

# CHAPTER III



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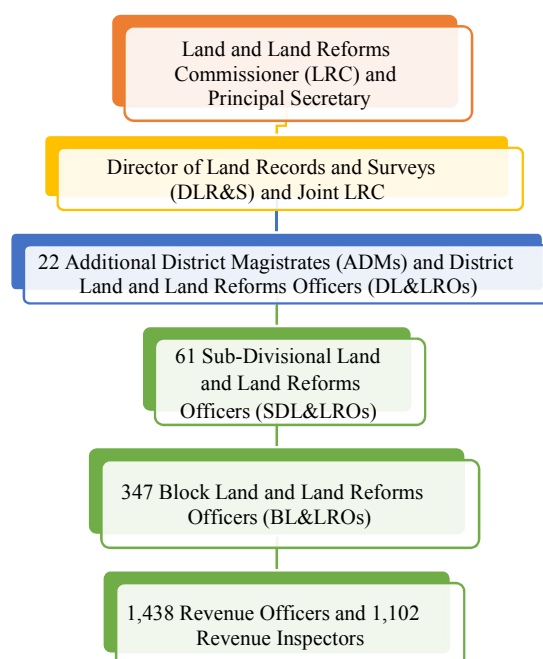
### LAND REVENUE

#### 3.1 Tax administration

Land Revenue consists of receipts from land rent, rates and cess, management of Ex-Zamindari Estates, survey and settlement operations etc. Assessment and collection of land revenue are governed by the West Bengal Land Reforms (WBLR) Act, 1955; West Bengal Land Reforms (WBLR) Rules, 1965; West Bengal Land Acquisition (WBLA) Manual, 1991; West Bengal Land and Land Reforms (WBL&LR) Manual, 1991 and Land Transfer Rules contained in the Bengal Land Acquisition (BLA) Act, 1917.

During 2017-18, Land Revenue was administered by the Land and Land Reforms (L&LR) Department. The organisational set up has been shown in the following chart:

**Chart 3.1: Tax Administration**



#### 3.2 Internal audit

The Internal Audit Wing (IAW) of the L&LR Department was established with the objective of evaluating accountability, compliance to applicable rules and regulations and safeguarding resources against loss.

During 2017-18, the IAW was headed by the Audit Officer cum Ex-officio Joint Secretary who was assisted by 11 Assistant Auditors. While no Internal Audit Officer was posted in the IAW against sanctioned strength of 16, number of Assistant Auditors posted were 11 against the sanctioned strength of 14. The IAW planned to audit 17 DL&LROs, six Land Acquisition (LA) Collectors, one First Land Acquisition (FLA) Collector, one Rent Controller and two Thika tenancies during 2017-18. The IAW conducted audit of 16 DL&LROs, six LA

Collector, one FLA Collector, one Rent Controller and one Thika Tenancy<sup>77</sup> during the period, which was 92.59 *per cent* of the units planned for audit.

### 3.3 Results of audit

Test check of the records of one unit showed irregularities involving ₹ 3.37 crore in seven cases.

During the year, the Department accepted underassessment and other deficiencies of ₹ 1.08 crore in 19 cases pertaining to the earlier years. An amount of ₹ 97.56 lakh was realised in 19 cases in 2017-18. The cases mentioned in the succeeding paragraphs are those which came to notice in the course of test audit for the period 2017-18 as well as those which came to notice in 2016-17, but could not be reported in the previous Audit Report. The cases were examined to ascertain the extent of compliance of provisions of the Acts and rules framed thereunder. The findings arising from audit involving ₹ 22.20 crore are discussed in the following paragraphs:

### 3.4 Non-settlement of long term lease

The Department failed to settle 23 cases of long-term leases involving 48.31 acres of land within the prescribed time limit. The land was under unauthorised occupation.

Rule 238 of the WBL&LR Manual, 1991 provides that Government land, remaining in the possession of a person(s), though unauthorisedly, may be offered to such person(s) on long term settlement for non-agricultural purpose on realisation of rent and *salami*<sup>78</sup> at the prescribed rates. Further, Rule 225 of the Manual prescribes that the procedure of long term settlement should be completed by the Department within five months from the date of its initiation.

Audit test checked records relating to long-term settlement cases in seven DL&LROs<sup>79</sup>. It found<sup>80</sup> that 48.31 acres of land was under unauthorised occupation in 23 cases. The occupants had applied between January 1999 and January 2016 for long term settlement of the land for non-agricultural purposes. It was observed that:

- In nine cases, the proposals for long term lease were not forwarded by the concerned DL&LROs to the approving authority, the L&LR Department.
- In the remaining 14 cases, proposals were pending with the L&LR Department.

Thus, the Department failed to settle the land through lease agreement with the unauthorised occupants within the prescribed time limit. Audit calculated

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<sup>77</sup> As per the West Bengal Thika Tenancy (Acquisition and Regulation) Act, 2001, Thika Tenancy is the tenancy acquired by a person who occupies, whether under a written lease or otherwise, land under another person, and is liable to pay rent to that another person, and has erected or acquired by purchase or gift any structure on such land for residential, manufacturing or business purpose.

<sup>78</sup> *Salami* means the lump sum amount payable by the lessee in the case of settlement of Government land.

<sup>79</sup> Birbhum, Jalpaiguri, Murshidabad, North 24 Parganas, Paschim Medinipur, South 24 Parganas and Uttar Dinajpur.

<sup>80</sup> Between November 2016 and March 2017.

that revenue of ₹ 10.32 crore<sup>81</sup> (*Salami* ₹ 9.94 crore and rent ₹ 37.85 lakh) was realisable from such unauthorised occupants.

No specific reasons, however, were found on records for delay in finalisation of long term lease cases.

Three DL&LROs<sup>82</sup> accepted<sup>83</sup> the audit observations in eight cases involving ₹ 2.11 crore. They, however, did not furnish report on finalisation of the leases. In the remaining cases, the DL&LROs did not furnish any/specific reply (December 2019).

The matter was reported to the Government in August 2018. Their reply was awaited.

Though similar observations were made in earlier Audit Reports, pendency of cases persisted. Cases featured in Audit Reports of the last five years are detailed in the following table:

**Table-3.1**

**Long term lease cases featured in previous Audit Reports**

Year of Audit Report	No of cases	Money value involved (₹ in crore)	DL&LROs where cases were found	Reply of the Government
2012-13	5	0.97	Birbhum, North 24 Parganas and Paschim Medinipur	Accepted <sup>84</sup>
2013-14	6	4.55	Darjeeling, Hooghly, Howrah and North 24 Parganas	No reply
2014-15	12	1.08	Burdwan (East), Cooch Behar, Hooghly, Howrah, Krishnanagar, Murshidabad and Uttar Dinajpur	No reply
2015-16	25	19.49	Birbhum, Burdwan (East), Cooch Behar, Dakshin Dinajpur, Hooghly, Howrah, Jalpaiguri, North 24 Parganas and Purulia	Accepted
2016-17	52	73.90	Bankura, Burdwan, Darjeeling, Howrah, Malda, Murshidabad, North 24 Parganas, Paschim Medinipur and Purba Medinipur	Accepted

Recurrence of such cases of non-settlement shows that the Department was not taking required steps to ensure that settlement of land through long term lease was effected within the prescribed time frame.

### **3.5 Non/short realisation of revenue on land used for commercial purposes**

There was non/short realisation of rent, cess and surcharge of ₹ 7.58 crore in 8,760 cases on land used for commercial purpose.

Sections 22 and 23 of the WBLR Act, 1955 provide that raiyats<sup>85</sup> using land for commercial purposes are liable to pay land revenue at the prescribed rate. Further,

<sup>81</sup> In the absence of the current market value, the realisable revenue has been calculated based upon the old figures noted in departmental records.

<sup>82</sup> Jalpaiguri, Murshidabad and Uttar Dinajpur.

<sup>83</sup> Between December 2016 and March 2017.

<sup>84</sup> Except one case involving ₹ 55.79 lakh of DL&LRO Paschim Medinipur.

<sup>85</sup> Raiyat means a person or an institution holding land for any purpose.

Section 3 of the West Bengal Rural Employment and Production (WBREP) Act, 1976 provides for levy and collection of a surcharge<sup>86</sup>. Different kinds of cess<sup>87</sup> are also levied on the land revenue payable by raiyats. The *Bhumi Sahayaks* posted in the Revenue Inspectors' offices under the BL&LROs are responsible for collection of land revenue.

Audit test checked *Bhumi Sahayaks*' Collection Registers (Register-III) and Rent Receipt Books in seven DL&LROs<sup>88</sup>. It noticed<sup>89</sup> that in 8,760 cases, 3,343 raiyats had not paid rent, cess and surcharge of ₹ 7.58 crore on 87,099.45 acres of land. The land was being used for commercial purposes for various periods between 2012-13 and 2015-16. It was observed that:

- In 8,698 cases, the authorities did not collect rent, cess and surcharge of ₹ 7.56 crore on 87,042.74 acres of land. DL&LROs did not initiate any action to realise the dues from them.
- In remaining 62 cases, the authorities collected ₹ 10.30 lakh against the payable amount of ₹ 12.05 lakh on 56.71 acres of land due to application of incorrect rate for realisation of rent.

It was observed that the Department had not instituted any mechanism to review non-collection of rent, cess & surcharge or application of incorrect rate of rent.

There was non/short realisation of rent, cess and surcharge of ₹ 7.58 crore.

After this was pointed out, five DL & LROs<sup>90</sup> accepted<sup>91</sup> the audit observations in 5,585 cases involving ₹ 3.22 crore. They, however, did not furnish any report on realisation (December 2019).

The matter was reported to the Government in August 2018. Their reply was awaited.

### 3.6 Non-realisation of rent due to non-renewal of long term lease

In three cases, long term leases were not renewed and lease rent of ₹ 4.20 crore was not realised due to intra-departmental delay in finalisation of current market price of the land.

Rule 219 of the WBL&LR Manual, 1991 provides that a long-term lease shall ordinarily be for a period of 30 years. On expiry of the lease period, the lessee shall be entitled to the option of successive renewal of the lease for the same length of time. Further, Rule 226(i) prescribes that no *salami* shall be charged at the time of the renewal of long term leases. Rent shall, however, be realised at the rate of four *per cent* of the market price of the land at the time of the renewal, if the lease is for industrial or commercial purposes. Rule 225 of the Manual prescribes that the procedure of long-term settlement is to be completed by the Department within five months from the date of its initiation.

<sup>86</sup> Surcharge 15 paise on each rupee of land rent payable.

<sup>87</sup> Road cess six paise, public works cess 25 paise and primary education cess 10 paise, rural employment cess 30 paise and surcharge 15 paise on each rupee of land rent payable.

<sup>88</sup> Birbhum, Jalpaiguri, Murshidabad, North 24 Parganas, Paschim Medinipur, South 24 Parganas and Uttar Dinajpur.

<sup>89</sup> Between November 2016 and March 2017.

<sup>90</sup> Birbhum, Murshidabad, Paschim Medinipur, South 24 Parganas and Uttar Dinajpur.

<sup>91</sup> Between December 2016 and March 2017.

Audit test checked files relating to renewal of long-term lease cases in three DL&LROs<sup>92</sup> between January 2017 and March 2017. It noticed that in three cases, long-term leases involving 54.27 acres of land expired between June 2008 and September 2013. The lessees applied between August 2009 and September 2013 for renewal of leases for further period of 30 years. The leases were, however, not renewed due to intra-departmental delay ranging from 42 months to 105 months in finalisation of current market price of the land. Of these three cases, two were yet to be finalised by the L&LR Department and one case was pending with the DL&LRO. Thus, estimated lease rent of ₹ 4.20 crore<sup>93</sup> could not be realised.

After this was pointed out, all DL&LROs accepted (March 2017) the audit observations and stated as follows:

- In case of a land measuring three acres with market value of ₹ 26.56 lakh involving rent of ₹ 4.25 lakh for the period from 2012-13 to 2015-16, DL&LRO, Murshidabad stated (March 2017) that effective action would be taken for early settlement of the lease;
- In a case measuring 20.80 acres of land of market value ₹ 50.58 crore involving rent of ₹ 4.05 crore for the period from 2014-15 to 2015-16, DL&LRO, Paschim Medinipur stated (March 2017) that due rent would be realised after instruction from the L&LR Department;
- In case of a land measuring 30.47 acres with market value of ₹ 68.04 lakh involving rent of ₹ 10.89 lakh for the period from 2012-13 to 2015-16, DL&LRO, Uttar Dinajpur stated (March 2017) that the renewal proposal was yet to be approved by the L&LR Department .

The matter was reported to the Government in August 2018. Their reply was awaited.

### 3.7 Non-realisation of lease rent and interest

Annual lease rent and interest of ₹ 10.46 lakh in case of four lessees in possession of 29.01 acres of land was not realised.

Rule 235 of the WBL&LR Manual, 1991 provides that the (lease) rent shall be payable annually according to the Bengali year. The rent falls due on the last day of the year in respect of which it is paid. Rule 303 of the Manual *ibid* prescribes interest at the rate of 6.25 *per cent* per annum on delayed payment of revenue.

Audit test checked<sup>94</sup> lease registers and case records of lessees in three DL&LROs<sup>95</sup>. It noticed that annual lease rent and interest of ₹ 10.46 lakh for periods between 2012-13 and 2016-17 was not realised from four lessees in possession of 29.01 acres of land. The DL&LROs did not issue demand notice to realise the annual lease rent and interest. Further, no action was taken against the person responsible for realisation. This resulted in non-realisation of annual lease rent and interest of ₹ 10.46 lakh (annual lease rent ₹ 9.60 lakh and interest ₹ 0.86 lakh) in four cases.

<sup>92</sup> Murshidabad, Paschim Medinipur and Uttar Dinajpur.

<sup>93</sup> Rent has been calculated on the market price of land prevalent at the time of expiry of lease.

<sup>94</sup> Between December 2016 and March 2017.

<sup>95</sup> Jalpaiguri, North 24 Parganas and Uttar Dinajpur.

After this was pointed out, the DL&LROs did not furnish any reply (December 2019).

The matter was reported to the Government in August 2018. Their reply was awaited.

***The observations above point to the laxity of the Department in enforcing provisions of WBLR Act and WBL&LR Manual for settlement/renewal and collection of rent in respect of long term lease cases. These have led to non/short realisation of revenue. The Department may ensure that revenue is collected and action is taken against erring officials for failure of monitoring and realisation of revenue.***

The above paragraphs are based on the results of the test check of records made available to audit. There may be similar irregularities, errors/omissions in other units under the department but not covered in the test audit. Department may, therefore, examine all the units with a view to ensure that the taxes are levied as per provisions of the Act and rules.