



Chapter-VI
Land Revenue

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6.1 Tax Administration

The receipts from Land Revenue are regulated under Karnataka Land Revenue (KLR) Act, 1964, and the Rules made thereunder and administered at the Government level by the Principal Secretary, Revenue Department. The Principal Secretary is assisted by four Regional Commissioners, 30 Deputy Commissioners (DCs), 44 Assistant Commissioners and 179 Tahsildars.

6.2 Internal Audit

The objective of an Internal Audit Wing (IAW) is to have a deterrent and reforming effect by pointing out mistakes and ensuring remedies without loss of time.

IAW has not been constituted under the Department, which leaves it vulnerable to the risk of control failure.

Audit recommends setting up of IAW in the Department to examine and evaluate the level of compliance with the rules and procedures so as to provide a reasonable assurance on the adequacy of the internal controls.

6.3 Results of Audit

In 2016-17, test check of the records of 46 units of Land Revenue Department revealed short/non-levy of cost of land, lease rent, conversion fine, compounding amount and other irregularities amounting to ₹ 5.23 crore raised through 38 paragraphs, which fall under the following categories as given in **Table 6.1**.

Table 6.1
Results of Audit

Sl No.	Category	No. of paragraphs	(₹ in crore)
			Amount
1.	Short /non levy of cost of land and lease rent	9	3.00
2.	Short/non levy of conversion fine and compounding amount	20	1.28
3.	Other irregularities	9	0.95
	Total	38	5.23

During the course of the year, the Department accepted under assessments worth ₹ 6.41 lakh in four paragraphs. In 31 paragraphs, an amount of ₹ 1.53 crore was also recovered as pointed out during earlier years.

An illustrative case relating to non/short realisation of compounding amount involving ₹ 1.11 crore is discussed in the following paragraph.

6.4 Non/short levy of compounding amount

Section 95(2) of the KLR Act, 1964, provides for diversion of agricultural land for non-agricultural purposes with the permission of the DC. Further, as per Section 96(4) of KLR Act, 1964, in case of diversions without permission, the DC may compound such diversion on payment of a compounding amount. The rates of compounding amount are prescribed under Rule 107-A of the Karnataka Land Revenue Rules, 1966.

During test check of records of three Tahsildars and six DCs between August 2015 and December 2016, Audit noticed that in 13 cases permission was granted by the DC for diversion of agricultural land for non-agricultural purposes during the years 2012-13 to 2015-16. On scrutiny of the land inspection reports of the Tahsildars' concerned, it was, however, noticed that these were agricultural lands and were diverted for non-agricultural purposes by constructing structures, carrying on mining and other industrial activities, etc. before obtaining permission of DC for diversion. Since these cases were diversion of agricultural land for non-agricultural purposes without permission of DC, compounding amount at prescribed rates should have been levied in all these cases, as per Section 96(4) of KLR Act, 1964. Out of the above, in six cases, compounding amount of ₹ 61.88 lakh was not levied and in the remaining seven cases, it was levied short by ₹ 48.81 lakh.

The total non/short levy of compounding amount works out to ₹ 1.11 crore as given in **Table 6.2**.

Table 6.2
Details showing non/short levy of compounding amount

(₹ in lakh)				
Name of the Office	Number of cases	Compounding amount leviable	Compounding amount levied	Non/short levy of compounding amount
Tahsildar, Bengaluru North Taluk	02	9.06	1.81	7.25
Compounding amount was levied at rates prescribed for residential purposes instead of non-residential purposes.				
Tahsildar, Bengaluru East Taluk, K.R.Puram	01	14.62	1.12	13.50
Compounding amount was levied for 1,955 square feet instead of 25,434 square feet.				
DC, Bengaluru Urban.	02	8.32	1.14	7.18
In one case, compounding amount was levied for 1,980 square feet instead of 13,068 square feet. In another case, compounding amount was not levied for 1,406 square feet (₹ 0.81 lakh).				
DC, Bidar	02	50.53	Nil	50.53
Compounding amount was not levied for diversion of agricultural land for stone crushing purposes.				
DC, Chamarajanagara	01	1.16	Nil	1.16
Compounding amount was not levied for diversion of agricultural land for quarrying of granite.				
DC, Davanagere	02	12.73	4.84	7.89
Compounding amount was levied at rates prescribed for residential instead of non-residential rates.				
Tahsildar, Hassan	01	7.38	Nil	7.38
Compounding amount was not levied for diversion of agricultural land for quarrying activities.				
DC, Hassan	01	2.00	Nil	2.00
Compounding amount was not levied for diversion of agricultural land for quarrying activities.				

Name of the Office	Number of cases	Compounding amount leviable	Compounding amount levied	Non/short levy of compounding amount
DC, Tumakuru	01	17.40	3.60	13.80
Compounding amount was levied at rates prescribed for residential purposes instead of non-residential purposes.				
Total	13	123.20	12.51	110.69

After these cases were brought to the notice of the Department and the Government between February and March 2017, DC, Tumakuru, stated that compounding amount was levied at the rate applicable for residential purposes as land was diverted for construction of residential houses. Reply of DC, Tumakuru, is not acceptable since the land was diverted for non-agricultural (industrial) purposes and not for residential purposes. Reply in respect of remaining cases is awaited (November 2017).

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