

## CHAPTER-IV: LAND REVENUE, STAMP DUTY & REGISTRATION FEES

### 4.1 Results of Audit

Test check of records relating to assessment and collection of land revenue and stamp duty and registration fees conducted during the year 2004-05 revealed non collection, non/short assessment and blocking of revenue amounting to Rs.123.33 crore in 47,227 cases which may broadly be categorised as under.

<i>(Rupees in crore)</i>			
Sl. No.	Categories	No of cases	Amount
<b>LAND REVENUE</b>			
1.	Non collection of premium etc. from land occupied by local bodies/private parties	2,244	70.69
2.	Non lease/irregular lease of Sairat sources	338	0.89
3.	Non realisation of revenue due to delay in finalisation of OEA cases	254	0.03
4.	Blockade of Government revenue due to non finalisation of OLR cases	2,382	2.91
5.	Miscellaneous/other irregularities	43	0.25
6.	Non assessment/short assessment and short collection of water rates	57	0.60
7.	Non realisation/short realisation of royalty on Minor Minerals	157	0.17
<b>Total</b>		<b>5,475</b>	<b>75.54</b>
<b>STAMP DUTY AND REGISTRATION FEES</b>			
1.	Blockage of Government revenue due to non clearance of 47-A cases	40,645	46.23
2.	Short levy of stamp duty and registration fees due to under valuation/change of Kisam of documents	115	0.09
3.	Under valuation due to non consideration of highest sale instances	568	0.61
4.	Short realisation due to irregular/misclassification of deeds	424	0.86
<b>Total</b>		<b>41,752</b>	<b>47.79</b>
<b>Grand total</b>		<b>47,227</b>	<b>123.33</b>

During the year 2004-05, the Department accepted under assessment etc. of Rs.9.65 crore in 30,117 cases including Rs.1.91 crore in 2,668 cases relating to the year 2004-05. The Department recovered Rs.1.53 crore in 13,609 cases including Rs.8.27 lakh pointed out during the year 2004-05.

A few illustrative cases highlighting important audit observations involving Rs.12.11 crore are discussed in the following paragraphs.

## **A. Land Revenue**

### **4.2 Non collection of revenue on subleased land**

Government of Orissa Revenue Department in their letter of May 1990 issued instructions to the Chairman, Paradeep Port Trust (PPT) not to sublease any land either on temporary or permanent basis. It was subsequently decided in the meetings held in 2000 and 2002 between the Commissioner cum Secretary, Revenue Department, Government of Orissa and Chairman, PPT that in the event of sublease of land out of the alienated<sup>1</sup> land to third parties, the full sale value of land will be shared equally by PPT and State Government on 50:50 basis. Interest is leviable at the rate of 12 *per cent* per annum on arrears with effect from 28 November 1992. Public Accounts Committee while discussing para 4.2.8 of Audit Report (Revenue Receipts) 2000-01 on 7 September 2002 observed that subleased land can be regularised by entering into an agreement with PPT after obtaining Government order.

Test check of records of Tahasildar, Kujanga in January 2005 revealed that PPT had subleased land out of the alienated land and collected total sale value of land without depositing 50 *per cent* share to the State Government.

- PPT collected Rs.10.53 crore towards land premium for subleasing land measuring Ac.87.72 from Indian Oil Corporation (IOC) by March 2000. PPT was liable to pay Rs.5.27 crore towards 50 *per cent* share of the land premium and interest of Rs.2.62 crore from January 2000 to March 2004.
- PPT subleased land measuring Ac.25.00 in village Bhitargarh to Bharat Petroleum Limited in November 2001 and received Rs.3 crore towards consideration money in November 2001 but did not deposit Rs.1.50 crore towards 50 *per cent* share of land premium. Besides, interest of Rs.42 lakh as of 31 March 2004 was also payable to the State Government for belated payment of State share.
- Cargil India Limited was in possession of an area Ac.23 in village Bhitargarh which was subleased by PPT. The premium for the land is Rs.2.76 crore worked out at the rate of Rs.12 lakh per acre and PPT is liable to pay Rs.1.38 crore towards land premium.

Thus non collection of revenue on subleased land amounted to Rs.11.19 crore inclusive of interest.

After this was pointed out in audit in January 2005, the Tahasildar, Kujanga stated in February 2005 that there was no information regarding sublease of land and collection of sale value in respect of IOC and Cargil India Ltd.

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<sup>1</sup> Alienated land - Land already leased out.

However, PPT was asked to deposit the amount towards subleasing the land in case of Bharat Petroleum Ltd. The reply was not tenable in view of the fact that the possession of land has been recorded in Records of Rights maintained in tahasil Office. Besides PPT has also confirmed the fact of realisation of sale value of land. The matter was reported to Government in February 2005; reply had not been received (October 2005).

#### **4.3 Blockage of revenue due to delay in finalisation of alienation case**

According to Government orders of October 1961, May 1963 and February 1966, Government land can be leased out to local bodies, public sector undertakings, educational and charitable institutions, State and Central Government departments etc. on payment of premium fixed on the basis of market value of the land plus annual ground rent of one *per cent* of the market value. The occupier is liable to pay interest at the rate of 12 *per cent* with effect from 28 November 1992 for the period from date of occupation of land till the date of payment.

Test check of records of Cuttack tahasil revealed in February 2005 that advance possession of the land of Ac.11.158 was handed over to Cuttack Development Authorities (CDA) in August 1996 with the condition to pay premium, rent and cess as would be fixed by Government at the time of sanction of lease. Alienation case initiated in May 2003 for grant of lease to CDA was not finalised till the date of audit. Delay in finalisation of alienation case led to blockage of Government revenue towards premium, ground rent and interest amounting to Rs.9.46 crore as on February 2005.

After this was pointed out in audit in February 2005, tahasildar stated in February 2005 that steps would be taken to finalise the cases early.

The matter was reported to Government in April 2005; reply had not been received (October 2005).

#### **4.4 Non raising of demand**

Under the provisions of the Orissa Agricultural Year (Amendment) Act, 1992 and Orissa Cess (Amendment) Act, 1992 read with Government notification of February 1966, interest on belated payment of land revenue is payable from the date of occupation of the Government land. The rate of interest was raised from six *per cent* to 12 *per cent* per annum with effect from 28 November 1992.

**4.4.1** Test check of records of Tahasildar Tangi, Choudwar revealed in October 2004 that the Revenue Divisional Commissioner (RDC) (Central Division), Cuttack sanctioned in March 2004 the lease of Government land measuring Ac.3.10 in favour of Executive Engineer (EE), Central Electricity

Supply Company of Orissa, City Distribution Division-II, Cuttack which was already in possession of lessee since 1973 for construction of sub station, sub division office etc., subject to payment of Government dues of Rs.1.21 crore towards premium, ground rent and cess. No demand for interest of Rs.2.33 crore from the date of occupation was raised against the lessee including interest of Rs.50.90 lakh for the period from April 1999 to March 2004.

After this was pointed out in audit in October 2004, the tahasildar agreed in October 2004 to realise the dues along with interest.

The matter was brought to the notice of Government in March 2005; reply had not been received (October 2005).

**4.4.2** Test check of records of Tahasildar, Purusotampur revealed in May 2004 that the RDC (Southern Division) Berhampur sanctioned in February 2004 lease of Government land measuring Ac.2.415 in favour of EE Electrical (SOUTHCO) Aska subject to payment of Government dues of Rs.21.86 lakh for construction of sub station and staff quarters etc. Although land was in occupation of SOUTHCO since 1976-77, premium ground rent and cess inclusive of interest from 1976-77 to 2003-04 amounting to Rs.66.49 lakh were not demanded. This resulted in non raising of demand of Rs.15.07 lakh towards ground rent, cess and interest for the period from 1999-2000 to 2003-04 against the lessee.

After this was pointed out in audit in May 2004, the tahasildar raised demand in February 2005 against the lessee.

The matter was brought to the notice of Government in March 2005; reply had not been received (October 2005).

#### **4.5 Conversion of agricultural land for non agricultural purposes**

Under Orissa Land Reforms Act (OLR Act), 1960, a rayat is liable to eviction if he has used agricultural land for non agricultural purpose. Such land can, however on an application made by him in the prescribed form, be resettled on lease basis on payment of premium at the prescribed rate plus ground rent at one *per cent* of premium per annum.

Test check of records of two<sup>2</sup> tahasils between January and March 2005 revealed that 158 cases involving conversion of 89.962 acres of agricultural land for non agricultural purpose were instituted between 2002-03 and 2003-04 on receipt of applications from rayats. The cases were pending in tahasil offices for disposal as of March 2005. Non disposal of conversion cases resulted in delay in realisation of Rs.48.72 lakh towards premium and ground rent.

After this was pointed out in audit between January 2005 and March 2005 the Tahasildars agreed between January 2005 and March 2005 to take necessary action for realisation of the dues.

The matter was reported to Government in March 2005; reply had not been received (October 2005).

#### **4.6 Non realisation of revenue dues from Sairat sources**

As per Minor Mineral Concession Rules (MMCR), 1990 minor minerals can be sold or disposed off by public auction as may be prescribed by the concerned authority. Dues payable under these rules if remain unpaid shall be recovered as arrears of land revenue.

Test check of records of Tahasildar, Kujang in January 2005 revealed that Rs.42.39 lakh towards royalty for sairat sources<sup>3</sup> leased for lifting sand during the years 2000-01 to 2002-03 remained outstanding for realisation. The Tahasildar made only two references with PPT, one in August 2002 and another in February 2003 for realisation of dues. Thus ineffective action of the Tahasildar led to non realisation of Government revenue of Rs.42.39 lakh.

After this was pointed out in audit during January 2005, the Tahasildar, Kujanga stated in January 2005 that PPT was asked to pay the balance royalty on sand. The reply was not tenable as steps to institute certificate proceedings were not taken to realise the arrears even after lapse of two years.

The matter was referred to Government in March 2005; reply had not been received (October 2005).

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<sup>3</sup> Sairat sources - Minor miscellaneous source of revenue from fisheries, queries, hat & fair, ferry ghats, orchards, standing trees & minor minerals leased out temporarily after public auction.

## **B. Stamp Duty and Registration Fees**

### **4.7 Short realisation of stamp duty and registration fees**

The Inspector General of Registration (IGR) issued guidelines (September 1993) for determination of value of land. The highest sale price of a land during the last three years preceding the year of execution should be taken as value of land for the purpose of levy of stamp duty and registration fees. In September 2002, Government modified the referability under Section 47(A) of Indian Stamps Act, according to which the highest rate sale instance of land preceding the month in which the document in question is presented for registration will be taken into consideration. While such highest sale is taken, care has to be taken that value of comparable land adjacently located, is taken into consideration. For the purpose of proper valuation the SRs<sup>4</sup> /DSRs<sup>5</sup> are required to be provided with copy of the finally published village maps and Records of Right (ROR) as per IGR, circular of September 1993. In the absence of any documentary evidence to verify value of the adjacent plots, the Registering Officers (ROs) should go for the highest sale price of land during the last three years preceding either the year of execution or the month of execution for the purpose of levy of stamp duty and registration fees.

A test check of records in nine registration offices<sup>6</sup> revealed that 149 documents were registered between 2002 and 2003 at a lower rate compared to the highest sale value of land. No reference was made to RORs and valuation registers maintained in registration offices. Thus violation of IGR guidelines/Government orders resulted in undervaluation of land. Consequently there was short levy of stamp duty and registration fees of Rs.25.64 lakh.

After this was pointed out in audit between June 2004 and January 2005, six ROs<sup>7</sup> admitted the fact of under valuation and agreed between July 2004 and December 2004 to realise the deficit dues. Other ROs agreed to take action after verification of records.

The matter was brought to the notice of IGR/Government in April 2005; replies had not been received (October 2005).

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4 Sub Registrars.

5 District Sub Registrars.

6 Angul, Bhadrak, Hatadihi, Jharsuguda, Khandagiri, Patnagarh, Puri, Nayagarh and Rajgangapur.

7 Bhadrak, Hatadihi, Jharsuguda, Patnagarh, Nayagarh and Rajgangpur