CHAPTER IV

OTHER COMPLIANCE ISSUES

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REVENUE AND DISASTER MANAGEMENT DEPARTMENT

4.1 Short collection of revenue due to incorrect fixation of land cost for alienation of Government land

Failure on the part of the Commissioner of Land Administration, to revise the cost of land as per the extant Government orders for alienation in favour of State Industries Promotion Corporation of Tamil Nadu (SIPCOT), resulted in short collection of revenue of ₹5.20 crore.

The State Government lands are alienated[1] to State Government Undertakings/ Boards[2], as per the provisions of Revenue Standing Order (RSO) 24, on their request for public purpose as well as for implementation of their projects and schemes. The land value for such lands, that are alienated to State Government Undertakings/Boards, are determined based on their 'Single Time market value'[3].

In December 2013, the Government of Tamil Nadu (GoTN) accorded Administrative Sanction (AS) for acquisition/alienation of land for setting up a SIPCOT[4] Industrial Parks (SIPCOT) at Agavalam village in Ranipet district[5].

In May 2017, GoTN issued orders[6] to fix the land cost based on the rate prevailing at the time of grant of 'Enter Upon Permission'[7] (EUP), including the notional increase of 12 *per cent* per annum. In May 2020, GoTN issued orders[8] delegating powers to all District Collectors to accord EUP in respect of Land Alienation/Land Transfer on Government *poramboke*[9] lands without monetary limit.

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1 The act of placing Government lands at the disposal of a person, an institution or a Local Body under RSO 24.

2 Like SIPCOT, SIDCO, TIDCO, TANGEDCO, TNPHC, TNHB, TNUHDB (TNSCB), TWAD, CMWSSB, TNCSC, CMRL, CMDA, ELCOT, Local Bodies etc.

3 In Tamil Nadu, considering the public welfare, the Government lands are alienated at 'Free of Cost' only for implementation of Drinking Water Schemes, Underground Drainage Schemes, Solid Waste Management Schemes and for construction of tenements to the houseless poor people.

4 State Industries Promotion Corporation of Tamil Nadu. The mission of SIPCOT, established in 1971, is to promote Medium and Large Scale Industries in Tamil Nadu by developing Industrial Parks particularly in the industrially backward areas of the State.

5 The proposal for alienation of Government lands was to be sent by the respective District Collector to GoTN through the Commissioner of Land Administration, Chennai (CLA). The entire cost of the acquired/alienated land and the establishment charges towards Land Acquisition Staff was to be met by SIPCOT.

6 G.O. (Ms) No. 172, Revenue Department, Land Disposal Wing, dated 09/05/2017.

7 A legal authorization granted by a government authority to an individual or entity to occupy, use, or take possession of land for a specific purpose, such as construction, development, or other activities.

8 G.O. (Ms) No. 241, Revenue and Disaster Management Department (R & DM Department) dated 16/05/2020.

9 Lands owned by the Government that is not assessed for revenue and is not assigned a specific use. These lands are often reserved for public purposes, such as roads, parks, and water bodies.

Subsequently, in March 2022, GoTN issued orders[10] for determining the Guideline Value (GLV) of any Government land by adopting the following methods:

- Identifying all parcels of lands surrounding (immediately adjacent) to the Government land.
- Taking GLV of all private lands which surround the Government land.
- Fixing the highest value among these selected GLVs as the GLV for the Government land.

Scrutiny of documents, pertaining to alienation of land to SIPCOT at Agavalam village, during audit of the offices of the Commissioner of Land Administration (CLA) in November / December 2023 and the Secretary to Government, Revenue and Disaster Management Department in February 2024, revealed the following:

Based on the proposal (December 2022) of the District Collector and recommendation (August 2023) of the CLA for alienation of Government land in favour of SIPCOT on collection of land cost[11], GoTN issued (September 2023) orders for alienation **(Appendix 4.1)**. An additional interest of 12 *per cent* per annum must also be paid by SIPCOT till the collection of land cost from it.

In this regard, Audit observed the following:

- The CLA, while recommending to GoTN to issue alienation orders for SIPCOT during August 2023, failed to revise the land cost as per GoTN's orders (March 2022), wherein it was directed that the highest GLV of the private lands, immediately adjacent to the land to be alienated, must be adopted for fixing the cost of Government land.
- Audit analysis of GLVs of lands surrounding the alienated land revealed that the private land with the highest GLV was not taken into consideration for arriving at the GLV for the alienated land during the year of according EUP works **(Appendix 4.2)**.
- This had resulted in under estimation of the cost of the alienated lands in favour of SIPCOT and consequent short collection of revenue to the tune of ₹5.20 crore. **(Appendix 4.3)**.

GoTN replied (June 2025) that the sales statistics were gathered as per RFCTLARR Act[12] and the land cost of subject land was worked out as ₹58,06,203 whereas the land value collected in this case is ₹2.59 crore. As such, it has not caused any revenue loss to the Government

However, the Government's reply is not tenable due to the following reasons:

- The GoTN's orders of March 2022 was issued so as to ensure uniformity in practice, remove subjectivity and discretion in selecting a land for alienation. However, Audit observes that the methodology, as envisaged in the above orders, was not adopted for arriving at the cost

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10 G.O. (Ms) No. 117, R & DM Department dated 18/03/2022.

11 With usual terms and conditions as laid down under RSO 24.

12 Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

of land for alienation. As per GoTN's orders of March 2022, in Agavalam village, the cost of Government land worked out to ₹7.79 crore and not ₹58 lakh. Further, the reasons for adopting ₹2.59 crore instead of ₹58 lakh by the Government has not been furnished. It is pertinent to state that the provisions of the RFCTLARR Act, cited in the reply, relates to land acquisition, compensation, rehabilitation and resettlement, which shall apply, when the appropriate Government acquires land for its own use, hold and control, including for Public Sector Undertakings and for public purposes. However, the audit observation is on the issue of 'alienation of Government land' to Government Undertakings/Boards.

Thus, failure of the Commissioner of Land Administration, Chennai to revise the land cost based on the extant GoTN orders of March 2022, while recommending to GoTN for issue of orders for alienation of land in favour of SIPCOT, resulted in under estimation of the cost of land alienated and consequent short collection of revenue of ₹5.20 crore.

Recommendation 4.1:

The Government should fix the cost of the Government land for alienation strictly as per the extant orders so as to ensure uniformity in practice and to safeguard the interest of the Government.

BACKWARD CLASSES, MOST BACKWARD CLASSES AND MINORITIES WELFARE DEPARTMENT AND REVENUE AND DISASTER MANAGEMENT DEPARTMENT

4.2 Loss to Government due to incorrect fixation of land value

Non-fixing of the correct land value for land acquisition towards purchase of land under the scheme 'Free distribution of house-sites' resulted in loss of ₹4.35 crore.

The Backward Classes, Most Backward Classes and Minorities Welfare Department implements a scheme called 'Distribution of Free House sites' wherein poor[13] houseless people of Backward Classes, Most Backward Classes and Denotified Communities are provided house sites to construct their own house. Land for house sites are identified either from the available Government lands or purchased and distributed to the beneficiaries. Government issued orders (August 2020) to streamline the fixation procedure for the purchase of lands so identified. Further, the Commissioner of Land Administration (CLA) issued (October 2020) a circular[14] to determine the market value of land. As per this circular, sale price of similar type of lands with similar Guideline Values (GLV)[15] should be considered while fixing the land value. Further, it was instructed that, to arrive at similar type of lands under acquisition, the sales that took place, similar to the GLVs can be adopted.

13 The annual income ceiling of the beneficiaries for availing this benefit is ₹1 lakh.

14 Circular issued by the Commissioner of Land Administration on 'Land acquisition' dated 16-10-2020.

15 Guideline value refers to the minimum value that the state government sets for properties within a specific area.

Scrutiny of the documents pertaining to land acquisition at the Office of the District Backward Class and Minorities Welfare, Virudhunagar (September 2024 and February 2025) revealed that GLV adopted for land acquisition in three[16] villages of Virudhunagar District was incorrectly fixed. Special Tahsildar, Land Acquisition-Backward Classes Welfare (ST) identified lands[17] in the three villages for acquisition. For fixing the purchase price, which has to be paid to owners of the land, District Backward Classes & Minorities Welfare Officer addressed Sub-Registrar (SR) to furnish the GLV of the identified land, sale particulars of land in the villages for previous year and encumbrance certificate and the same was also furnished. However instead of adopting the GLV of similar type of land *viz*; Agricultural land, the ST adopted GLV/Sale price of a residential plot and the same was also accepted by committee[18] which was not in order. The details are given in the **Table 4.1**.

Table 4.1: Comparison between identified land and similar type of land

(₹ in crore)

Name of the village	Survey number of land identified by ST	Extent of land in acre	Rate fixed by the ST per acre and approved by the Committee	Survey number of nearby similar lands	Market rate of the land	Excess amount paid ((3*4) – (3*6))
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Moolipatti	242/1A & 242/1D2	3.5	0.4	242/IF	0.054	1.21
Vadamalaikurichi	85/1	5.56	0.31	82/5	0.046	1.47
Keezhanmarainadu	919/1A3 & 919/23	7.8	0.25	898/2B	0.036	1.67
					Total	**4.35**

(Source: Details furnished by the Department and Audit analysis)

In this connection following remarks are offered:

- As per the circular issued (October 2020) by the CLA, GLV of similar type of lands in the nearby vicinity should be considered while fixing the land value along with sale value if any. Special Tahsildar adopted the value of a residential plot whose market price was much higher instead of adopting GLV of similar agricultural land which was in violation of the GO/Circulars issued.
- Incidentally, Audit noticed in Moolipatti that the seller purchased four acre of land in January 2022 at a market price of ₹5.37 lakh (₹1.34 lakh per acre) and sold a part of it to the Government at a market price of ₹40 lakh (₹14.78 lakh per acre) within two months i.e. March 2022. Further another land in the same survey number (242/1A1) was transacted at the rate of ₹1.34 lakh per acre during the month of December 2022. This clearly builds suspicion about the deal and purchase of land at inflated price needs further investigation for financial mismanagement.
- In respect of Vadamalaikurichi and Keezhanmarainadu, the Sub-Registrar had furnished the GLV of a residential plot in the same survey number and also sale details of lands in the nearby vicinity. The SR had furnished the GLV as ₹31 lakh per acre in Vadamalikurichi which pertains to a residential plot and ₹4.6 lakh pertaining to a similar type of land *viz*., agricultural land. Similarly the rate furnished for a residential plot was ₹25 lakh in Keezhananmarainadu and ₹3.60 lakh to an

16 Moolipatti, Vadamalaikurichi and Keezhanmarainadu.

17 Identified lands - Moolipatti (242/1A and 242/1D2- 3.5 acre), Vadamalaikurichi (85/1- 5.56 acre) and Keezhanmarainadu (919/1A3 and 919/23- 7.80 acre).

18 District Level Private Negotiation Committee chaired by the District Collector.

agricultural land. However, the Special Tahsildar and the Committee without verifying the details of GLVs existed in the nearby vicinity of the similar type of land adopted the rates of the residential plot, which was not in order.

- As per the CLA circular, if the market value of the land under acquisition is exceeding 150 *per cent* of the Guideline value, it will be scrutinised and approved by the CLA irrespective of the monetary limit. Though the market price determined by ST was more than 150 *per cent* of GLV, District level Private Negotiation Committee did not forward the case to CLA for scrutiny for fixing the appropriate land value in either of the three cases.

GoTN replied (June 2025) that the question of fixation of land value with reference to the sales statistics within the vicinity of 1.6 kms and compensation has not been properly arrived at by the Special Tahsildar (LA) as per the RFCTLARR Act, 2013. The reply further added that the above matter is to be referred to the Commissioner of Land Administration for obtaining his remarks and for taking action.

Thus, due to incorrect fixation / adoption of land value by the Special Tahsildar without following due verification and acceptance of this inflated rate by the District Level Private Negotiation Committee, without obtaining necessary approval from the competent authority, had resulted in loss to the Government to the tune of ₹4.35 crore.

Recommendation 4.2:

The Government should direct the Departmental Officers to follow the extant orders strictly in cases of land acquisition.

(FREDERICK SYIEMLIEH)
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The 12 March 2026

Countersigned

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Comptroller and Auditor General of India

New Delhi
The 27 March 2026