



CHAPTER – V
LAND REVENUE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter, we present illustrative cases of ₹ 35.55 crore selected from observations noticed during our test check of records relating to non/short realisation of premium and ground rent, non remittance of land revenue and <i>upkar</i> in government account, non levy of service charges, etc. in the office of the Tahsildars and Collectors, where we found that the provisions of the Acts/Rules were not observed.</p> <p>It is a matter of concern that though similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, the Department has not taken corrective action.</p>
Trend of receipts	<p>In 2012-13, the collection of taxes from Land revenue increased by 58.96 <i>per cent</i> over the previous year. The Department did not furnish reason for variation.</p>
Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12)	<p>During the period from 2007-08 to 2011-12, through our Inspection Reports we had pointed out underassessment of premium, ground rent and diversion rent, non renewal of lease of <i>nazul</i> land, non levy of process expenses, non registering of revenue recovery certificate etc. with revenue implication of ₹ 2,177.38 crore in 6,00,616 cases. Of these, the Department/Government had accepted audit observations in 5,23,534 cases involving ₹ 1,314.57 crore and had since recovered ₹ 173.11 crore in 7,722 cases. The recovery position as compared to acceptance of objections was very low, ranging from 1.69 <i>per cent</i> to 37.10 <i>per cent</i>.</p>
Status of compliance to Inspection Reports 2012-13	<p>In 2012-13 we test checked the records of 55 units relating to land revenue and found underassessment of premium, ground rent, diversion rent and other irregularities involving ₹ 70.76 crore in 12,481 cases.</p> <p>The Department accepted underassessment and other deficiencies of ₹ 23.35 crore in 12,103 cases, which were pointed out by us during the year 2012-13.</p>
Our conclusion	<p>The Department needs to initiate immediate action to recover the amount on account of under assessment of premium and ground rent, under assessment of diversion rent and <i>upkar</i>, non recovery of process expenses etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

CHAPTER – V LAND REVENUE

5.1 Tax administration

The Revenue Department is headed by the Principal Secretary at the Government level. The Principal Revenue Commissioner (PRC) is the Head of the Department and is assisted by the Commissioner, Settlement and Land Records (CSLR). Commissioners of Divisions exercise administrative and fiscal control over the districts included in the Division. In each district, the Collector administers the activities of the Department. It is entrusted upon the Collector of a district to place one or more Assistant Collector(s) or Joint Collector(s) or Deputy Collector(s) in charge of a sub-division of a district. The officers so placed in charge of a sub-division are called Sub Divisional Officers. They have to exercise such powers of the Collector as are directed by the State Government by notification. Superintendents/Assistant Superintendents, Land Records (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. Tahsildars/Additional Tahsildars are deployed in the tahsils as representatives of the Revenue Department. There are 10 revenue divisions, each headed by a Commissioner, 50 districts, each headed by a Collector and 341 tahsils in the State.

Receipts from Land Revenue are regulated under the provisions of the following Acts and Rules and notifications issued thereunder:

- Madhya Pradesh Land Revenue Code (MPLRC), 1959;
- Madhya Pradesh *Panchayat Raj Adhiniyam* (MPPRA), 1993;
- Madhya Pradesh *Upkar Adhiniyam*, 1982;
- Madhya Pradesh *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhiniyam* (MPLA), 1987 and
- Revenue Book Circular (RBC).

5.2 Trend of receipts

According to para A-15 read with para 6.6.1 of Madhya Pradesh Budget Manual, 2012 the estimates of revenue receipts should include/project the actual demand including arrears due for the past years and probability of their realisation during the year. According to Rule 192 of Madhya Pradesh Financial Code, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department/Government.

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 table no.5.1:

Table No. 5.1

(₹ in crore)

Year	Revised budgeted estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual tax receipts vis-a-vis total tax receipts
2008-09	156.01	338.84	(+) 182.83	(+) 117.19	13,613.50	(+) 2.49
2009-10	161.81	180.03	(+) 18.22	(+) 11.26	17,272.77	(+) 1.04
2010-11	182.46	360.81	(+) 178.35	(+) 97.75	21,419.38	(1) 1.68
2011-12	475.00	279.06	(-) 195.94	(-) 41.25	26,973.44	(+) 1.03
2012-13	550.00	443.59	(-) 106.41	(-) 19.35	30,581.70	(1) 1.45

(Source: Budget estimates and Finance Accounts of the Government of Madhya Pradesh)

It may be seen that in 2012-13, the collection from land revenue increased by ₹ 164.53 crore (58.96 per cent) over the previous year. The variation between revised budget estimates and actuals ranged between (-) 41.25 per cent and 117.19 per cent during the years 2008-09 to 2012-13. The Department did not furnish reason for variation.

5.3 Internal audit and inspection

Internal Audit is an important mechanism to ensure that the departmental operations are carried out in accordance with the applicable laws, regulations and approved procedures in an economical, efficient and effective manner, subordinate offices are maintaining various records, registers/account books properly and accurately, and adequate safeguards are being taken against non/short collection or evasion of revenue.

We observed that no internal audit wing existed in the Department. In the absence of this, internal audit of all the units were pending.

Internal Audit wing may be formed to ensure regular internal audit for eliminating the weakness and defective practices in the system and resultant leakage of revenue.

5.4 Arrears of land revenue

The Department reported (July 2013) that office of the Principal Revenue Commissioner¹, Madhya Pradesh, Bhopal is newly created (2010-11). Thus the information of arrears of Land revenue is not available with the Department. The information is being collected from the districts.

5.5 Impact of audit

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

In the Audit Reports 2007-08 to 2011-12, we had pointed out cases of underassessment of premium and ground rent, non remittances of land revenue and *upkar*² in Government accounts, non levy of service charges, non recovery of process expenses, underassessment of diversion rent and premium etc. with

¹ Head of the Department of Tahsil offices

² Panchayat cess which is 50 per cent of land revenue

revenue implication of ₹ 342.72 crore. While the Department accepted observations of ₹ 258.71 crore it recovered a sum of only ₹ 143.14 crore up to 31 March 2013, as shown in the table no. 5.2:

Table No. 5.2

(₹ in crore)

Year of Audit Report	No. of paragraphs	Money Value	No. of accepted paragraphs	Money Value of accepted paragraphs	No. of paragraphs against which recovery made	Amount recovered up to 31-03-13
2007-08	5	4.75	3	3.18	3	2.29
2008-09	7	5.22	7	3.52	6	0.86
2009-10	1	314.60	1	239.84	1	139.87
2010-11	6	3.90	2	1.95	1	0.12
2011-12	7	14.25	2	10.22	-	-
Total	26	342.72	15	258.71	11	143.14

The percentage of recovery as compared to the accepted cases has been low during the last five year except in the year 2007-08 and 2009-10.

We recommend that the Government should take appropriate steps to recover the amounts involved, at least in the accepted cases.

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

During the period 2007-08 to 2011-12, through our Inspection Reports we had pointed out underassessment of premium, ground rent and diversion rent, non renewal of lease of *nazul*³ land, non levy of process expenses, non registering of revenue recovery certificate etc. with revenue implication of ₹ 2,177.38 crore in 6,00,616 cases. Of these, the Department/Government had accepted audit observations in 5,23,534 cases involving ₹ 1,314.57 crore and had since recovered ₹ 173.11 crore in 7,722 cases (as on 31 March 2013). The details are shown in the table no. 5.3:

Table No. 5.3

(₹ in crore)

Year of Inspection Report	No. of units audited	Objected		Accepted		Recovered		Percentage of recovery to amount accepted
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2007-08	110	2,37,557	110.81	2,37,557	110.81	7,021	11.69	10.55
2008-09	121	33,807	274.22	33,807	274.22	327	5.37	1.96
2009-10	94	1,36,783	628.68	72,803	378.94	21	140.60	37.10
2010-11	45	1,72,568	870.47	1,60,044	272.58	130	10.76	3.95
2011-12	66	19,901	293.20	19,323	278.02	223	4.69	1.69
Total		6,00,616	2,177.38	5,23,534	1,314.57	7,722	173.11	

The percentage of recovery as compared to the accepted cases has been very low over the last five years. We brought this issue to the notice of the Head of the Department as well as the Finance Secretary of the Government (August 2013).

³ Government land situated within urban areas.

5.5.3 Status of Inspection Reports 2012-13

Test check of the records of 55 units relating to land revenue during the year 2012-13 indicated underassessment of revenue and other irregularities involving ₹ 70.76 crore in 12,481 cases which fall under the following categories in the table no. 5.4:

Table No. 5.4

(₹ in crore)

Sl. No.	Categories	No. of Cases	Amount
1.	Underassessment of premium and ground rent	2	0.02
2.	Non-registration of revenue recovery certificates	135	2.36
3.	Underassessment of diversion rent/premium	5,381	1.37
4.	Non-renewal of lease of <i>nazul</i> land	57	0.47
5.	Non-raising of demand of diversion rent/premium and penalty	4,187	0.56
6.	Non-levy/realisation of process expense	253	0.96
7.	Other observations	2,466	65.02
Total		12,481	70.76

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 23.35 crore in 12,103 cases, which were pointed out in audit during the year 2012-13.

A few illustrative audit observations involving ₹ 35.55 crore highlighting important audit findings are mentioned in the following paragraphs.

5.6 Audit observations

We scrutinised the records relating to assessment and collection of Land Revenue which revealed short levy of premium and ground rent and other irregularities as mentioned in the succeeding paragraph in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the assessing authorities have been pointed out in earlier Audit Reports. Reference to paragraphs included in this Report and having similar observations raised earlier is given in **Annexure-I**, but not only do these irregularities continue to persist, these remain undetected till audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

5.7 Non-remittance of service charge in Government account

In order to grant incentives to the officers and staff engaged in land acquisition work and re-imburse the expenditure incurred in this regard, the Government decided in July 1991 to collect service charges at the rate of 10 *per cent* of the amount of award from the departments/organisations on whose behalf land acquisition was to be done. Before starting the proceedings for land acquisition, 10 *per cent* of the estimated amount of award was to be got deposited from the concerned departments/organisations. After the final award, balance of service charges (calculated on the difference of final award and estimated award) was also to be recovered. The amount so recovered was to be remitted to Government account under the major head 0029-Land Revenue. Further, Rule 7(i) of Madhya Pradesh Treasury Code (MPTC) Volume-I also provides that money collected on behalf of Government should be remitted in Government account without undue delay. Further, para 34 of Revenue Book Circular II-1 provides that the Commissioner of the Division should inspect revenue courts of each Collectorate and Tahsil in two and three year respectively while the Collector should inspect each Tahsil of his district every year.

We observed (December 2012) during test check of the records relating to land acquisition in Collectorate, Dhar that in 86 cases, the land award of an aggregate amount of ₹ 79.33 crore had been finalised and service charges of ₹ 7.93 crore recovered between December 2010 and October 2012. According to the rule, the service charges were required to be remitted into Government account⁴ without any delay. We, however, noticed that the same had been kept in personal deposit

account (PDA) of the Land Acquisition Officer instead of remitting it into the Government account till the date of audit (December 2012). Thus, the exchequer was deprived of revenue of ₹ 7.93 crore due to non-remittance of service charges. The inspection of this office was also not conducted by the Commissioner of the Division as well as Collector of the district.

After we pointed out the cases, Land Acquisition Officer, Dhar stated (December 2012) that the service charges could not be remitted into Government account because the amount collected and kept in the PDA was seized by the District Court, Dhar. We do not agree as after collection, it should have been deposited immediately into the Government account. Besides, the PDA did not remain seized from 1 January to 14 March and 21 July to 5 November 2012 and the service charges could have been remitted to Government account during this period.

We reported the matter to the Department and the Government in June 2013; their replies have not been received (January 2014).

⁴ Under the major head "0029"-Land Revenue

5.8 Non-levy/realisation of interest

Article 29.2 of the Development agreement executed (April 2008) between Government of Madhya Pradesh (GOMP), Madhya Pradesh Housing Board (MPHB) as Nodal agency and M/s Deepmala Infrastructure Private Limited (DIPL) provides that any sum which becomes payable under any of the provisions of this agreement by one party to the other party shall, if the same be not paid within the time allowed for payment thereof, be deemed to be a debt owned by the party responsible for payment thereof to the party entitled to receive the same. Such sum shall until payment thereof, carry interest at 15 *per cent* per annum from the due date for payment thereof until the same is paid to or otherwise realised by the party entitled to the same. Further, Rule 7 (i) of Madhya Pradesh Treasury Code (MPTC) Volume-I provides that money collected on behalf of Government should be remitted in Government account without undue delay.

We observed from the records (Development Agreement, allotment file and recovery related documents) of *Rajdhani Pariyojana (Nazul)* Bhopal (March 2013) that *Nazul* land measuring 15 acre was allotted in April 2008 to DIPL for ₹ 338 crore. The consideration was payable by DIPL in three installments and was to be revised according to actual measurement of land handed over to the allottee. Two installments of ₹ 101.40 crore each were paid by DIPL between April and August 2008 and the

last installment of the premium was due in April 2009. As the possession of 14.88 acre against 15 acre was handed over to the company (November 2008), the premium was revised as ₹ 335.30 crore. We noticed that the last installment of ₹ 132.50 crore was paid by the lessee in July 2010 after a lapse of 469 days after the due date. As such, interest of ₹ 25.54 crore was also payable for the delayed period. We, however, noticed that neither the Department demanded any interest nor was it paid by the lessee which resulted in non-realisation of interest of ₹ 25.54 crore⁵.

We also observed that the third installment of ₹ 132.50 crore mentioned above paid on 31 July 2010 to MPHB on behalf of the Government was remitted into the treasury on 18 August 2010 by MPHB after lapse of 16 days of its receipt, due to which the Government was deprived of interest of ₹ 87.12 lakh⁶. This was also not demanded from MPHB. Thus, non-levy of interest on belated payment of Government dues and delay in remittance thereof resulted in non-realisation of interest of ₹ 26.41 crore.

⁵ The amount deposited for delay of 469 days (17.04.09 to 30.07.10) – 1,32,49,60,000
1,32,49,60,000 x 15 *per cent* (Annual interest) = 19,87,44,000
Interest of one day = 19,87,44,000/365 days = 5,44,504.10
Total interest = 5,44,504.10 x 469 days = 25,53,72,427 or ₹ 25.54 crore

⁶ The amount remitted for delay of 16 days (02.08.10 to 17.08.10) – 1,32,49,60,000
1,32,49,60,000 x 15 *per cent* (Annual interest) = 19,87,44,000
Interest of one day = 19,87,44,000/365 days = 5,44,504.10
Total interest = 5,44,504.10 x 16 days = 87,12,064 or ₹ 87.12 lakh

After we pointed out the case, the *Nazul* Tehsildar stated (March 2013) that action would be taken as per rule after scrutiny of relevant documents in the interest of Government. Further progress has not been received (January 2014).

We reported the matter to the Department and the Government in June 2013; their replies have not been received (January 2014).

5.9 Non-remittance of land revenue and *upkar* in Government Account

As per Rule 7 (i) of Madhya Pradesh Treasury Code (volume I) read with Government notification issued in November 2001, land revenue and *upkar* collected by Tahsil offices should be remitted into the treasury in Government account under the major head 0029-Land Revenue.

We observed between June and December 2012 during test check of statement of demand and collection and challans of seven Tahsil offices⁷ that land revenue and *upkar* of ₹ 85.28 lakh collected between October 2011 and September 2012 by *Tahsil* offices was deposited in *Panchayat* Fund rather than in the treasury under Major head '0029'-

Land revenue. Thus, the State exchequer was deprived of revenue of ₹ 85.28 lakh. The discrepancy was not pointed out by the Department, though the inspection of Tahsil, Kotma was conducted by the Commissioner of Shahdol Division in March and September 2012 which is indicative of ineffective inspection.

After we pointed this out between September and December 2012, four Tahsildars⁸ stated (between September and December 2012) that land revenue and *upkar* would be deposited in Major Head '0029'-Land revenue. Tahsildar, Ashtha (Sehore) stated in September 2012 that on being pointed out by audit, a letter has been issued to Chief Executive Officer, *Jila Panchayat* Sehore to get the amount deposited in Government account. Tahsildar Dewas and Tahsildar Porsa (Morena) stated in June and November 2012 respectively that action would be taken to get the amount refunded from *Jila Panchayat* at the earliest. Further progress has not been received (January 2014).

We reported the matter to the Department and the Government in June 2013; their replies have not been received (January 2014).

5.10 Underassessment of *Nazul* Premium and Ground Rent

Clause 1 of the Market Value Guidelines 2010-11 for plots provides that corner plots shall be valued by adding 10 *per cent* to the normal value prescribed therein.

We observed from the records (Revenue case register and *nazul* cases) of Sub-Divisional Officer (City circle) Bhopal (March 2013) that a *nazul*

plot measuring 2024.16 square meter was allotted by the Government on

⁷ Ashtha (Sehore), Dewas, Jaithari (Anuppur), Kotma (Anuppur), Manjholi (Sidhi), Porsa (Morena) and Sehawal (Sidhi)

⁸ Jaithari (Anuppur), Kotma (Anuppur), Manjholi (Sidhi) and Sehwal (Sidhi).

permanent lease (October 2010) to Madhya Pradesh Road Development Corporation (MPRDC). The recitals of the sanction for allotment of *nazul* plot revealed that premium was to be worked out in accordance with the provisions and at rates prescribed in the market value guidelines for the year 2010-11. Accordingly, premium of ₹ 3.67 crore and ground rent of ₹ 27.55 lakh per year was chargeable. We, however, noticed that the Department charged premium of ₹ 3.34 crore and ground rent of ₹ 25.05 lakh per year ignoring the fact that being a corner plot, it was to be valued by adding 10 *per cent* to the normal value. Thus, the underassessment of premium resulted in short levy/realisation of premium of ₹ 33.40 lakh and ground rent of ₹ 2.50 lakh per year totaling ₹ 35.90 lakh⁹.

After we pointed this out (March 2013), Sub Divisional Officer (*Nazul*) stated (March 2013) that necessary action would be taken. Further progress in the matter has not been received (January 2014).

We reported the matter to the Department and the Government in June 2013; their replies have not been received (January 2014).

⁹ The Guideline Commercial rates for the year 2010-11 are ₹ 16,500 per Square Meter.
2024.16 x 16.500 =3,33,98,640 x 10 *Percent* extra for corner *Nazul* land=
₹ 3,67,38,504
Loss Premium = 3,67,38,504 - 3,33,98,640= ₹ 33,39,864
Leviable ground rent @ 7.5% = 3,67,38,504 x 7.5%=27,55,388 per year
Loss ground rent = 27,55,388 -25,04,898= 2,50,490 per year
Total Loss= 33,39,864 + 2,50,490 = ₹ 35,90,354
