

CHAPTER-III
LAND REVENUE

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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 conversion charges, premium, rent on land, lease rent, 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 339 *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 Conducted by Department

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 2016-17 to 2020-21 is given in Table 3.1 below:

Table 3.1

Year	Units pending	Units due for audit during the year	Total units due for audit during the year	Units audited during the year			Units remaining unaudited	Percentage of units remaining un-audited
				Pertaining to previous year	Pertaining to current year	Total		
1	2	3	4 (2+3)	5	6	7	8 (4-7)	9
2016-17	203	817	1,020	205	567	772	248	24
2017-18	248	815	1,063	248	491	739	324	30
2018-19	324	816	1,140	324	618	942	198	17
2019-20	198	816	1,014	198	631	829	185	18
2020-21	185	822	1,007	185	567	752	255	25

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

The Department had made efforts in 2018-19 and 2019-20 to cover the arrears of the preceding years. However, it would need to make further efforts to complete the pending job in this regard.

Further, it was noticed that compliance of 25,990 paragraphs in the internal audit reports were outstanding at the end of 2020-21. Year-wise break up of outstanding paragraphs is given in Table 3.2 below:

Table 3.2

Year	Up to 2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Outstanding paragraphs of the audit conducted during the year	7,640	1,674	2,027	3,116	4,518	7,015	25,990
Amount involved (₹in lakh)	24,890.60	10,096.33	2,129.94	3,800.42	2,947.74	4,128.92	47,993.95

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

Out of 25,990 paragraphs, 7,640 paragraphs (29.40 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 vacancies in various cadres and lockdown due to Covid 19.

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

3.3 Results of audit

There are 704 auditable units under the Land Revenue Department, out of these 57 units (approximate 8.10 per cent) were selected for test check during 2020-21. Under these selected units, there were 7,956 cases of allotment, conversion/regularization and lease of land etc., of which 4,715 cases (approximate 59.26 per cent) were selected for audit. During test check, audit observed irregularities relating to conversion/regularization, allotment, lease, other irregularities, etc., involving an amount of ₹ 67.88 crore in 2,354 cases (approximate 49.93 per cent of sampled cases).

These cases are illustrative only as these are based on test check of records. Audit pointed out similar omissions in earlier years. However, not only do these irregularities persist but these also remain undetected till next audit is conducted. There is a need for the Government to significantly 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:

(₹ 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	01	0.14
2	Non-recovery/short recovery of conversion charges from <i>khatedars</i> ¹	167	56.35
3	Non reversion of land to Government	03	0
4	Other irregularities relating to :		
	(i) Revenue	352	6.92
	(ii) Expenditure	1,831	4.47
	Total	2,354	67.88

During the year 2020-21, the Department accepted audit observations worth ₹ 12.29 crore in 189 cases of which 34 cases having ₹ 0.42 crore money value were pointed out in the year 2020-21 and rest 155 cases involving ₹ 11.87 crore pertained to earlier years. The Department recovered ₹ 0.62 crore in 80 cases during the year 2020-21 which were related to earlier years.

Few illustrative cases involving ₹ 15.44 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 that cases pointed out by audit and failed to strengthen the internal control system, which led to recurrence of same issues in subsequent years.

3.4 Non/Short recovery on conversion charges

Section 90-A and 91 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, 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 rates² prescribed by the Government from time to time. Further, under Rule 13 *ibid*,

- 1 A land holding by a *Khatedar* tenant (who has entered in the revenue records as a tenant) from land owner of the estate.
- 2 **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.

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.

(a) Non-recovery of conversion charges

3.4.1 Section 17 (5) of the Rajasthan Imposition of Ceiling on Agriculture Holding Act, 1973 stipulates that if a person acquires, with the prior approval of the State Government, any land in excess of the ceiling area applicable to him, to be used for any of the prescribed non-agricultural purposes, such person shall have to apply for conversion of the land for the proposed non-agricultural use within one year from the date of such acquisition.

Test check (July 2020) of conversion records of District Collector Jaipur revealed that a firm³ had purchased (February and June 2018) 119.11 *bigha* private agriculture land in Village Asalpur Tehsil Phulera for the establishment of a PVC pipes manufacturing unit. Revenue Department, Government of Rajasthan issued (April 2019) a notification for exemption of the entire 119.11 *bigha* land from the operation of Rajasthan Imposition of Ceiling on Agriculture Holding Act, 1973 with the condition that the Firm shall apply for conversion of the land for industrial purposes under the provision of RLR (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Area) Rules 2007. Revenue Department did not mention the time limit of one year to apply for conversion of the land for industrial purposes despite having specific provisions in the Ceiling Act, 1973 referred to above.

The Firm applied and got the land use of a part of 119.11 *bigha* land (39.06 *bigha*) changed in June 2019. The Firm would have been bound to get the land use of the entire 119.11 *bigha* land instead of 39.06 *bigha* changed by April 2020, had the revenue department mentioned the time limit of one year for a change of land use for industrial purposes in the ceiling exemption notification (April 2019).

The State Government, while accepting the facts stated (October 2021) that in response to notice issued (March 2021), the Firm replied that cutoff date was not mentioned in the condition No. 2 of the Notification for conversion of the land and condition No. 4 of the Notification allowed three years for utilization of the land after its conversion respectively. The Firm also replied that conversion of the remaining 77.15 *bigha* would be done before 25.04.2022. Further, it stated that District Collector, Jaipur wrote (July 2021) a letter to the Joint Secretary, Revenue Department for taking necessary action for non-conversion of the remaining land by the Firm as per condition No. 2 of the Notification and for seeking clarification regarding the time limit for utilization of land. Subsequently, State Government intimated (December 2021) that District Collector, Jaipur had been directed to issue notice to firm for depositing the objected amount within three months and to send a proposal to the department for cancellation of notification dated 25.04.2019 if the firm failed to deposit amount.

3 M/s Prince Pipes and Fittings Ltd. Mumbai

The reply is not tenable as the three year time period was allowed to the Firm for utilisation of the entire land for setting up a manufacturing unit and not for conversion of the land use. The entire land should have been converted for industrial purposes within one year from issue of the Notification i.e. by April 2020 as per the provision mentioned in the Ceiling Act, 1973. Thus, Revenue Department's failure in mentioning the correct provision of Rajasthan Imposition of Ceiling on Agriculture Holding Act, 1973 in exemption notification resulted in land use of 77.75 bigha land remaining unchanged. Consequently, this resulted in non-recovery of conversion charges of ₹ 89.87 lakh⁴ calculated on the applicable purchase rate of ₹ 45.70 per sqm (which was higher than applicable DLC rate of ₹ 4.28 per sqm).

3.4.2. Test check (July 2020 and January 2021) of records of the Tehsil, Tonk, Todaraisingh and Devali of District Tonk, and Tehsil, Phulera, Chomu, Mojmabad and Dudu of District Jaipur, revealed that in 79 cases, *khatedari* land measuring 18,51,146.40 square meter (sqm) was used for industrial, commercial, residential colony and institutional purposes without permission. Thus, conversion charges including penalty charges amounting to ₹ 14.21 crore were to be recovered as per details given in table 3.3 below:

Table 3.3

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 (₹ in lakh)
1.	Jaipur	Industrial (Shops, hotels, etc.)	21	2,03,921	523.30
		Institutional (Schools)	03	25,058	18.74
		Residential colony	51	15,76,862	869.53
2.	Tonk	Industrial (Factory and brick kilns)	4	45,305.40	9.06
Total			79	18,51,146.40	1,420.63

On being pointed out (July 2020 and January 2021) concerned Tehsildars replied (July 2021) that in five cases applicants have applied for conversion of land and notices have been issued in 48 cases.

State Government while accepting the facts stated (December 2021) that out of 75 objected cases in Jaipur, judgment has been passed in 21 cases under section 90-A, stay had been granted by Hon'ble Court in 03 cases, conversion proceedings are under consideration in 2 cases and legal proceedings under section 90-A are under consideration in 49 cases.

(b) Short Recovery of Conversion Charges

3.4.3 Test check (July 2020) of conversion records of District Collector Jaipur revealed that as per the sale deed of land, a firm⁵ had purchased (August 2016) 4.73-hectare agriculture land in Village Balekhan Tehsil Chomu for

4 77.75 bigha or 1,96,652 sqm x ₹ 45.70 per sqm = ₹ 89,86,996.

5 M/s Borosil Glass Works Ltd., Mumbai.

consideration of ₹ 14.26 crore. The firm applied (November 2016) for conversion of its use for industrial purposes under Rules *ibid*. During an on-site inspection of the land, it was found that the area of land was 2.73 hectares only. Thus, the firm had purchased only 2.73 hectares of land instead of 4.73 hectares for ₹ 14.26 crore. The firm submitted an undertaking to the effect that only 2.73-hectare land was available at the site, and it wanted to convert this area only. It also submitted that revenue record would be corrected by filing suit in Revenue Court and firm would not claim the other two hectares of land from Government in future.

Based on the undertaking by the firm, Sub-Divisional Officer (SDO), Chomu converted (May 2017) the use of 2.6254-hectare⁶ agriculture land for the industrial purpose at conversion charges of ₹ 19.79 lakh⁷. The SDO calculated conversion charges on the basis of purchase rate (which was higher than the applicable DLC rate of ₹ 37.11 per sqm) of 4.73 hectares of land. The SDO should have applied conversion charges of ₹ 34.28 lakh⁸ calculated at a conversion rate of ₹ 261.15 per sqm⁹ on the basis of a purchase rate of 2.73 hectares of land. Hence, applying an incorrect conversion rate for change of land use from agriculture to industrial purposes resulted in a short recovery of conversion charges of ₹ 14.49 lakh¹⁰.

State Government stated (October 2021) that in the instant case, the total area of 4.73 hectares of land had been sold under the sale deed, the deed had been executed considering its value as ₹ 14.26 crore. However, there is no such fact mentioned in the sale deed, from which it could have been known that the said convertible land is of 2.73 hectares area. It was also stated that the conversion had been done on the basis of the land available on the spot and the revenue map, but the execution of the sale deed had not been done on the basis of the land available on the site.

The reply is not acceptable as the firm has accepted in its undertaking that only 2.73-hectare land was available at the site, and the remaining two hectares of land was marked in revenue records by mistake. Hence, the firm had purchased only 2.73 hectares of land instead of 4.73 hectares for ₹ 14.26 crore. The Department should correct its records and collect ₹ 14.49 lakh as conversion charges from the firm.

3.4.4 Test check (June- August 2020) of conversion records of three District Collectors (Dausa, Jaipur and Tonk), revealed that in three cases conversion charges were not recovered at four times of conversion rates as land was being used for institutional and industrial purposes before conversion of their land use. Conversion charges were recovered by applying lower DLC rate in two

6 Land use of 2.6254 hectare land found convertible out of 2.73 hectare land.

7 ₹ 150.73 per sqm X 26254 sqm (area of land) = ₹ 39,57,265 X 50 % (exemption) = ₹ 19,78,633

8 ₹ 261.15 per sqm X 26254 sqm (area of land) = ₹ 68,56,232 X 50 % (exemption) = ₹ 34,28,116

9 5 per cent of ₹ 14,25,88,500 (purchase cost)/2.73 bigha = 26,11,511 per hectare/10,000 = ₹ 261.15 per sqm

10 ₹ 34,28,116 minus ₹ 19,78,633= ₹ 14,49,483.

cases and as per DLC rate instead of higher purchase rate of land as mentioned in sale deed in one case as per details given in Table 3.4 below:

Table 3.4

Sl. No.	Name of District	Nature of land use	No. of Cases	Nature of short recovery	Amount of short recovery (₹ in lakh)
1	Dausa	Institutional (Educational institute)	01	Conversion charges were recovered at DLC rate instead of purchase rate of land	5.43
2	Jaipur	Institutional (Educational institute)	01	Conversion charges were not recovered at four times of conversion rates	3.96
3	Tonk	Industrial (brick kilns)	02	Conversion charges were not recovered at four times of conversion rates	4.03
		Residential projects	02	Conversion charges were recovered at lower DLC rate	4.79
Total			06		18.21

This resulted in short-recovery of conversion charges of ₹ 18.21 lakh. On being pointed out, audited units did not furnish reply.

State Government in its reply (December 2021) stated that in the case of Jaipur district stay had been granted by Hon'ble Rajasthan High Court, Jaipur bench against the recovery on 13 August 2021. However, State Government did not furnish reply in respect of remaining five cases.

