

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 (SDO). 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. Tehsildars/Additional Tehsildars are deployed in the tehsils 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 tehsils 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 Adhinyam* (MPPRA), 1993;
- Madhya Pradesh *Upkar Adhinyam*, 1982;
- Madhya Pradesh *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhinyam* (MPLA), 1987 and
- Revenue Book Circular (RBC).

5.2 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 control mechanism in the Department was weak .

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.

5.3 Results of audit

Test check of the records of 68 units relating to land revenue during the year 2013-14 indicated underassessment of revenue and other irregularities involving ₹ 154.44 crore in 76,322 cases which fall under the following categories in the **Table-5.1**.

Table - 5.1

(₹ in crore)			
Sl. No	Categories	No. of Cases	Amount
1.	Incorrect application of rates resulted in loss of premium and ground rent	77	0.75
2.	Non-renewal of lease of <i>nazul</i> land	13	0.76
3.	Underassessment of diversion rent/premium	150	0.42
4.	Non-raising of demand of diversion rent/premium and penalty	10,660	0.77
5.	Non-levy/realisation of process expense	36	3.07
6.	Non-registration of revenue recovery certificates	06	0.48
7.	Other observations	65,380	148.19
Total		76,322	154.44

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 96.63 crore in 76,154 cases, which were pointed out in audit during the year 2013-14. An amount of ₹ 3.33 crore was realised in 90 cases by the Department during the year 2013-14 (for the year 2011-12 and 2012-13).

A few illustrative audit observations involving ₹ 94.83 crore highlighting important audit findings are mentioned in the following paragraphs.

5.4 Audit observations

We scrutinised the records related to assessment and collection of Land Revenue which revealed short levy of premium and ground rent and other irregularities as mentioned in the succeeding paragraphs 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, 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.

5.5 Underassessment of premium and ground rent

RBC-IV-I provides for levy of premium on market value of 60 per cent of *nazul* land allotted to development authority and Housing Board or the plot area for residential purpose, whichever is more. Ground rent is leviable at prescribed rates for residential purpose. According to the circular of April 2003 issued by Revenue Department, Government of Madhya Pradesh, *nazul* land would be valued according to the provisions of the guidelines issued by the Collector after reducing development charges.

We observed (January 2012) during test check of case files of allotment of land in Collectorate (*Nazul*), Gwalior, that land measuring 24.658 hectare situated in village Dongarpur, within the limit of Municipal Corporation, Gwalior was allotted to Madhya Pradesh Housing Board by the Collector, Gwalior in April 2011 for residential purpose at a premium of ₹ 8.79 crore and ground rent of ₹43.94 lakh. We noticed that the Department incorrectly valued the land rates considering the rates applicable for agriculture land for the year 2010-11 instead of the rates applicable to land allotted for residential purpose during 2011-12 in terms of the provision of RBC-IV-I. Levy of incorrect rate not only led to underassessment of premium and ground rent but also resulted in short levy/realisation of revenue of ₹ 91.75 crore as per details in **Table-5.2**.

Table - 5.2

(₹ in crore)			
<u>Village/Area Sq.metre</u> <u>Rate per Sq. metre</u> <u>development charges</u>	<u>Premium</u> <u>Yearly</u> <u>Ground rent</u> <u>Leviable¹</u>	<u>Premium</u> <u>Yearly</u> <u>Ground rent</u> <u>Levied</u>	<u>Short levy</u> <u>Premium</u> <u>Ground rent</u>
Dongarpur/ 24.658 hectare 2,46,580 Sq. metre (8,000-1,500 = ₹ 6,500)	96.17 4.81	8.79 0.44	87.38 4.37
Total			₹ 91.75

After we pointed out the case, Additional Collector, Gwalior stated in March 2014 that compliance would be submitted to audit after receipt of information from Sub Divisional Officer.

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

¹ Leviable Premium = ₹ 96.17 crore at the rate of ₹ 6500 per Sq. metre on 1,47,948 Sq. metre (60% of 2,46,580 = 1,47,948 sq. metre)
Leviable Yearly Ground rent = ₹ 4.81 crore per year (5% of ₹ 96.17 crore)

5.6 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 Tehsil offices should be remitted into the treasury in Government account under the major head 0029-Land Revenue without any delay.

We observed between August 2012 and March 2014 during test check of statement of demand and collection and challans of 21 Tehsil offices² land revenue and *upkar* of ₹ 2.26 crore collected between 2006 and 2013 by *Tehsil* offices was deposited in *Panchayat* Fund rather than in the treasury under Major head '0029'-Land revenue. Thus, failure to adhere to the prescribed system of remittances deprived the exchequer of revenue of ₹ 2.26 crore. Moreover, the discrepancy was not pointed out by the Department, though the inspection of 12 Tehsils³ was conducted by the higher departmental Authorities between March 2009 and January 2014, which is indicative of ineffective inspections.

After we pointed out, respective Tehsildars stated in May 2014 that land revenue and *upkar* would be deposited in Major Head '0029' land revenue and audit would be intimated.

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

5.7 Underassessment of premium and ground rent in renewal of temporary lease

Paragraph 32 (2) of RBC IV-I provides for levy of 30 *per cent* premium and 7.5 *per cent* of full premium as yearly ground rent on allotment of Government plots on temporary lease for three years for commercial purposes. The same rates are applicable for renewal of temporary lease. The premium in such cases is equal to the market value of plots worked out in accordance with the market value guidelines of the district.

During the test check of files regarding temporary lease (November 2012) in Collectorate (*Nazul* Section) Dhar, we observed that a temporary lease of a plot measuring 1,740 sq. metre was renewed in March 2012. The plot was situated on road in village Eklara Khurd of Dharampuri Tehsil and a petrol pump was running on the said plot. According to the market value guidelines of Dhar district for the year 2011-12, the rates of plot of the locality were ₹ 7,000 per sq. metre. Therefore, 30 *per cent* of premium and yearly ground rent worked out to ₹ 36.54 lakh and ₹ 9.13 lakh respectively. We however noticed that the collector applied the rates applicable for agriculture land and determined the 30 *per cent* of premium and yearly ground rent as ₹ 1.04 lakh and ₹ 0.26 lakh respectively. The temporary lease was renewed on payment of ₹ 1.04 lakh towards 30 *per cent* premium and three year ground rent amounting to ₹ 0.78 lakh (totaling ₹ 1.82 lakh). The under assessment resulted in short realisation of premium and ground rent of ₹ 62.12 lakh.

After this was pointed out, the Revenue Inspector (*Nazul*) stated in November 2012 that the premium and ground rent was determined in accordance with the guidelines. The reply is not in conformity with the provisions of guidelines as nowhere in the guidelines, it was provided that rates of agriculture land would be applicable for petrol pump rather than plot rates.

² Amla(Betul), Badwaha (Khargone), Bhandar (Datia), Bhichiya (Mandla), Burhanpur, Chhinor (Gwalior), Dabra (Gwalior), Huzur (Bhopal), indore, Karhal (Sheopur), Katngi (Balaghat), Kurai (Seoni), Laundi (Chhatarpur), Mahidpur (Ujjain), Manpur (umaria), Multai (Betul), Pipariya (Hosangabad), Prasiya (Chhindwara), Sehore, Uchera (satna), Vidisha

³ Amla (Betul), Badwaha (Khargone), Bhandar (Datia), Chhinor (Gwalior), indore, Karhal (Sheopur), Kurai (Seoni), Laundi (Chhatarpur), Mahidpur (Ujjain), Multai (Betul), Sehore, Vidisha

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

5.8 Underassessment of diversion rent, premium and *upkar*

Under Section 59 and 172 of MPLRC, 1959, where land assessed for one purpose is diverted for any other purpose, the Land Revenue payable on such land shall be revised and reassessed in accordance with the purpose for which it has been diverted from the date of such diversion at the rates fixed from time to time by the Government. Further, *Panchayat Upkar* at the rate of 50 *paisa* for each rupee of diversion rent is also leviable in *Gram Panchayat* area.

During test check of diversion cases, in office of one Tehsildar⁴ and three Collectorate (Diversion)⁵, between November 2012 and February 2014, we observed that there was underassessment of diversion rent and premium in 20 cases of diversion decided between October 2010 and August 2013. We noticed that diversion for the commercial purposes was treated as residential purpose, rates were incorrectly applied or assessment was done on reduced area. We also observed that in 13 out of these 20 cases, *panchayat upkar* was not assessed though the land was situated in Gram Panchayat area. This resulted in short/non levy of premium, diversion rent and *upkar* of ₹ 19.75 lakh as per details given in the **Annexure-XIII**

After we pointed out, the Sub Divisional officer, Bhopal, Burhanpur and Tehsildar Badarwas (Shivpuri) stated between May and December 2013 that recovery would be made under intimation to Audit. The Superintendent, Land Records of Collectorate (Diversion), Dewas stated in respect of three cases in November 2012 that area as per application for diversion was taken for assessment. The replies do not explain as to why the area/lay out approved by the Town and Country Planning Department was not considered for assessment of premium and diversion rent. As such, the cases are required to be reviewed for rectification.

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

⁴ Tahsildar Badarwas (Shivpuri)
⁵ Bhopal, Burhanpur and Dewas