	0	0
2013	4	24886	4	24886	0	0	0	0	0	0	0	0
<b>Total</b>	<b>238</b>	<b>139509705</b>	<b>222</b>	<b>1808992</b>	<b>5</b>	<b>16958</b>	<b>2</b>	<b>76870</b>	<b>8</b>	<b>137106885</b>	<b>1</b>	<b>500000</b>

We had noticed during the course of audit that in a large number of cases, the lease tenure of Government land had expired which was neither renewed nor resumed to Government. In a large number of cases, lease rent was not recovered. Therefore, we decided to conduct a Performance Audit on this subject.

### 3.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation extended by the Department in completing the audit. We had an "Entry Conference" with the Principal Secretary, Revenue Department on 10 October 2013 to appraise the Department about the objectives, scope, criteria and methodology of audit. The Performance Audit report was sent to the Government in September 2014 for their response. The report was discussed with the Department in the Exit Conference held on 3 November 2014. The replies received during Exit Conference and at other point of time have been appropriately commented in the relevant paragraph.

<sup>2</sup> Out of 238 cases, we have checked 235 cases.



## Audit Findings

### 3.2.7 Non/Incorrect maintenance of lease records

Based on Resolution issued by the Department, Collector issues a detailed order to the lessee spelling forth the terms and conditions of lease with a copy to the *Mamlatdars* and *Talatis*. Based on the orders of the Collector, the *Talatis* enters the details of lease in Village Form (VF) -“2”<sup>3</sup>.

The Department developed a software called LeLIS in which these details are required to be entered for grant of lease by the Collectors. Thereafter data is entered in the LeLIS software maintained at the *Mamlatdar* level. Comparisons of LeLIS data obtained from seven Collectorates<sup>4</sup> with individual lease records, VF “7/12”<sup>5</sup> and VF “2” maintained at the *Talati* level and orders of the Collector revealed the following deficiencies:

- In 20 cases in five<sup>6</sup> Collectorates, area of land given on lease as per LeLIS data did not tally with individual records. A few instances are given as follows:

Sl. No.	Name of Collectorate	Name of lessee	Area as per VF 2. (in sq.mtr.)	Area as per LeLIS data. (in sq.mtr.)	Variation
1	Kutch	Laxman Salt	40,469	8,09,400	7,68,931 shown excess
2	Kutch	Saguna Transport	81,38,316	13,15,275	68,23,041 shown less
3	Vadodara	Thuvavi Gram Kelvani Mandal	1,922.32	7,730	5,807.68 shown excess
4	Palanpur	Malan Yuvak Pragati Mandal	4,047	14,047	10,000 shown excess
5	Palanpur	Virpur Primary School	1,619	2,671	1,052 shown excess

- As per the order of Collector, in 12 cases of two<sup>7</sup> Collectorates, the land was allotted permanently but it was shown as land granted on lease (Area as per LeLIS data 2,22,494 sq. mtr.).

<sup>3</sup> This form contains details like name of lessee, description of property granted on lease, period of lease, lease rent, amount of rent and Collector’s order number and date.

<sup>4</sup> Ahmedabad, Kutch, Navsari, Palanpur, Rajkot, Surat and Vadodara

<sup>5</sup> The Form contains survey number wise ownership/rights of persons.

<sup>6</sup> Kutch, Palanpur, Rajkot, Surat and Vadodara

<sup>7</sup> Rajkot and Surat

- In the 124 lease cases of Collectorate Kutch, Rajkot and Surat involving land of 72,14,983 sq.mtr. were not entered in LeLIS data.

Sl. No.	Name of Collectorate	Purpose of lease	Number of lease	Area in sq.mtr.
1	Kutch	Salt production	122	65,32,789
2	Rajkot	Agricultural	1	8,094
3	Surat	Commercial	1	6,74,100

- In Collectorate, Palanpur the data relating to lease case was entered multiple times. In one case, the lease granted to a person was entered four times, in two cases it was entered thrice and while in another two cases twice.
- In three cases of Surat Collectorate, though land was resumed to Government, LeLIS database was not updated and the land was shown under lease. In another four cases the LeLIS showed that land was granted on lease, but *Talati's* report revealed that no such land was granted on lease.
- In Navsari and Surat Collectorates, in 959 cases the land was owned by private persons as per VF-“2” records, but it was shown as Government land granted on lease in LeLIS database.
- LeLIS software provides for the information such as purpose of lease, period and date of expiry. However, in CSS, Navsari, in 343 cases, these data were not entered and were left blank.
- The Collectorate, Jamnagar had maintained the data in the excel sheet instead of in LeLIS software as a result of which the very purpose of the system was defeated.

The above facts indicated that the data was either not entered correctly or not updated periodically indicating the deficiency in operation and monitoring of the system.

During the Exit Conference, the Department stated that the concerned Collectors will be instructed to carry out the necessary corrections.

### 3.2.7.1 Incorrect Mutation Entries

The details of land are maintained in VF-“7/12” which consists of two parts. Part I depicts person who owns the land while Part-II depicts the person to whom land has been granted on lease.

In order to amend the Record of Right and Mutation entries, the concerned *Talati/Circle Officer* is required to put up the mutation case with evidence to the Deputy *Mamlatdar* for authorisation who in turn refers the same to

*Mamlatdar* for final certification, which is done only after verification of documents and giving notice to the party concerned.

We observed in five Collectorates<sup>8</sup> that in 39 cases, land admeasuring 33,52,149 sq. mtr. granted on lease was entered in the first part (shows the ownership details) instead of second part (shows other rights or lease details) of VF- “7” indicating incorrect mutation entry. Thus, the Government land leased was incorrectly shown as owned by the private persons. Out of these 39 cases, few illustrative cases are discussed below:

Sl.No.	Name of lessee	Description of property	Area in sq.mtr.	Purpose
1	<i>Gosvardhan and Gopalan Trust</i>	S.No.120/P Village Bakrol, Taluka Waghodia	25,36,153	Cattle breeding
A lease agreement was executed between the trust and Governor in 1958 for a term of 999 years. The Circle Officer in August 2007 incorrectly mentioned <i>Gosvardhan and Gopalan Trust</i> in the I <sup>st</sup> part of VF-“7/12” (i.e. as owner of the land) instead of II <sup>nd</sup> part. Meanwhile, Gujarat State Petronet Ltd. (GSPL) occupied 9,900 sq. mtr. out of the above mentioned land for laying pipeline. Had the entry been made correctly, the Government could have claimed the occupancy price of ₹ 14.84 lakh (10 per cent of market value of land as per <i>jantri</i> rate).				
2	Hadod Kelavani Mandal High School	S.No 494/P Village Hadod, Taluka Karjan Vadodara	5,284	Educational
As per Collector’s order (October 2004) the area of land granted on lease was 5,284 sq. mtr. against which mutation entry in VF “7/12” was made 7,284 sq. mtr., thereby showing excess of 2,000 sq. mtr.				
3	Shreeji Kelavani Mandal	Block No.35 (S.No.219) Village Koliyad Taluka Karjan	5,970	Educational
The Collector, Vadodara granted 5,970 sq. mtr. land to the Association for educational purpose. However, the mutation entry in VF “7/12” shows 10,016 sq. mtr. in the name of the Association, thereby showing excess of 4,046 sq. mtr.				

During the Exit Conference, the Department stated that the concerned Collectors would be instructed to carry out the necessary rectifications.

The software called “*E-dhara*” developed by NIC was used in the computerisation of land records (Government as well as private lands) in the Department since 2005. Land records namely Village Forms “6” (i.e. Record of rights) “7/12” (i.e. Mutation entries) and “8A” (land account of land owners) were computerised. Further, in VF “7/12” which consists of two parts, wherein in the first part ownership details are shown and second part shows other rights details wherein the details of lease are entered. The information available in Part II of VF-7/12 of “*E-dhara*” was not linked with the Government land granted on lease available in LeLIS.

<sup>8</sup> Navsari, Palanpur, Rajkot, Surat and Vadodara

Linking of the information available in part II of the of VF-“7/12” maintained in *E -dhara* with LeLIS data would minimise the chances of error(s) in LeLIS.

### **3.2.8 Government Resolution not adhered to**

#### **3.2.8.1 Non-resumption of leased land**

*Archean Chemical Industries Pvt. Ltd.* (the Company) signed an MOU with the Government of Gujarat for setting up a green fertiliser project to produce 3,00,000 metric tons (MT) of fertilisers annually with a capital investment of ₹ 1,200 crore.

The Collector, Kutch sent a proposal (July 2006) for granting Government land admeasuring 40,000 hectare on lease to the Company for production of salt and salt based chemicals. Government issued (December 2007) a Resolution for grant of Government land on lease admeasuring 24,021.78 hectare to the Company for a period of 10 years at an annual rent of ₹ 150 per hectare. The Resolution stipulated that the Company should produce annually 50,000 MT of Potassium Sulphate, 20,000 MT of Magnesium Oxide, 10,000 MT of Salt 2,500 MT of Green Bromine and 1,500 MT of Gypsum within 36 months from the date of handing over possession. The Collector, Kutch issued (February 2008) a detailed order and executed (July 2008) a lease agreement with the lessee. Further, the lease agreement stipulated that in case of breach of any conditions of the lease, the land would be resumed by the Department without payment of any compensation.

We observed that the lessee did not commence production for 54 months from the date of lease agreement/handing over possession (July 2008 to January 2013) and commenced the production of salt only from February 2013. No action was taken against the lessee for resumption of land in accordance with conditions of the Resolution for the non-commencement of production within the stipulated 36 months from the date of taking over the possession of land by the Company.

#### **3.2.8.2 Non-invitation of competitive bid**

Government Resolution (May 2006) stipulated that when there is a multiple demand for same piece of land, Government should call for the competitive bid after deciding the market price and grant to the applicant who quotes the highest price.

We noticed that the Government sanctioned (October 1993) 10,000 *acres* land in Kutch, on lease for 20 years to *Agrocel Industries Ltd.* for production of bromine. The lessee requested (March 2003 and October 2005) for additional land admeasuring 18,000 *acres* for expansion of the project. The Collector, Kutch forwarded the proposal (April 2007) to the Department, stating that three other Companies viz. *Archean Chemical Industries Pvt. Ltd.* (for 1,00,000 *acres*), *Solaris ChemTech Ltd.* (for 30,000 *acres*) and *ABC & Sons* (for 20,000 *acres*) had also requested for grant of Government land in the same vicinity, which were overlapping with one another as per the report of District

Inspector of Land Records (DILR). A meeting was held between Industries Commissioner and the Companies wherein a mutual understanding was reached at and *Agrocel Industries Ltd.* submitted a revised requisition for 17,975 acres of land.

Thus, the decision of the Department to allot the land to by mutual understanding among the applicants and without inviting competitive bid was contradictory to the Government Resolution of May 2006.

**3.2.8.3** In the case of *Solaris ChemTech Ltd.*, Government land was granted (May 2009) for installation of plant and machinery to process bromine for an occupancy price of ₹ 62.73 lakh and not on lease. This allotment was made based on the opinion given by the Finance Department (FD) that if the land is vacant, it can be leased out at the rate of ₹ 150 per hectare per annum for production of salt and salt related chemicals and if any construction was to be made on the land it could be granted on recovery of occupancy price or at an annual rent of 15 per cent of market value. The Department decided to charge occupancy price for this land.

However, we noticed that there was a different treatment given to cases of *Archean Chemical Industries Pvt. Ltd. and Agrocel Industries Ltd.* In both the cases, neither the occupancy price was recovered nor annual lease rent at the rate of 15 per cent of market value levied as the cases are discussed as under

The Collector, Kutch forwarded (May 2009) a proposal of *Archean Chemical Industries Pvt. Ltd.* for grant of land admeasuring 15,978.22 hectare to Revenue Department. Before taking decision, the Revenue Department called for details of utilisation of the land granted in first phase by the Company. The Collector stated (February 2010) that as per the physical verification report of *Mamlatdar*, Kutch, land admeasuring 24,021 hectare was granted to the Company in the first phase of which 500 hectare of land had been kept in reserve by the Company for installation of plant and machinery.

Further, in another case of *Agrocel Industries Ltd* which requested (March 2003 and October 2005) for additional land admeasuring 18,000 acres for expansion of the project, the Department called for details of utilisation of land (10,000 acres) granted in 1993 in first phase to the Company. In the verification report of *Mamlatdar*, Kutch (April 2003) and letter of Deputy Collector, Kutch (May 2003) to the Collector, Kutch it was stated that in respect of 10,000 acres land granted for production of bromine in 1993, 8,000 acres was being utilised for production of bromine and 2,000 acres for factory, administrative office, canteen, quarters, guest house etc. This fact was mentioned by the Collector in his report (December 2007) to the Department. The Department vide Resolution of 30 January 2010 permitted the Collector, Kutch to grant additional land.

Had the Department levied occupancy price on the portion of land earmarked/ utilised for construction as recommended by the FD in the case of *Solaris*

ChemTech Ltd., the Department could have claimed ₹ 130.11 crore<sup>9</sup> toward occupancy price in the above two cases.

#### **3.2.8.4 Non-levy of occupancy price for the land granted in excess of the eligible limit**

Under the amended Rule 32-A of the GLR Rules, 1972, land may be leased at a nominal rent of ₹ one for playground or other recreational purposes to educational institution recognised by Government or local bodies or for gymnasiums for a term not exceeding 15 years by the Collector when the area and the revenue free value of land do not exceed five *acres* (20,235 sq. mtr.) and ₹ 25,000 in case. When the lease is in favour of a Panchayat, Municipality or any other local authority and 2 ½ *acres* (10,117 sq. mtr.) and ₹ 5,000 when the lease is in favour of any other public body or institution.

We observed in the Revenue Department and the Collector, Ahmedabad that in 13 cases, the Government land was granted during the period 2006-2008 for the purpose of playground on lease to trust and educational institutions at a token rent of ₹ one. However, the land admeasuring 16,49,989 sq. mtr. valued at ₹ 61.59 crore<sup>10</sup> granted was in excess of the eligible limit of 10,117 sq. mtr. contrary to the provisions of Rule 32-A of the GLR Rule.

The Government *vide* GR dated 29 September 2008 resolved to allot the land in rural area upto 8,094 sq. mtr. at a token rent of ₹ one for 30 years and in excess of this at the rate of 25 *per cent* of the market value and in urban area upto 4,047 sq. mtr. at token rent of ₹ one for 30 years and in excess of this at the rate of 50 *per cent* of the market value.

Further, in two other cases finalised after 28 September 2008, lease of land was granted admeasuring 1,22,880 sq.mtr.<sup>11</sup> at a token rent of ₹ one. Thus land admeasuring 1,06,692 sq. mtr. valued at ₹ 8.12 crore were granted in excess of the area as mentioned in the Resolution resulting in non-levy of occupancy price of ₹ 2.03 crore.

During the Exit Conference the Department stated that instructions would be issued to the concerned Collectors to recover the amount.

#### **3.2.8.5 Grant of ‘Gauchar’ (grazing) land for industrial purpose**

The Government Circular of 30 December 1988 stipulates that for every 100 cattle in a village, there must be 40 *acres* (16 hectare) of *gauchar* land. In case where the *gauchar* land is less, it should not be granted other than for public utility purpose. GR of 27 January 1999 stipulates that *gauchar* land

---

<sup>9</sup> For *Archean Chemical Industries Pvt. Ltd. Jantri* rate ₹ 155 per sq. mtr. X area 50,00,000 sq.mtr. i.e. ₹ 77,50,00,000 and for *Agrocel Industries Ltd. jantri* rate ₹ 65 per sq. mtr. X area 80,94,000 sq. mtr. i.e. ₹ 52,61,10,000 aggregating to ₹ 130,11,10,000

<sup>10</sup> Area of the land admissible under Rule to be leased = 13 x 10117 = 1.32 lakh sq. mtr.  
Area of that allocated by the Government = 17.82 lakh sq. mtr.  
Excess land allocated = 16.50 lakh sq. mtr. valued at ₹ 61.59 crore

<sup>11</sup> Allocated – admissible (122880-16188)

required for industrial use have to pay additional 30 per cent market price, which was kept in abeyance by Government (March 1999) till further orders. Government in November 2004 revived Resolution of 27 January 1999 and stated that this Resolution is applicable only in cases where *gauchar* land is available. Hon'ble Supreme Court's judgment of 28 January 2011 prohibits regularisation of cases of encroachment of *gauchar* land other than those required for public utility.

Despite prohibition by the Honourable Supreme Court we noticed that in two cases under Collectorate, Rajkot *gauchar* land was granted on lease as follows:

Sl. No.	Name of the lessee	Description of property	Area in sq. mtr.	Purpose
1	<i>Theolia Wind Power Pvt.Ltd.</i>	Village- Sivrajpur, Taluka-Jasdan Dist-Rajkot	1,00,000	Wind farm (industrial)
As per the report of the Panchayats available in the file, though the <i>gauchar</i> land was less with reference to cattle and even after the judgment of the Hon'ble Supreme Court (January 2011), possession of the <i>gauchar</i> land was handed over (April 2011).				
2	<i>Enercon India Ltd.</i>	Village-Parebala, Taluka-Jasdan Dist-Rajkot	15,000	Wind farm (industrial)
As per the report of the Panchayats available in the file, though the <i>gauchar</i> land was less with reference to number of cattle, it was granted on lease.				

### 3.2.9 Lack of transparency in granting of land on lease

The leases of Government land were granted on the application filed by the lessees. We observed that the Revenue Department did not issue any orders/instructions for inviting applications. Further, the status of the applications and proposals received from the District Collectors for grant of land on lease during the period covered under audit was not available with the Revenue Department. The Department had not maintained the record prescribed under rules to establish transparency in granting of land on lease.

These are mentioned in the following paragraph:

Authority	Name and purpose of the register	Nature of Audit observation
Revenue Department of Resolution 10 October 2000	<b>Priority register:-</b> Each District Collector was required to maintain a priority register showing the date wise application received for grant of Government land on lease for production of salt. Priority of the applicant should be decided in form of priority as (1) Salt labourers (2) Scheduled Caste (3) Scheduled Tribe (4) Other Backward Class and (5) Other categories and on first come first out basis.	Collectorate Jamnagar started maintaining the priority register only after 17 January 2010. In Collectorates Ahmedabad, Kutch and Surat no priority register was maintained.

<p>Revenue Department's Circular of 20 December 2003</p>	<p><b>Declaration register:-</b> Circular prescribed that each lessee shall furnish on 1 August of every year a declaration form containing the details of lease i.e. name of lessee, area, description of property, purpose, detail of lease rent paid/outstanding, fulfillment of conditions of lease etc. A declaration register in every district was required to be maintained by each Collector. It was also instructed that the Collector should serve a notice to every lessee to submit the declaration form within 30 days, and on receipt of the same, it should be scrutinised, site inspection carried out and reported to the Department by the end of December.</p>	<p>We observed in eight Collectorates that declaration register was not maintained. The report of site inspection carried out and intimated to the Government was also not produced to us. Though the Department provided for monitoring system we observed that Collectorates did not implement the instructions issued in this behalf.</p>
<p>Condition attached in GRs issued for each case by the Department</p>	<p>After issuance of GRs by the Revenue Department, concerned Collectors should issue detailed order within 30 days and send a copy to Revenue Department.</p>	<p>We observed that no detailed order issued by the concerned Collector was available in the individual lease file maintained by the Revenue Department.</p>
<p>The above facts indicate that the Department was not following its own instructions framed to bring out the transparency in the system.</p>		

During the Exit Conference, the Department stated that necessary instructions were being issued to the Collectors to maintain the registers.

### 3.2.9.1 Non-renewal of expired lease

Rule 39 of GLR Rules, 1979 provided that before six months of the expiry of the lease period where the lessee does not apply for its renewal, the Collector would take decision regarding renewal of the lease or eviction from the leased land under intimation to the lessee. Further, GR of 5 April 2003 stipulates that rent is to be revised at the end of every five years.

We observed in eight Collectorates<sup>12</sup> that out of 6,587 leases selected for audit scrutiny, 4,682 leases of land admeasuring 13,84,41,200 sq. mtr. had expired between 1933 and 2012 as per the LeLIS data. However, the Collectors did not initiate any action to revenue and re-fix the rent or get the leases vacant on these cases before or after the expiry of lease.

Collector office wise break-up of expired leases is as follows:

<sup>12</sup> Ahmedabad, Jamnagar, Kutch, Navsari, Palanpur, Rajkot, Surat and Vadodara



Collectorate	Purpose of use						Total
	Residential	Commercial	Industrial	Educational	Agriculture	Others	
Ahmedabad	931	59	-	6	-	6	1,002
Vadodara	450	-	-	3	19	-	472
Surat	682	-	6	4	43	42	777
Rajkot	580	-	1	-	20	444	1,045
Palanpur	42	2	2	65	3	14	128
Kutch	-	-	-	-	-	391	391
Jamnagar	-	-	4	-	859	-	863
Navsari	-	-	-	-	4	-	4
<b>Total</b>	<b>2,685</b>	<b>61</b>	<b>13</b>	<b>78</b>	<b>948</b>	<b>897</b>	<b>4,682</b>

The year wise break-up showing the period of expired lease and its numbers are as below:

Period of expiry (range) in years	Number of expired lease
0-10	1,323
10-30	2,018
30 -50	939
Above 50	402
<b>Total</b>	<b>4,682</b>

A few illustrative cases of expired lease where the rent was not revised are given as follows:

Sl. No.	Name of lessee	Date of grant of the land on lease	Purpose	Area in sq. mtr.
1	Ahmedabad Electricity Corporation (AEC)	July 1983 and February 1985	Ash dumping	2,05,218 sq. mtr. and 1,24,283 sq. mtr.
We noticed in Collectorate, Ahmedabad that AEC was granted Government land at an annual rent of ₹ 2.83 lakh and ₹ 1.72 lakh, which expired in July 1990 and February 1992, respectively. The Talati, Motera intimated (August 2011) the Mamlatdar about the continued occupation of the land by AEC even after expiry of the lease period but no effort were found on record for resumption of land. The land remained in occupation by AEC for which lease rent of ₹ 78.37 lakh was payable upto 2008. Thereafter the land was occupied by Torrent Power Co. Ltd. (TPL) which requested (October 2011) for allotment of land either on permanent basis or on long term lease of 99 years. The case has not yet been finalised by the Government.				
2	Caltax India Ltd.	November 1976	Petrol Pump	911.15
3	Hindustan Petroleum Corp.	January 1965	Petrol Pump	575.37
The Collector, Kutch granted lease in two cases for land admeasuring 1,486.52 sq. mtr. for the purpose of petrol pump. The lease period expired in July 1972 and July 1977, but the rent was not revised till date. We noticed that neither rent was recovered at old rates nor any action taken to revise rent.				

4	Tata Chemical Ltd.	November 1983	Brine pipe line	1,79,862
<p>We observed in <i>Mamlatdar</i>, Dwarka that land was granted on lease (September 1973) for 10 years for laying of brine pipe line for salt production. The lease was renewed for a further period of 10 years in 1983. While seeking further renewals for the subsequent periods, the Collector, Jamnagar (July 2007) ordered for re-fixation of the value of rent for every five years. The DLVC revised the rent (May 2010) which amounted to ₹ 2.35 crore. The Prant Officer, Dwarka in his letter to the Collector, Khambhalia stated (December 2013) that the Company had intimated (December 2013) that the correct amount of rent along with interest payable upto 2011-12 works out to ₹ 3.46 crore and had requested them to pass the orders accordingly, so that they could make the payments and renew the lease. However, no action was taken to pass the order for payment of rent upto 2011-12 and fix the market value as on 12 September 2013.</p>				
5	Indian Oil Corp. Ltd	November 1966	Petrol pump	891.67
<p>GR of 5 April 2003 stipulates that rent is to be revised at the end of every five years and to be recovered in advance.</p> <p>We observed in Collectorate, Jamnagar that the Government land admeasuring 891.67 sq. mtr. (CS No.4767) was granted on lease to <i>Burmah Shell</i> now called <i>Indian Oil Corporation Ltd.</i> for petrol pump at annual rent of ₹ 360 in 1945. The annual rent was revised to ₹ 750 for the period from 1 August 1986. However, the subsequent periodical revisions of the lease rent which were to be made in 1 August 1992, 1 August 1997 and 1 August 2002 were not made.</p>				

The failure of the Department to renew the leases in time resulted in occupation even after expiry of lease period. Further, there are revenue implications as the rents have neither been revised nor collected.

During the Exit Conference, the Department stated that necessary instructions were issued to the Collectors to fix the rent.

We recommend that the Government may consider developing State level database of the (i) Government land granted on lease (ii) Status of applications received, approved, rejected and pending (iii) Types and purposes of lease (iv) Number of leases continuing and the periodicity of leases with dates of expiry and (v) the consideration received from the lessee. This would help the system in becoming more comprehensive and transparent.

We further recommend that urgent action be taken to either take back the possession of lease expired lands or fix the lease rent and recover the same including arrears.

### **3.2.10 Non-utilisation of lease land and breach of condition of lease**

#### **3.2.10.1 Non-utilisation/utilisation of leased land other than for the intended purpose**

Government land is granted on lease subject to certain terms and conditions as may be put forth in the order of the Collector. The term and conditions include that the grantee shall start construction within six months and complete it before two years from the date of order. Further, the grantee shall use the land for the purpose for which it was granted. In case of breach of the said terms

and conditions by the grantee, the Collector is empowered to levy penalty or shall take back the possession of the land so granted.

Government Resolution (December 2003) stipulates that the lessee has to furnish a declaration showing the use of the land and details regarding fulfilment of conditions of lease by him on 1 August every year to the Collector who will scrutinise the declaration by conducting site inspection of the land and sent a report to the Government regarding the action taken in this regard.

It was noticed that the leased land was utilised other than for the purpose for which it was granted as detailed below:

Sl. No.	Name of lessee	Description of property	Period of lease and lease rent	Purpose for which it was granted	Purpose for which used
1	Swaminarayan Gurukul Sarvajanik Hitavardhak Trust	Block No-70, 82 & 83 Vill-Khodiyar Dist-Ahmedabad admeasuring 32,477 sq.mtr.	30 years with effect from March 1999 at an annual token rent of ₹ one	Education, Ayurvedic Centre and Hospital	Meditation centre
As per the <i>Talati's</i> report (October 2013) it was noticed that land of block No-82 admeasuring 7,183 sq. mtr. valuing ₹ 2.33 crore ( <i>as per jantri rate</i> ) granted for hospital was used by the lessee for meditation centre. No Education/Ayurvedic Center or Hospital was built on the said pieces of land.					
2	Bhuj Talkies	TP no-2, FP-736, CS no-2921, Ward-II, Dist-Bhuj admeasuring 180.53 sq.mtr.	10 years with effect from September 1972 at an annual rent of ₹ 510	Booking office and Lavatory	Residential and commercial centre
As per the <i>Talati's</i> report (March 2014) it was noticed that a tower viz <i>N.K. Towers</i> was constructed on the land valued ₹ 63.18 lakh ( <i>as per jantri rate</i> ) in which lower portion was used for commercial purpose and upper portion for residence. Further, the rent was not revised after every five years and recovery was also not made at pre-revised rate.					

### 3.2.10.2 Non-utilisation of land granted on lease

- The Collector, Ahmedabad granted (November 2000) Government land admeasuring 1,508.69 hectare to *Rameshwar Salt Works* (the Company) for a period of 10 years at an annual rent of ₹ 150 per hectare for production of salt. The terms and conditions of the sanction order stipulated that the lessee should start production after two years from the date of allotment and has to pay minimum correspondence royalty at the rate of 50 Mt per hectare from third year (season).

As the Company did not start production within stipulated time, the Collector issued (September 2004) a show cause notice (SCN) for breach of condition of lease. The Company sought extension of time for starting the production. However, in November 2013, the Collector turned down

the request of the Company and granted the land to *Dholera Special Investment Regional Development Authority*.

Thus, the land granted remained unused and continued to be in the occupation of the Company even after lapse of 10 years from the date of allotment for which lease rent of ₹ 22.63 lakh (2000-10) was not recovered from the Company.

- We observed in Collectorate, Rajkot and in Jamnagar that in seven cases land admeasuring 1,15,402.12 sq. mtr. granted on lease was lying unutilised for period ranging between 3 and 57 years, but the same had not been resumed by the Government for breach of conditions. The details are given below:

Sl. No.	Name of lessee	Collector's order dated	Purpose	Area in sq.mtr.	Currency of lease	Present status of land
1	Damodar Gordandas, Taluka Jetpur	August 1976	Agriculture	8,094	Expired	Vacant for 38 years
2	Kisan Bharati Van Vikas Trust, Taluka Jetpur	September 2001	Agriculture	30,000	Not expired	Vacant for 13 years
3	Sanskar Bharati Trust, Taluka Jetpur	September 2001	Tree Plantation	30,000	Not expired	Vacant for 13 years
4	Aviskar Universal Foundation Trust, Taluka Jetpur	April 2011	Education	1,246	Not expired	Vacant for 3 years
5	Kendriya Vidyalay Taluka Jetpur	December 2008	Education	36,110	Not expired	Vacant for 5 years
6	Bharatiya Seva Samaj Trust	February 1988	Education	8,194	Expired	Vacant for 25 years
7	Shri Meghaji M Gohel	May 1956	Commercial	1,758.12	Expired	Vacant for 57 years

This indicates that the instructions issued by the Government were not followed and the Department also did not monitor that the instructions issued were followed.

During the Exit Conference, the Department stated that instructions would be issued to the concerned Collectors to take necessary action in such cases.

### **3.2.10.3 Irregular authorisation allowed on the sale of leased Government land**

Government Resolution (17 October 1947) stipulates that land granted on lease should not be sold or mortgaged without the written permission of

Collector. Further, the Government may permanently allot the land to the lessee if he held the land for a minimum 15 years on the payment of premium.

We observed in five City Survey Superintendent (CSS) offices, under five Collectorates<sup>13</sup> that in 542 cases, Government land admeasuring 72,206.56 sq. mtr. given on lease was transferred in the name of purchaser based on the sale deeds executed and certified by the City Survey Superintendents (CSS). Neither the permission of Collectors nor proof of payments of any premium by the original lessees for purchasing the Government land under old tenure before the sale of the land to their purchasers was available in the records.

The number of cases and the area involved in each Collectorate are as shown below:

Collector	Total cases checked	Audit observation found in					
		Total		Residential		Commercial	
		No of cases	Area (in sq. mtr.)	No of cases	Area (in sq. mtr.)	No of cases	Area (in sq. mtr.)
Ahmedabad	1,219	263	14,666.08	255	14,335.79	8	330.29
Vadodara	1,309	123	13,499.10	123	13,499.10	0	0
Surat	10	3	184.74	3	184.74	0	0
Rajkot	676	97	32,048.67	97	32,048.67	0	0
Navsari	1,151	56	1,1807.97	56	11,807.97	0	0
<b>Total</b>	<b>4,365</b>	<b>542</b>	<b>72,206.56</b>	<b>534</b>	<b>71,876.27</b>	<b>8</b>	<b>330.29</b>

During the Exit Conference, the Department stated that instructions would be issued to the concerned Collectors to take necessary action under rules.

We recommend that the Government may ascertain the stage(s) at which lapses have occurred and take prompt action for rectification to ensure that the Government land is not sold/ transferred.

#### 3.2.10.4 Breach of condition and non-recovery of other charges

Government Resolution (June 2003) stipulates that after handing over possession of land if the construction is not completed within two years from the date of taking over the possession, then it can be extended for period of two years initially and subsequently for another two years by the Collector on the recovery of premium at the rate of 20 times of non-agricultural assessment (NAA) and 50 times of NAA respectively. After extension on two occasions, no further extension is permitted. Prior permission of the Collector is required before mortgaging the Government land to financial institution/nationalised bank for loan.

<sup>13</sup> Ahmedabad, Navsari, Rajkot, Surat and Vadodara

We observed in Collectorate, Ahmedabad that the Department (January 2007) granted Government land admeasuring 22,000 sq. mtr. on lease to Gujarat State Road Transport Corporation (GSRTC) at token rent of ₹ one for a period of 99 years for construction of bus stop. Accordingly, the Collector, Ahmedabad issued detailed order (March 2007) for allotment of the land with the following conditions:

1. 20 per cent of concession fee should be paid by GSRTC to the Government.
2. GSRTC would start construction on leased land within six months and complete it within two years from the date of taking over possession of land.
3. GSRTC shall not mortgage, gift, sale the land other than upper portion of commercial complex.

We observed that the GSRTC entered (December 2010) into a development agreement with *Sancube Infra Project Pvt. Ltd.* for development of the above Government land, who in turn had mortgaged the land with Bank of India and obtained loan of ₹ 71.32 crore, for which no prior permission of the Collector was available on the record. The Concession fees of ₹ 4.59 crore (20 per cent of total amount of ₹ 22.96 crore) was not recovered. No premium was charged by the Collector for extending completion of construction from two to seven years resulting in non-levy of premium of ₹ 15.40 lakh. Even after grant of extension of seven years, the construction was not completed (October 2013).

### 3.2.10.5 Lack of monitoring mechanism resulted in non detection of breach of condition

Government land is granted on lease subject to certain terms and conditions as may be put forth in the order of the Collector. The term and conditions include that the grantee shall not sub-lease or earn any profit out of the leased Government land.

Sl. No.	Name of lessee	Description of property	Type of lease	Period of lease	Purpose for which it was granted
1	Surat Municipal Corporation (SMC)	200 hectare at Village Khajod	Token rent of ₹ one	10 years (10/1987 to 09/1997)	Garbage disposal

As per the conditions of grant of lease, SMC would not construct any permanent structure on the leased land. Further, the lessee would not earn any profit out of the land and in case of any breach of condition; land would be resumed to Government without any compensation.

On verification of lease records of SMC, we noticed that out of the leased land, SMC had sub-leased (November 2007) land admeasuring 25 hectare to *Hanjer Biotech Energies*, Surat for a period of 30 years and land admeasuring 3.3 hectare in October 2012 to *Rochem Separation Systems (I) Pvt. Ltd.* for 25 years by collecting an annual rent of ₹ one per sq. mtr. for setting up Municipal Solid Waste (MSW) processing plant,

warehouse and infrastructure, stocking and treatment of waste facilities etc. The lease period expired in 1997 which was not renewed and the lessee not only sub-leased the land valuing ₹ 127.35 crore (calculated as per prevailing *jantri* rate at the rate of ₹ 4,500 per sq. mtr.) but also had earned a minimum royalty of ₹ 22.68 lakh from *Hanjer Biotech Energies* during October 2008 to December 2013.

However, the Department failed to detect the breach of condition in this case and no punitive action has been taken. The above facts also point out the lack of monitoring mechanism in the Department.

### 3.2.11 Assessment and collection of rent

#### 3.2.11.1 Incorrect fixation of lease rent

- i) The Collector, Surat fixed (December 1992) an annual rent at the rate of ₹ 4,063 (at concessional rate of 25 *per cent* of normal rent on 5 *per cent* market value of land amounting to ₹ 3.25 lakh) for ten years, in respect of land admeasuring 3,249.94 sq. mtr. granted on lease to Gymkhana Surat.

The rate of rent was revised from five *per cent* to 15 *per cent* of value of land from October 1982. However, the collector applied per-revised rates. This resulted in short levy of rent of ₹ 1.30 lakh for the period 1992-2008. Moreover, the lease expired on 31 July 2007 for which the lessee neither applied for renewal nor the Collector initiated any action. The land continues to be in the occupation of the lessee. The Collector also did not revise the market value after every five years. This resulted in non-levy of rent of ₹ 2.13 crore<sup>14</sup> (calculated at *jantri* rates ₹ 35,000 per sq. mtr.) for the period 2008-2013.

- ii) Government Resolution of 26 April 1962 stipulates that in respect of land given on right to use annual rent at the rate of 2.5 *per cent* of the market value is to be levied.

We noticed that the Collector, Surat granted (April 1995) land admeasuring 87,840 sq. mtr. to *Reliance Industries Ltd.* for laying underground pipeline at an annual rent of ₹ 1,450 per sq.mtr. (0.15 *per cent* of the market value of land) instead of 2.5 *per cent* of the market value of land. Further, as per the condition of the order the rent was required to be revised after every seven year. However, we noticed that neither the rent was revised nor the rent at old rate was being recovered. The rent recoverable for the period 1995-2013 works out to ₹ 1.13 crore<sup>15</sup>.

During the Exit Conference, the Department stated that instructions would be issued to the concerned Collectors to take necessary action.

<sup>14</sup> *Jantri* rate ₹ 35,000 X 3,249.94 sq. mtr. x 15 *per cent* x 25 *per cent* x 5 years = ₹ 2,13,27,730

<sup>15</sup> At old rate upto 2008 which is ₹ 3,14,028 and from 2008-13 at the rate of ₹ 1,000 as per *jantri* rate which is ₹ 1,09,80,000 aggregating to ₹ 1,12,94,028

### 3.2.11.2 Short levy of lease rent due to non-revision of market price

GR of 21 October 1982 stipulates that in respect of land granted on lease for non-agricultural purposes, rent is to be collected at the annual rate of 15 per cent of market value of land. Further, GR of 5 April 2003 stipulates that rent is to be revised at the end of every five years and to be recovered in advance i.e. 1 August every year, otherwise, interest at the rate of 12 per cent is leviable after period of 90 days.

We observed in two Collectorates<sup>16</sup> that in three cases, the market value of the Government land admeasuring 6,82,932.80 sq. mtr. granted on lease was not revised as shown below:

Sl. No.	Name of lessee	Date of grant of the land on lease	Purpose	Area in sq.mtr.	Status of lease
1	Jay Fun Park Ltd.	April 1995	Amusement Park	6,74,100	Not expired
<p>The Collector, Surat granted (April 1995) on lease to <i>Jay Fun Park Ltd.</i> Government (<i>gauchar</i>) land admeasuring 6,74,100 sq. mtr. of S.No. 116/1 paiki in village Dhanka, Taluka-Choriyasi, District Surat for a period of 30 years at an annual rent ₹ 6.07 lakh for commercial purpose (Amusement Park, Water Park etc.) subject to the condition that the rent would be revised at the end of seven years. The lessee requested (October 2002) to allot the leased land permanently because they were not able to take loan by mortgaging the land as the same was granted on lease. The <i>Panchrojkam</i> of <i>Talati</i>, Dhanka (January 2004) stated that the rent was to be revised after seven years, the rate of land for non-agriculture use in the vicinity was ₹ 225 per sq. mtr. and there was severe protest by the villagers against allotment of the land permanently. Further, the villagers contended that the area of <i>gauchar</i> land available in the village was very less compared to cattle population and there was protest even from the neighbouring villages that the <i>gauchar</i> land granted on lease to Company should be resumed to Government account. No action was taken by the Collector Surat to revise the rent or resume the land to the Government.</p>					
2	Shri Ratilal A. Patel	January 1967	Saw mill	738.80	Not expired
<p>The Collector, Surat granted (January 1967) on lease for 99 years Government land admeasuring 738.80 sq. mtr. of CSS-No 1037 (RS No-17/paiki) of Moje- Bhestan, Taluka - Chouraysi, Surat at an annual rent ₹ 240 to <i>Shri Ratilal Alokbbhai Patel</i>. However, no action was taken by the Collector to revise the rent thereafter.</p>					
3	Shri Bhagwan Faridabh Gulabbhai	June 2001	Processing plant	8094	Not expired
<p>The Collector Palanpur granted (June 2001) Government land admeasuring 8,094 sq. mtr. to <i>Shri Bhagwan F Gulabbhai</i> for the purpose of processing plant for manufacture of perfumes for a period of 30 years subject to recovery of annual rent of ₹ 52,206. No revisions in rent were made thereafter.</p>					

During the Exit Conference, the Department stated that instructions would be issued to the concerned Collectors to fix the market price.

<sup>16</sup> Palanpur and Surat



### 3.2.11.3 Short levy of lease rent due to non adoption of revised rent

**The production of salt:** Under the GLR Code and Rules made there under, the unoccupied land may be leased out for specific period for production of salt subject to payment of rent fixed by the Government from time to time. The annual lease rent per hectare was revised to ₹ 30 (22 July 1993 effective from 1 August 1993), ₹ 150 (10 October 2000) and ₹ 300 (2 February 2010) with increase of 10 *per cent* on it for every three years from the date of grant of land. Further, as per the GR of 6 June 2003, rent is to be recovered in advance and after 90 days, interest at the rate of 12 *per cent* is chargeable on belated payment of rent.

- In 578 cases of four Collectorates<sup>17</sup>, lease rent for the period after 2 February 2010 was recovered at pre revised annual rent of ₹ 150 instead of ₹ 300 resulting in short levy of lease rent of ₹ 68.96 lakh.
- In five cases of two Collectorates<sup>18</sup>, no interest was levied on belated payment of rent resulting in non-levy of interest amounting to ₹ 1.35 crore.

**Aquaculture:** The GR of 2 August 1994 stipulates that the annual rent in respect of land granted on lease for *brackish water aquaculture* would be recovered from individual investor (up to 5 hectare) at the rate of ₹ 100 per hectare and from bigger investors for bigger plots at the rate of ₹ 100 for initial three years and thereafter at the rate of ₹ 500 per hectare. The Government revised (January 2007) the annual rent for land up to 5 hectare from ₹ 100 to ₹ 250 per hectare for first three years and thereafter from ₹ 200 to ₹ 500 per hectare and in the case of land above 5 hectare from ₹ 100 to ₹ 1,000 per hectare for first three years and thereafter from ₹ 500 to ₹ 2,000 per hectare.

We observed that in 272 cases of two Collectorates<sup>19</sup>, in respect of land granted for aquaculture, rent was not recovered at revised rate resulting in short levy of rent amounting to ₹ 45.43 lakh.

### Processing fee not recovered

The GR of 10 October 2000 stipulates that applicants are required to deposit non-refundable processing fee at the rate of ₹ 50 per hectare along with their application for granting of Government land on lease for production of salt or renewal thereof. Further, as per clause 9(1) of the GR, every lessee shall also deposit an amount equal to minimum production of salt. In this regard, we observed that:

- In 242 cases of two Collectorates<sup>20</sup> and the Department, processing fee was not recovered resulting in non-levy of processing fee of ₹ 4.95 lakh.

<sup>17</sup> Jamnagar, Kutch, Rajkot and Surat

<sup>18</sup> Jamnagar and Kutch

<sup>19</sup> Navsari and Surat

<sup>20</sup> Kutch and Rajkot

- In Collector Dwarka, 16,343.03 acre of land granted on lease for production of salt to Tata Chemicals Ltd. was renewed by the Collector (December 2006) without recovering security deposit of ₹ 26.46 lakh.

### Service charge not recovered

The GR of 26 April 2011 stipulates that individual, Company, Boards, Corporations, Municipal Corporations and Department of Central Government are required to pay non refundable service charge at the rate of one per cent of value of land calculated as per prevailing *jantri* rate along with application while applying for allotment/grant of Government land.

We observed in 230 cases of four Collectorates<sup>21</sup> and the Department, applications were processed without recovering service charge of ₹ 1.53 crore.

### 3.2.12 Conclusion

The Performance Audit revealed that the data on leased land had inaccuracies and was incomplete in the Collectorates. There was no co-ordination between the Department, Collector, *Mamlatdar* and the *Talatis*. Land was granted on lease to other products, plant and machinery etc., at the rate applicable for salt and bromine. Lands granted on lease were sold by the lessee and the names of purchaser were entered in the property card by the CSS. Registers prescribed for land granted on lease were not maintained as such the Collectors were not aware of the lands in the possession of the lessees even after the expiry of the lease period. The market value of the land granted on lease was not revised as such the pre-revised rent/no rent was being recovered and in cases where the rent was revised it was being recovered at pre-revised rates.

The above indicates that the proper system for management of leases of Government land has not yet been established. Therefore, the existing system is exposed to high risk of Government land getting appropriated on deficient assessment and recovery of lease rent.

### 3.2.13 Summary of recommendations

We recommend that:

- the Government may consider linking the information available in part II of the VF-“7/12” maintained in E-dhara with LeLIS data to minimise the error;
- After taking into account the viability of the Industries, the Government may consider fixing appropriate lease rent in respect of Government land granted to Industries for manufacturing of products other than salt and bromine;
- the Government may consider developing State level database of the (i) Government land granted on lease (ii) Status of applications received,

---

<sup>21</sup> Ahmedabad, Navsari, Rajkot and Vadodara

approved, rejected and pending (iii) Types and purposes of lease (iv) Number of leases continuing and the periodicity of leases with dates of expiry and (v) the consideration received from the lessee. This would help the system in becoming more comprehensive and transparent.

- Urgent action may be taken to either take back the possession of lease expired lands or fix the lease rent and recover the same including arrears; and
- the Government may ascertain the stage(s) at which lapses have occurred and take prompt action for rectification to ensure that the Government land is not sold/ transferred.

### 3.3 Audit of Allotment of Government Land

The Gujarat Land Revenue (GLR) Code, 1879 read with the Gujarat Land Revenue (GLR) Rules, 1972 provides for allotment of Government land on occupancy or leasehold rights either as revenue free or at the rates decided by the Government from time to time.

During the ‘Performance Audit (PA) of Management of Government Land’ included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 (Revenue Receipts) Government of Gujarat, the Department did not produce some files. These files were subsequently made available to audit during April 2013 to December 2013. Some interesting audit observations based on test check of these files are as follows:

#### 3.3.1 Allotment of *Gauchar* land at reduced rate coupled with decline of *Gauchar* land

The Government *vide* Revenue Department Resolution dated 27.01.1999 provided that the industry requiring the allotment of *Gauchar* land would have to pay either 30 *per cent* additional market value over and above the prevailing market value of the land or would have to acquire private or Government waste land for allotment to *Gram Panchayat* to make up for the loss of *Gauchar* land in the village. The Government *vide* GR of November 2004 instructed that Resolution dated 27.01.1999 is applicable only where *Gauchar* land is in excess of requirement.

The Government allotted (January 2011) land admeasuring 27,00,838 sq. mtr. of Suva village, Taluka Vagra at District Bharuch to *SRF Ltd.* (a private Company) for industrial purpose.

We noticed that initially the market value of land was fixed at the rate of ₹ 315 per sq. mtr. which worked out to ₹ 85.08 crore. The Government through Gujarat Industrial Development Corporation (GIDC) previously acquired private land in the vicinity at the rate of ₹ 175 per sq. mtr. for industrial purpose. Hence, the Department finally fixed the market value of land at the reduced rate of ₹ 175 per sq. mtr. which worked out to ₹ 47.26 crore. The additional occupancy price at the rate of 30 per cent of market value for *Gaucher* land was required to be levied on the market value

of ₹ 85.08 crore, but it was recovered on the reduced market value of ₹ 47.26 crore. The Department levied additional occupancy price of ₹ 14.18 crore instead of ₹ 25.52 crore. This resulted in short levy of additional occupancy price for *Gaucher* land to the tune of ₹ 11.34 crore.

When we pointed this out in audit (January 2014), the Department stated that as *Guacher* land was allotted at the rate of ₹ 175 per sq. mtr., additional 30 per cent on it was recovered. The reply is not acceptable. As per the prevailing policy, the industry requiring the *Gauchar* land would have to pay 30 per cent additional market value over and above the prevailing market value of the land.

### 3.3.2 Irregular exemption from payment of stamp duty on allotment of Government land

Section 9 of the Gujarat Stamp Act, 1958 provides that State Government may by rule or order published in the official gazette reduce or remit, whether prospectively or retrospectively the duties with which any instrument is chargeable.

We observed that Government decided (November 2008) to allot land admeasuring 44,51,700 sq. mtr. valued at ₹ 400.65 crore of village North Kotpur, *Taluka* Sanand to *Tata Motors Ltd.* The Revenue Department did not recover stamp duty amounting to ₹ 19.63 crore. The Government had also not notified any order in the official gazette for grant of exemption from stamp duty of ₹ 19.63 crore.

After we pointed this out (January 2014), the Department accepted our observations and stated (June 2014) that instructions had been issued to initiate action for publishing the order in the official gazette for grant of exemption. Further progress in the matter is awaited (November 2014).

## 3.4 Non/short levy of premium price

As per the Revenue Department's Resolutions<sup>22</sup>, in respect of conversion of land under new and restricted tenure to old tenure<sup>23</sup>, for agriculture purpose premium equal to 50 per cent and for non- agriculture purpose, premium equal to 80 per cent of market value of land as per prevalent *jantri*<sup>24</sup> is required to be recovered. The *jantri* rates were revised with effect from 01.04.2011 and again on 18.04.2011. In the Resolution of 18.04.2011, it was mentioned that the cases where old *jantri* rates were higher than the new *jantri* rates, then the old *jantri* rates of Resolution 2008 would be applicable for the valuation purpose.

---

<sup>22</sup> Dated 13 July 1983 read with the Resolution No NBJ-102006-S 71-J (Part 2) dated 04.07.2008

<sup>23</sup> New and restricted tenure means the tenure of occupancy which is non-transferable and impartible without the prior approval of Collector. Old tenure means land deemed to have been purchased by a tenant on Tiller's Day, 1 April 1957 free from all encumbrances. New and restricted tenure land can be converted to old tenure land after payment of premium price.

<sup>24</sup> Annual Statement of Rates issued by the Government showing the rates for the purpose of determination of value of immovable properties and levy of stamp duty.

Further, the Government *vide* Resolution dated 03.05.2011 reduced the rate of premium for agriculture purpose in rural area to nil and urban area to 25 *per cent* and for non- agricultural purpose to 40 *per cent* of market value of land as per prevalent *jantri*. All other conditions mentioned in the Resolution dated 04.07.2008 would remain unchanged.

During test check of the records of five Collector offices<sup>25</sup> for the period 2011-12, we noticed in eight cases (February 2013 to April 2013) that premium price of ₹ 3.37 crore was non/short levied as follows:

Sl. No.	Location/ Period of audit	No. of cases	Nature of observation
		Non/short levy of premium price (₹ in lakh)	
1	Vadodara 2011-12	1	The applicant applied for conversion of new tenure land admeasuring 14,164 sq. mtr. to old tenure in February 2011. The Government decided (March 2012) to recover premium price at old <i>jantri</i> rate of ₹ 6,500 per sq. mtr. and intimation in this regard was also received by the Collector in March 2012. Accordingly, the applicant was intimated to pay the premium of ₹ 4.26 crore in April 2012. Since the new <i>jantri</i> rate of ₹ 19,750 per sq. mtr. came into effect from 18.4.2011, i.e. prior to the Government's decision to grant the approval for the change of tenure, new <i>jantri</i> rates were required to be adopted for levy of premium price at the rate of 40 <i>per cent</i> of market value. Non-adoption of new <i>jantri</i> rates resulted in short levy of premium price of ₹ 2.21 crore on 8202 sq. mtr. (2.23 acre) of land.
		221.45	
2	Ahmedabad 2011-12	2	New tenure land was converted (June and July 2012) into old tenure for residential purpose. In these cases, as the old <i>jantri</i> rate of ₹ 5,000 in each case effective from 1.4.2008 to 31.3.2011 was higher compared to the new <i>jantri</i> rate of ₹ 4,500 per sq. mtr. effective from 18.4.2011, the Revenue Authority (RA) should have adopted the old <i>jantri</i> rate for levy of premium price at the rate of 40 <i>per cent</i> of market value on 30,251 sq. mtr. of land. This resulted in short levy of premium price of ₹ 60.50 lakh.
		60.50	
3	Anand 2011-12	3	Agriculture land admeasuring 17,401 sq. mtr. classified as new and restricted tenure was utilised for mining purposes, (i.e. to possess, store, sell etc.) without orders of the Collector and without payment of premium price. In this case, the Assistant Geologist had also granted registration certificates to possess, store, sell etc., of minerals in new and restricted tenure
		47.71	

<sup>25</sup> Ahmedabad, Anand, Gandhinagar, Nadiad and Vadodara

			land, but non- agricultural (NA) permission was not obtained by the applicant. Due to unauthorised use of agricultural land for NA purpose, premium price of ₹ 47.71 lakh was chargeable at the rate of 40 per cent of market value of ₹ 1.19 crore.
4	Nadiad 2011-12	1	Land admeasuring 2,100 sq. mtr. was converted from new and restricted tenure to old tenure for non-agricultural (NA) purpose, i.e., Commercial purpose (petrol pump). The land bearing survey number 679/2 falls under value zone R/0/14 of the <i>jantri</i> . The applicable rate of premium price was 40 per cent of market value of land. While calculating the market value of land, the RA adopted incorrect <i>jantri</i> rate of ₹ 840 per sq. mtr. of R/0/14/A value zone instead of the correct rate of ₹ 1,520 per sq. mtr. for levy of premium price. This resulted in short levy of premium price of ₹ 5.71 lakh.
		5.71	
5	Gandhinagar 2011-12	1	Land admeasuring 4,047 sq. mtr. was converted from new and restricted tenure to old tenure for agricultural purpose. The applicable rate of premium price was 25 per cent of market value of land. The RA adopted incorrect <i>jantri</i> rate of ₹ 676 per sq. mtr., i.e. <i>jantri</i> rate of (Town Planning) TP-15 instead of the correct rate of ₹ 844 per sq. mtr. of TP-14 for levy of premium price at the rate of 25 per cent of market value. This resulted in short levy of premium price of ₹ 1.70 lakh.
		1.70	
<b>Total no. of cases: 8, Total amount: ₹ 337.07 lakh</b>			

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.5 Non/short levy of penalty

The Gujarat Land Revenue Code, 1879 and the Rules made there under provide that no land can be used for any purpose other than the purpose for which it is assessed or held without prior permission of the competent authority. For any breach of condition/unauthorised use of land, the occupant shall be liable to pay penalty not exceeding 40 times of non-agricultural assessment (NAA) of the area of land.

During test check (February 2013 and March 2013) of the records of Collector office, Anand and *Mamlatdar* office, Vadodara for the period 2011-12, we noticed that in 18 cases, there was non/short levy of penalty amounting to ₹ 28.46 lakh as shown in the table as follows:

Sl. No.	Name of offices	No. of cases	Nature of observation
1.	Mamlatdar, Vadodara	14  1	(A) In 12 cases (ten commercial purpose and two residential purpose), land was used for non-agriculture purpose without prior permission of the Collector. The Revenue Authority had levied penalty of ₹ 10.13 lakh for breach of condition for only one year instead of the penalty of ₹ 24.42 lakh for entire period of unauthorised use of land ranging between two and 12 years. The RA had not taken into account the period for which the occupant had been using the said land without permission for levy of penalty. Further, in other two cases there was mistake in calculating the number of years from which the non-agricultural use was commenced. This resulted in short levy of penalty of ₹ 25.17 lakh.  (B) Initially permission for residential use on land was given by competent authority in August 2009. Later, the Collector granted revised permission for educational (i.e. commercial) use after levy of penalty for the area (300 sq. mtr.) of unauthorised construction done for educational use only. No penalty was levied on the total area (13,238 sq. mtr.) of land for which permission for residential use was initially given. This resulted in short levy of penalty of ₹ 1.23 lakh.
2	Collector, Anand	3	Assistant Geologist had granted registration certificates for storage of minerals on new tenure land. The land was used for commercial purpose (i.e., stocking of minerals) without prior permission of Collector. This resulted in non-levy of penalty of ₹ 2.06 lakh.

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.6 Non/short levy of conversion tax

Section 67 A of the Gujarat 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 (NA) purpose or from one NA 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. The conversion tax shall be paid in advance by a challan in the Government treasury. Rates of conversion tax were revised in April 2003.

During test check (between February 2013 and November 2013) of the records of two Collector offices<sup>26</sup> and two *Mamlatdar* Offices<sup>27</sup> for the period 2009-10 to 2012-13, we noticed that the conversion tax of ₹ 14.84 lakh was non/short levied in 12 cases as follows:

<sup>26</sup> Ahmedabad and Anand

<sup>27</sup> Ahmedabad and Vadodara

Sl. No.	Location / No. of cases Non-levy of conversion tax (₹ in lakh)	Nature of observation
1	<u>Ahmedabad</u> <u>5</u> 6.15	In four out of five cases, land admeasuring 74,953 sq. mtr. was purchased for commercial purpose, but conversion tax at the rate of ₹ 6 per sq. mtr. was not levied. In the remaining one case, land admeasuring 5,524 sq. mtr. was purchased for commercial purpose but conversion tax at the rate of ₹ 30 per sq. mtr. was not levied. Proper follow-up action was not taken by Revenue Authorities (RA) for recovery of conversion tax at applicable rates.
2	<u>Ahmedabad</u> <u>2</u> 4.29	In two cases, Government land admeasuring 14,294 sq. mtr. was allotted for non-agriculture purpose. In these cases separate NA permissions were not required. The RA failed to recover conversion tax at the rate of ₹ 30 per sq. mtr.
3	<u>Ahmedabad</u> <u>1</u> 1.93	Government land admeasuring 32,119 sq. mtr. was allotted to Gujarat State Petronet Ltd., Gandhinagar. The Company was required to take NA permission within six months of the allotment order, but the company has not obtained permission from Collector. The RA had neither taken any action against the Company nor levied conversion tax at the rate of ₹ 6 per sq. mtr.
4	<u>Anand</u> <u>3</u> 1.24	Agriculture land admeasuring 17,401 sq. mtr. classified as new and restricted tenure was utilised for mining purposes (i.e. to possess, store, sell, etc. of minerals) without orders of the Collector and without payment of premium price. In this case, the Assistant Geologist had also granted registration certificate of possess, store, sell etc of minerals in new and restricted tenure land, but NA permission was not obtained by the applicant. Due to unauthorised use of agriculture land for NA purpose, conversion tax was chargeable.
5	<u>Vadodara</u> <u>1</u> 1.23	Agricultural land admeasuring 6,171 sq. mtr. was used by the Basil Trust, Akota for educational purpose without prior permission of the Collector. The conversion tax was required to be levied at the rates of ₹ 30 per sq. mtr. applicable to commercial purpose, but it was regularised by levy of conversion tax at the rates of ₹ 10 per sq. mtr. applicable to charitable use.
<b>Total</b>	<b><u>12 cases</u></b> <b>₹ 14.84 lakh</b>	

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.7 Non/short levy of stamp duty

As per Article 20 of the Gujarat Stamp Act, 1958, stamp duty on conveyance is leviable on the market value of the property or consideration stated in the document, whichever is higher. Further, Revenue Department had instructed in April 2002 for inclusion of condition of payment of stamp duty in allotment orders and not to hand over possession of land till proper stamp duty is paid.



During test check of the records of two Collector offices<sup>28</sup> for the period 2011-12, in March 2013, we noticed in one case the stamp duty was levied on market value of property whereas amount paid to the Government in the form of occupancy price was higher than the market value of property. In another case, the Government land was allotted to firm by levying premium price<sup>29</sup>, but stamp duty was not levied. This resulted in non/short levy of stamp duty of ₹ 20.78 lakh in two cases as follows:

Sl. No.	Location / No. of cases Non/short levy of stamp duty (₹ in lakh)	Nature of irregularity
1.	<u>Junagadh</u> 1 16.16	Government land admeasuring 44,600 sq. mtr. encroached by M/s Ambuja Cement Ltd. was regularised by the Department by recovering occupancy price <sup>30</sup> of ₹ 5.50 crore. Stamp duty was levied on market value of ₹ 2.20 crore of property instead of occupancy price levied which was higher than market value of property. This resulted in short levy of stamp duty of ₹ 16.16 lakh.
2.	<u>Porbandar</u> 1 4.62	The Government land admeasuring 4,138.80 sq. mtr. was allotted to M/s Narandas Mulji for residential purpose after levying premium price of ₹ 94.20 lakh. However, while finalisation of the case, the RA had neither inserted condition for payment of stamp duty in the allotment order nor the same was levied. This resulted in non-levy of stamp duty of ₹ 4.62 lakh.
<b>Total</b>	<b>2 cases</b> <b>₹ 20.78 lakh</b>	

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.8 Non/short levy of service charge

The Government decided<sup>31</sup> to impose service charge at the rate of one *per cent* of the market value as per existing *jantri* rate on the date of application from the applicant, seeking for the grant of Government land. The said service charge has to be collected in advance i.e. at the time of submission of application by the applicant and application shall be processed only after payment of service charge by the applicant, which is not refundable. Further, Government *vide* GR dated 15.6.2011 clarified that service charge is also to be collected in advance from the State Government Company/Corporations,

<sup>28</sup> Junagadh and Porbandar

<sup>29</sup> Premium price was required to be paid by the seller for conversion of new and restricted tenure agriculture land to old tenure.

<sup>30</sup> Government can dispose off available land to needy persons for cultivation or for any other purpose on payment of occupancy price, subject to such terms and conditions as may be specified.

<sup>31</sup> GR No.JMN/3910/3519/A.1 dated 26.4.2011

Municipal Corporation, Municipalities and Department of Government of India, who are applying for grant of Government land.

During test check (March 2013 and November 2013) of the records of three Collector offices<sup>32</sup> for the period 2011-12 and 2012-13, we noticed that service charge of ₹ 17.43 lakh was non/short levied in eight cases as follows:

Sl. No.	Location / No. of cases Non-levy of service charge (₹ in lakh)	Nature of irregularity
1	<u>Ahmedabad</u> <u>1</u> 8.59	Advance possession of Government land admeasuring 9,814 sq. mtr. and valued at ₹ 8.59 crore was given to the Ahmedabad Municipal Corporation. But the Collector failed to levy service charge at the rate of one <i>per cent</i> of market value.
2	<u>Junagadh</u> <u>5</u> 7.48	In 5 cases, the applications for allotment of land valued at ₹ 7.48 crore were processed by the Collector without levy of service charges from the respective applicant.
3	<u>Amreli</u> <u>2</u> 1.36	In one case, M/s Patidar Industries Pvt. Ltd. had applied for allotment of Government land admeasuring 8,587 sq. mtr. for industrial purpose. The RA decided market value of land at ₹ 14.68 lakh and levied service charge accordingly. However, service charge was collected considering the <i>jantri</i> rate applicable for agricultural land instead of industrial land. Further, in another case, the applicant had applied for allotment of Government land admeasuring 4,047 sq. mtr. for industrial purpose, but due to calculation mistake on the part of RA, service charge was short levied.
<b>Total</b>	<b>8 cases</b> <b>₹ 17.43 lakh</b>	

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.9 Non-observance of Government instruction on PoA

The Government instructed<sup>33</sup> in September 2005 to invariably send copy of power of attorney (PoA) presented as evidence in support of ownership of land for obtaining non-agriculture (NA) permission and authorising the attorney to act for sale of land, receiving consideration, signing the sale deed, etc. to the concerned Deputy Collector (Valuation) for valuation and recovery of stamp duty.

Test check of the records of the *Mamlatdar* (NA), Vadodara for the year 2011-12, in March 2013 revealed that the Revenue Authorities had received the copies of PoA from the applicants (PoA holders) presented as evidence in

<sup>32</sup> Ahmedabad, Amreli and Junagadh

<sup>33</sup> In view of Article 45(f) and (g) of Schedule-I of the Gujarat Stamp Act, 1958

support of ownership of land admeasuring 1,86,471 sq. mtr. for obtaining permission of conversion of land and authorising the PoA holders to act in respect of sale of such land. However, the Revenue Authorities had not forwarded them to the concerned Deputy Collector for valuation and levy of proper stamp duty. The PoAs were required to be registered and stamp duty and registration fees were leviable as per conveyance deed. However, the same were not registered with the concerned registering authorities. This resulted in non-recovery of stamp duty and registration fees of ₹ 1.10 crore on market value of ₹ 18.65 crore based on *jantri* rates.

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.10 Non-levy of non-agriculture assessment

As per Section 48 of Gujarat Land Revenue Code, 1879, the land revenue leviable shall be assessed with reference to the use of land for the purpose of residence/industry/commerce/for any other purpose. The Government *vide* notification of August 2003 revised the rates of non-agriculture assessment (NAA) and classified the areas in three categories i.e. A, B and C for levy of NAA. Further, as per section 48 of the Code, NAA is leviable with effect from the commencement of the revenue year in which the land is used for NA purposes with or without permission of the competent authority. The Code provides for issue of a demand notice and distraint and sale of defaulter's movable/immovable property for recovery of arrears of the land revenue.

During test check of the records of *Mamlatdar* City (West), Ahmedabad for the period 2009-10 to 2011-12, during the month of February 2013, we noticed in two cases that Rajpath Club and HPCL had purchased agriculture land with permission of competent authority under Section 63 of Gujarat Tenancy and Agricultural Lands Act, 1948. However, NAA leviable at prescribed rate was not levied for NA use of land. This resulted in non-levy of NAA of ₹ 6.20 lakh.

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

### 3.11 Non-levy of measurement fees

Settlement Commissioner and Director of Land Records, Gandhinagar *vide* orders dated 31 December 2002 revised the rates of measurement fee from 1 February 2003. Accordingly, measurement fee is leviable at the rate of ₹ 1,200 for each development plan up to four plots and ₹ 300 for each additional plot.

During test check of the records of four Collector offices<sup>34</sup> for the period 2010-11 and 2011-12, between December 2011 and April 2013, we noticed in 21 cases that the Revenue Authorities granted permission to use land for various non-agricultural purposes as per the approved plan. The measurement

<sup>34</sup> Amreli, Bhavnagar, Himatnagar and Mehsana

fee was required to be recovered as per plan and number of plots approved at prescribed rates. However, the measurement fee was not recovered. This resulted in non-levy of measurement fees of ₹ 5.56 lakh<sup>35</sup>.

We reported the matter to the Department/Government in May 2014; their replies have not been received (November 2014).

---

<sup>35</sup> Number of plots X Rate per plot = 1852 X ₹ 300