

## CHAPTER III

### LAND REVENUE

#### 3.1 Results of Audit

Test check of assessment records in the offices of the District Development Officers, Taluka Development Officers, District Inspectors of Land Records and City Survey Superintendents conducted in audit during the year 2001-02, disclosed non/short recovery and loss of revenue amounting to Rs.24.79 crore in 221 cases. These cases broadly fall under the following categories:

(Rupees in crore)			
Sr. No.	Category	No. of cases	Amount
1	Non/short recovery of land revenue	88	10.29
2	Non/short recovery of occupancy price	13	4.50
3	Non-raising of demand for non-agricultural assessment	34	1.56
4	Non recovery of conversion tax	19	1.69
5	Other irregularities	67	6.75
	<b>Total</b>	<b>221</b>	<b>24.79</b>

During the year 2001-02, the department accepted under assessment of Rs.1.98 crore in 140 cases and recovered Rs.1.98 crore in 137 cases pertaining to earlier years. A few illustrative cases highlighting important audit observations involving Rs.17.71 crore are given in the following paragraphs.

#### 3.2 Non/short recovery of occupancy price and interest

Under the Bombay Land Revenue Code, 1879 (Code) and the Rules made thereunder, Government can dispose off available land to needy persons for any purpose on payment of occupancy price in advance on such terms and conditions as may be specified by the Government. The occupancy price in respect of non-agricultural land is to be determined by the Collector with reference to the value of land fixed by the Town Planner. Interest at the prescribed rate is also leviable in case of delay in payment of occupancy price.

During test check of records of Collector, Gandhinagar, Bhavnagar and 8\* Taluka Development Offices, it was noticed (between January and May 2001) that land measuring 3.07 lakh sq. mtrs. was allotted (between 1992 and 2000) by the respective Collectors to different boards/corporations/religious organisations/individuals/Government departments subject to recovery of occupancy price before the allotment of land, which was either not recovered or recovered at incorrect rates. This resulted in non/short recovery of occupancy price of Rs.5.43 crore as detailed below:

(Rupees in lakh)						
Sr. No.	Name of the Taluka	Year of allotment	Area of land (sq. mtrs. in lakh)	Amount not/ short recovered	Nature of irregularity	Remarks
1	Bhavnagar	2000	2.20	330.00	Occupancy price was not recovered for land allotted to Gujarat Housing Board	The department accepted the objection and agreed to effect recovery (July 2002).
2	Gandhinagar	1998	0.02	65.41	Allotment of land to two different corporations in the same sector at different prices.	Reasons for adopting different rates though called for have not been received (July 2002).
3	Gandhinagar	1997	0.02	64.80	Rates prescribed for allotment of land for religious purposes was not recovered.	Reasons for adopting different rates though called for have not been received (July 2002).
4	Gandhinagar	1997	0.14	41.33	Due to non recovery of occupancy price at revised rates.	The department accepted (March 2001) the objection. Recovery particulars were awaited (July 2002).

\* Bhavnagar, Botad, Dhrol, Gondal, Kotda Sangani, Lodhika, Morbi and Wankaner

5	Botad, Dhrol, Gondal, Kotda- Sangani, Lodhika, Morbi and Wankaner.	2000	0.30	23.66	Occupancy price was not recovered for land allotted to Telecom Department.	Progress of recovery is awaited (July 2002).
6	Gandhinagar	1998	0.03	06.90	Though land was allotted to Indian Oil Corporation subject to payment of occupancy price in six instalments, the interest was not levied on delayed payments.	Recovery particulars are awaited (July 2002).
7	Bhavnagar	1992	0.20	05.30	Occupancy price was recovered at lower rate compared to the same recovered from other allottee of land in the nearby block and survey No. for the same purpose.	Recovery particulars are awaited (July 2002).
8	Wankaner	1999	0.16	05.43	Occupancy price was recovered at incorrect rates.	Recovery particulars are awaited (July 2002).
	<b>Total</b>		<b>3.07</b>	<b>542.83</b>		

The above facts were brought to the notice of the department (between March and June 2001) and of Government (February 2002). The department accepted the audit observations involving an amount of Rs.3.78 crore in 5 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received (July 2002).

### 3.3 Incorrect issue of land acquisition awards/loss of stamp duty.

Under the Land Acquisition Act, all awards and agreements are exempt from payment of stamp duty. However the acquisition of land for the use of companies is governed by the land acquisition (Companies) Rules, 1963

framed under the Land Acquisition Act, 1894. The Rule prescribes that, before initiating acquisition proceedings, Govt. should ensure that the company had made all reasonable efforts to get such land by negotiating with the persons concerned on payment of reasonable price and that such efforts have failed.

During test check of the records of 4\* Land Acquisition Officers, it was noticed (between April and June 2001), that awards in 86 cases were issued on behalf of such companies during the period from 1993 to 2001 though these companies had already negotiated with the land owners and had taken over possession of the land on payment of 80 *percent* of the price. The acquisition of land by the respective companies would have attracted levy of stamp duty and registration fees on conveyance deeds. Acquisition of land by the Government in contravention to the above codal provision had resulted in loss of stamp duty and registration fees of Rs.10.27 crore.

On this being pointed out, the department replied that all awards and agreements are exempt from payment of stamp duty under section 51 of the Act.

The reply of the department is not tenable as the Land Acquisition Officers have issued the awards in contravention of the provisions of Act and Rules despite the facts that the concerned companies had already taken over the possession of land on making payment of 80 *percent* of the price of land to the land owners.

### **3.4 Non/short recovery of premium**

The Government decided (July 1983) to permit the land holders, holding the land under new and restricted tenure under the Bombay Tenancy and Agricultural Land Act, 1948, (as applicable to Gujarat) to convert their land into old tenure and to sell/transfer the same subject to payment of premium computed on the difference between the actual sale price of the land and the occupancy price recovered at the time of allotment of the land. The premium recoverable is 70 *percent* of the difference when the land held for more than 20 years is permitted to be sold for non-agricultural purposes.

During test check of records of Collector, Bhavnagar and Gandhinagar, Mamlatdar, Sanand, and 4# Taluka Development Offices, it was noticed (between January and November 2001) that land measuring 0.86 lakh sq. mtrs. held under new and restricted tenure was allowed to be sold/transferred/regularised, but premium was either not recovered or recovered at incorrect rate. This resulted in non/short recovery of premium of Rs.86.47 lakh as detailed below:

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\* Bharuch, Jamnagar, Surat and Vadodara.

# Bardoli, Gondal, Kamrej and Paddhari

(Rupees in lakh)				
Sr. No.	Name of the place	Area of land (sq. mtrs. in lakh)	Amount not/ short recovered	Nature of irregularity
1	Gandhinagar	0.30	61.85	Premium was not recovered on the land held under new and restricted tenure while granting permission for conversion into old tenure on the ground that land was not sold but transferred by way of irrevocable power of attorney.
2	Bardoli	0.03	12.75	Premium was recovered at the rate of Rs.650 per sq. mtr. in January 2001 instead of at the correct rate of Rs.950 per sq. mtr. applicable in April 1999.
3	Bhavnagar	0.16	7.22	Premium was recovered at the rate of Rs.55/- per sq. mt. prevailing in February 1996 though it was required to be recovered at the market rate of Rs.100/- per sq. mt. prevailing at the time of granting revised permission (May 1999).
4	Gondal	0.09	3.24	Premium was not recovered on new and restricted tenure land while granting permission for use as non-agricultural purpose.
5	Kamrej and Paddhari	0.28	1.41	Premium was not recovered on subsequent sale of land at prevailing rates.
	<b>Total</b>	<b>0.86</b>	<b>86.47</b>	

The above facts were brought to the notice of the department (May and December 2001) and of Government (February 2002); their replies have not been received (July 2002).

### 3.5 Non/short recovery of conversion tax

Under the Code, conversion tax is leviable on change in mode of use of the land from agricultural to non-agricultural purposes or from one non-agricultural purpose to another in respect of land situated in a city or town including its peripheral areas falling within one to five kilometres thereof. Different rates of conversion tax are prescribed for residential, industrial, commercial/other uses depending upon the population of the city/town. In case

of Corporations, Boards, etc. no permission is required and conversion tax is leviable in the year in which land is acquired.

During test check of records of 11\* District/Taluka Development and Mamlatdar Offices, it was noticed (between January and November 2001) that in 24 cases, conversion tax for change in mode of use, though leviable, was either not levied or levied at incorrect rate on 20.44 lakh sq. mtrs. of land converted. This resulted in non/short recovery of conversion tax amounting to Rs.60.38 lakh as detailed below:

(Rupees in lakh)					
Sr. No.	Name of the place	Area of land (sq. mtrs.in lakh)	No.of cases	Amount not/ short recovered	Nature of irregularity
1	TDO, Vadodara	3.73	4	20.27	Conversion tax was not recovered on land allotted to GHB <sup>@</sup> , GEB <sup>#</sup> and SSNNL <sup>φ</sup> for different purposes.
2	TDO, Lodhika	2.63	4	13.17	Though the villages fall within the periphery of Rajkot city, conversion tax was not recovered.
3	TDO, Bhavnagar	2.20	1	8.25	(i) Conversion tax was not recovered on land allotted to GHB for residential purpose.
		0.28	2	2.40	(ii) Though the villages fall within the periphery of Bhavnagar city, conversion tax was not recovered.
4	Mamlatdar (City), Vadodara	7.83	1	7.83	Conversion tax was not recovered on land allotted to GHB for residential use.
5	TDO, Viramgam	1.06	1	2.66	Land was allotted to Indian Oil Corporation without recovering conversion tax.
6	DDO, Junagadh	0.52	5	1.79	Conversion tax, though leviable, was not levied.
7	TDO, Harij	0.86	1	1.59	Conversion tax was not recovered from GWSSB <sup>ψ</sup> .
8	Mamlatdar,	0.52	2	0.95	Though unauthorised

\* DDO Junagadh, Mamlatdar (City) Vadodara, Dhrangadhra and Mehsana, TDO Bhavnagar, Harij, Lodhika, Mahuva, Shehra, Vadodara and Viramgam

@ Gujarat Housing Board

# Gujarat Electricity Board

φ Sardar Sarovar Narmada Nigam Limited

ψ Gujarat Water Supply and Sewerage Board

	Dhrangadhra				occupation was regularised, conversion tax was not levied in one case and incorrectly levied in other case.
9	TDO, Mahuva	0.16	1	0.60	Conversion tax was not recovered for land allotted to an industry.
10	TDO, Shehra	0.41	1	0.51	Conversion tax was not recovered on land allotted to GIDC <sup>Ω</sup> for industrial purpose.
11	Mamlatdar, Mehsana	0.24	1	0.36	Conversion tax was not recovered on land allotted to APMC <sup>ε</sup> for commercial purpose.
	<b>Total</b>	<b>20.44</b>	<b>24</b>	<b>60.38</b>	

The above facts were brought to the notice of the department (April and December 2001) and of Government (February 2002). The department accepted the audit observations involving an amount of Rs.34.61 lakh in 12 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received (July 2002).

### 3.6 Non/short levy of non-agricultural assessment

Under the Code and Rules made thereunder, land revenue is payable at the prescribed rates on all lands unless specifically exempted from payment. For determining the rates of non-agricultural assessment (NAA), cities, towns and villages have been divided into five classes 'A' to 'E' according to their population. Different rates depending on use of land are prescribed for each class of city/town/village.

During test check of records of 3 Mamlatdars and 12 Taluka Development Offices of 8\* districts, it was noticed (between December 2000 and November 2001) that in 61 cases, on land measuring 78.34 lakh sq. meters used for non-agricultural purposes during the period between 1990 and 2000 by Gujarat Electricity Board (GEB), Sardar Sarovar Narmada Nigam Ltd (SSNNL), Gujarat State Civil Supplies Corporation (GSCSC), Gujarat Industrial Development Corporation (GIDC), other Government/Semi-Government bodies, companies and individuals, NAA was either not levied or was levied at incorrect rates. This resulted in non/short levy of non-agricultural assessment of Rs.38.21 lakh as detailed below:

<sup>Ω</sup> Gujarat Industrial Development Corporation

<sup>ε</sup> Agriculture Produce Marketing Committee

\* 2 each of Ahmedabad & Bhavnagar, 3 of Mehsana, 1 each of Dahod, Panchmahal, Rajkot, Surendranagar & 4 of Vadodara

(Rupees in lakh)					
Sr. No.	Name of the Taluka	No. of cases	Area of land (sq.mtrs in lakh)	Amount not/ short levied	Nature of irregularity
1	Bhavnagar, Dahod, Mahuva, Mehsana, Shehra & Vadodara	11	24.24	22.14	NAA was not levied/short levied on land allotted to different Corporations/ Government bodies for non-agricultural purposes.
2	Sami & Vijapur	3	38.20	10.40	The notifications for upgradation of villages as per census of 1991 were issued in 1995 and 1999 instead of in 1991. The inordinate delay caused revenue loss of Rs.10.40 lakh.
3	Dhrangadhra, Morbi, Sanand, Vadodara & Viramgam	47	15.90	5.67	Though NAA was leviable at higher rates due to revision of rates, upgradation of villages, change of use etc., NAA was levied at pre-revised rates.
	<b>Total</b>	<b>61</b>	<b>78.34</b>	<b>38.21</b>	

The above facts were brought to the notice of the department (December 1999 and December 2001) and of Government (February 2002). The department accepted the audit observations involving an amount of Rs.5.89 lakh in 10 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received ( July 2002).

### 3.7 Non/short recovery of penalty

Under the Code and Rules made thereunder, agricultural land cannot be used for non-agricultural purpose without prior permission of the Collector. Further, Government may grant land free of revenue for charitable purposes subject to some terms and conditions. For breach of conditions, penalty at prescribed rates is leviable.

During test check of records of 5 Taluka Development Offices, it was noticed (between March 2000 and March 2001) that no penalty was levied for breach of conditions of allotment of land. This resulted in non/short recovery of penalty of Rs.15.66 lakh as detailed below:



(Rupees in lakh)

Sr. No.	Name of Taluka	No. of cases	Area of land (sq.mtrs. in lakh)	Amount not/short recovered	Nature of irregularity
1	Botad, Gondal, Paddhari & Valia.	15	2.73	14.55	The construction was not completed within a period of 6 to 36 months from the allotment of land.
2	Bayad	1	0.20	1.11	Land allotted revenue free in 1980 for Gaushala was not used for the purpose for which it was granted .
<b>Total</b>		<b>16</b>	<b>2.93</b>	<b>15.66</b>	

The above facts were brought to the notice of the department (between April 2000 and May 2001) and of Government (February 2002). The above matters were followed up with reminders to the Principal Secretary in April/May 2002 and Chief Secretary in July 2002. However, inspite of such efforts, no reply was received from the Government (July 2002).