

CHAPTER-III
LAND REVENUE

CHAPTER-III: LAND REVENUE

3.1 Tax administration

Assessment and collection of land revenue are governed under the Rajasthan Land Revenue Act, 1956 and rules framed thereunder. Land revenue mainly comprises rent on land, lease rent, premium, conversion charges and receipts from sales of Government land.

The Revenue Department (henceforth referred to as Department) functions as the Administrative Department of the Government and it administers all matters relating to assessment and collection of land revenue. The overall control of revenue related judicial matters along with supervision and monitoring over revenue officers vests with the Board of Revenue (BoR). The BoR is assisted by 33 Collectors at the district level, 289 Sub-Divisional Officers (SDOs) at the sub-division level and 338 *Tehsildars* at the *Tehsil* level. The BoR is also the State Level Implementing Authority for computerization of land records in Rajasthan.

The Rajasthan Land Revenue Act, 1956, the rules made there under and the notifications issued by the Government from time to time govern the allotment of land and other related issues.

3.2 Internal audit

The Financial Adviser, BoR is the head of the Internal Audit Wing. There were 18 internal audit parties sanctioned in the Department but only 16 internal audit parties were deployed. The status of internal audit conducted during the period from 2015-16 to 2019-20 is given in the **Table 3.1** below:

Table 3.1

Year	Units pending for audit	Units due for audit during the year	Total units due for audit during the year	Units audited during the year	Units remaining unaudited during the year	Shortfall in per cent
2015-16	279	807	1,086	883	203	19
2016-17	203	817	1,020	772	248	24
2017-18	248	815	1,063	739	324	30
2018-19	324	816	1,140	942	198	17
2019-20	198	816	1,014	829	185	18

Source: Information provided by the Board of Revenue, Ajmer.

The Department has made efforts in 2018-19 and 2019-20 to cover the arrears for preceding years. It will need to make further efforts to complete the pending audits.

Further, it was noticed that compliance of 22,721 paragraphs in the internal audit reports were outstanding at the end of 2019-20. Year-wise break up of outstanding paragraphs is as under:

Year	Upto 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Paras	7,187	1,191	1,977	2,442	4,164	5,760	22,721

Source: Information provided by the Board of Revenue, Ajmer.

Out of 22,721 paragraphs, 7187 paragraphs (31.63 *per cent*) were outstanding for more than five years for want of compliance/corrective action. The Department stated that the arrear in audit and slow pace of disposal of paragraphs was due to the shortage of posts in various cadres and lockdown due to Covid 19. The reply of Department needs to be viewed in light of the fact that lockdown was imposed in the last week of March 2020.

The Government may take necessary steps to strengthen the internal audit wing and ensure expeditious compliance with the outstanding observations raised by the Internal Audit Wing.

3.3 Results of audit

There are 692 auditable units under the Land Revenue Department. Out of these 99 Units (approximately 14.30 *per cent*) were selected for test check during 2019-20. Under these selected units, there were 9,122 cases of allotment, conversion/ regularisation and lease of land etc., of which 5,154 cases (approximately 56.50 *per cent*) were selected for audit. During test check, audit observed irregularities relating to conversion/ regularisation, allotment, lease, etc., involving an amount of ₹ 68.18 crore in 1,432 cases (approximately 27.78 *per cent* of sampled cases).

These cases are illustrative only as these are based on test check of records. Audit pointed out some of the similar omissions in earlier years, not only these irregularities persist but also remain undetected till next audit is conducted. Thus, there is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed broadly fall under the following categories as given in the **Table 3.2** below:

Table 3.2

(₹ in crore)			
Sl. No.	Category of irregularities	No. of cases	Amount
1.	Non-recovery/short recovery of premium and lease rent from State Government Departments	53	28.60
2.	Non-recovery/short recovery of conversion charges from <i>khatedars</i>	364	9.89
3.	Non reversion of land to Government	9	17.84
4.	Other irregularities relating to :		
	(i) Revenue	310	10.26
	(ii) Expenditure	696	1.59
	Total	1,432	68.18

During the year 2019-20, the Department accepted audit observations worth ₹ 256.18 crore in 1,422 cases, of which 564 cases involving ₹ 6.00 crore were pointed out during the year 2019-20 and the rest in the earlier years. The

Department recovered ₹ 6.75 crore in 585 cases during the year 2019-20, of which 22 cases involving ₹ 0.02 crore related to the year 2019-20 and rest to the earlier years.

Few illustrative cases involving ₹ 3.33 crore in the audited units of the Department are discussed in the succeeding paragraphs. It is pertinent to mention that similar issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit and failure to strengthen the Internal Control system led to recurrence of same issues in subsequent years.

3.4 Non-reversion of land to Government

Rule 7 of Rajasthan Industrial Area Allotment (RIAA) Rules, 1959 provides that industries shall be set up within a period of two year from the date of allotment of land, failing which the land shall revert to the State Government unless the period of two years is extended by the allotting authority on the request of the allottee. Clause 8 of the terms and conditions of allotment of the land also stipulated the same condition.

Test check (September 2019) of records of Office of the District Collector, Jhalawar revealed that State Government allotted 25 *bigha* of land at village *Kotada Jagir* (Jhalawar district) to a firm in July 2016 on District Level Committee (DLC) rate for establishment of a textile yarn industry under RIAA Rules, 1959. According to *mauka*¹ report (September 2019) of Patwari no such industry was set up on the allotted land as on 20 September 2019. It was further noticed that the firm did not apply for extension of time period for setting up of industry as of August 2020. Thus, the land was neither used for the intended purpose within the prescribed period of two years nor the firm had applied for extension of time period. However, the authority did not take action to revert the land to the State Government under the extant provisions. As a result, land valuing ₹ 33.11 lakh² remained unutilized and the intended benefits could not be achieved.

On being pointed out, Office of the District Collector, Jhalawar replied that (September 2019) action of reversion of land would be taken. The matter was brought to notice of the Department and reported to the Government in September 2020; their replies are awaited (March 2021).

3.5 Non/Short recovery on conversion charges

Section 90-A of Rajasthan Land Revenue (RLR) Act, 1956 permits use of agricultural land for non-agricultural purposes with written permission of the State Government and after making such payment as prescribed by the State Government. Further, if any such land is so used without the written permission of the State Government and without making the payments due,

1 *Mauka* report: Site inspection report submitted by the competent authority.

2 Value of 25 *bigha* land at the DLC rate of ₹ 1,32,426 per *bigha*.

such person shall be deemed to be a trespasser and shall be liable to be ejected from such land.

As per Rule 7 of Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural area) Rules 2007, premium for conversion of agricultural land for non-agricultural purpose (commercial, institutional, residential colony, industrial purposes, etc.) shall be charged at the rates³ prescribed by the Government from time to time. Further, under Rule 13 *ibid*, a person who had used agricultural land for non-agricultural purpose without permission can apply for regularization of the use by depositing four times of the conversion charges as prescribed in rule 7. Further, for setting up of residential colony rules 2(1)(q) and 9(2) *ibid* prescribe that 'Residential Colony/Project' means residential plots/flats/house being developed by developer to sell further to interested persons and the conversion charges at the rate applicable to residential colony/project shall be payable on the total area (to be utilised for both public facilities and residential purposes) of the residential colonies/projects.

(a) Non-Recovery of Conversion Charges

3.5.1 During audit of the Office of the District Collector (DC), Jaisalmer (July 2019), it was noticed that 2,19,829.88 square meter (sqm) of agricultural land was being unauthorisedly used for commercial purposes (for hotels and resorts) by 26 land owners without permission of the competent authority since 31 July 2009 to 12 March 2015. As per rates prescribed in rules 7 and 13 *ibid*, conversion charges of ₹ 87.93 lakh were to be recovered for regularization of these agricultural lands. The charges were four times the usual rate of ₹ 10 per sqm which was higher than 10 *per cent* of DLC rate in every case. In case such regularization was not done these persons should have been ejected from these lands. However, the DC, Jaisalmer neither initiated action for recovery of conversion charges nor for ejection of land owners even after lapse of four to ten years as of July 2019.

The Department replied (July 2020) that in two cases ₹ 5.99 lakh have been deposited by the land holders and action for conversion of land use is under process at the DC level and in the remaining 24 cases notices for recovery of amount have been issued to the land holders. Thus, land use from agricultural to commercial purposes in these 24 cases is yet to be changed and recovery of conversion charges of ₹ 81.94 lakh is yet to be completed. Further progress and reply of the State Government is awaited (March 2021).

3.5.2 During the test check (August to November 2019) of records of Office of the DCs, Baran and Jaisalmer it was noticed that five residential colonies were set up unauthorisedly on area measuring 99,471.56 sqm of agricultural

3 **Commercial purpose:** ₹ 10 per sqm or 10 *per cent* amount of concerned DLC rate of agricultural land or 10 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

Institutional purpose: ₹ 5 per sqm or 10 *per cent* amount of DLC rate of agricultural land, or 10 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

Industrial Purpose: ₹ 5 per sqm or 5 *per cent* amount of DLC rate of agricultural land or 5 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

lands in *Tehsil*, Fatehgarh (District-Jaisalmer) and Chipabarod (District-Baran) without conversion of land use by the competent authorities. The land owners sold the residential plots by dividing the agricultural land. Land use of the plots measuring 1,255.58 sqm was changed in *Jamabandi* by the plot holders as residential units in their individual capacity during September 2016 to January 2019. As per section 90-A of Act *ibid*, the land holders should have converted the land use to set up residential colonies before selling the residential plots. The Departmental authorities also did not initiate action to regulate unauthorized use of agricultural lands even after receiving proposals for conversion of land use for individual residential plots. This not only led to unauthorised use of agricultural land but also resulted in non-recovery of conversion charges of ₹ 35.59 lakh for the remaining land area aggregating 98,215.98 sqm as per rules 7 and 13 *ibid*.

The State Government in respect of Fatehgarh Tehsil did not accept (December 2020) audit objection as no building and road was constructed and land under objection was lying vacant and hence, land was not being used for non-agriculture purposes. The reply is not tenable as in terms of provisions given in rules 2(1)(q) and 9(2) *ibid* the developer should have deposited conversion charges for the entire land when the decision to set up the colony was taken.

3.5.3 During test check (June, August and November 2019) of conversion records of land and on the basis of information provided by Offices of the three District Collectors (Alwar, Baran and Hanumangarh), it was noticed that in 24 cases, *khatedari*⁴ land measuring 1,97,567.70 sqm was being used for industrial, commercial and institutional purposes without conversion of land use. However, the Department did not take action for recovery of the prescribed conversion charges which resulted in non-recovery of ₹ 1.27 crore as per details given in **Table 3.3** below:

Table 3.3

(₹ in lakh)

Sl. No.	Name of District	Nature of land use	No. of Cases	Area of land being used for non- agriculture purposes (Sqm)	Four times of recoverable conversion charges
1.	Alwar	Industrial (brick kilns)	5	42,800.00	37.78
		Institutional (Schools)	01	6,500.00	9.52
2.	Baran	Commercial (Marriage Gardens)	06	24,078.70	43.18
		Institutional (Schools)	01	19,899.00	13.33
3.	Hanumangarh	Industrial (brick kilns)	11	1,04,290.00	22.89
Total			24	1,97,567.70	126.70

4 A land holding by a *Khatedar* tenant (who has entered in the revenue records as a tenant) from land owner of the estate.

The State Government stated (February 2021) that in respect of Hanumangarh district an amount of ₹ 3.04 lakh has been recovered in one case and recovery of conversion charges in remaining case is under progress. Further, in respect of Alwar district it was stated that in two cases conversion of land use from agriculture to industrial purposes (bricks kilns) was done in March 2001 and December 2004. The reply of the State Government in respect of Alwar district is not tenable as there are differences in name of land holders and area of land mentioned in conversion orders and information provided by *Tehsildar*, Neemrana to Audit in August 2019. Thus, this resulted in non-recovery of conversion charges of ₹ 1.24 crore.

Thus, non-conversion of agriculture land for non- agriculture purposes had resulted in non- recovery of conversion charges of ₹ 2.42 crore.

(b) Short Recovery of Conversion Charges

3.5.4 During the test check (August 2019) of records of Office of the Sub Divisional Officer (SDO), Behror (District- Alwar), it was noticed that use of agricultural land measuring 5,000 sqm was converted (July 2017) to institutional purpose in favour of an educational institution. The conversion charges of ₹ 6.48 lakh was determined under rule 13 *ibid* on the basis of DLC rate of agriculture land of ₹ 129.62 per sqm. Further, as per sale deed registered (May 2015) at Office of the Sub-Registrar Behror, the land was registered at the purchase rate of ₹ 3,228 per sqm and as per report (April 2015) of *Patwari* the land was being used for the educational institute for the past three years. Hence, as per rules 7 and 13 *ibid*, the land use from agriculture to institutional purposes should have been changed at conversion charges of ₹ 64.56 lakh⁵ according to the purchase rate of ₹ 322.80 per sqm (10 *per cent* of ₹ 3,228 per sqm) mentioned in registered sale deed. Hence, non-application of correct charges has resulted in short recovery of conversion charges of ₹ 58.08 lakh.

The State Government stated (December 2020) that notice for recovery of amount has been issued to the educational institution. Further, Registrar, BoR intimated (January 2021) that stay had been granted by Hon'ble Rajasthan High Court, Jaipur bench against the recovery on 14 December 2020.

⁵ ₹ 64.56 lakh = 5000 sqm×₹ 322.80 per sqm×4 times.