

## CHAPTER III

### LAND REVENUE

#### 3.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2003 to March 2004 revealed non/short levy of local cess and local cess surcharge, non-levy of water cess and betterment contribution, non-levy of penalty/interest, short recovery of value/rent in respect of lands assigned, alienated or encroached etc., amounting to Rs.21.92 crore in 183 cases which broadly fall under the following categories.

(In crore of rupees)

Sl. No.	Categories	No. of cases	Amount
1	Non/short levy of local cess and local cess surcharge.	4	0.05
2	Non-levy of water cess and betterment contribution	2	0.06
3	Non-levy of penalty/interest	7	0.09
4	Short recovery of value/rent in respect of lands assigned, alienated or encroached.	36	11.21
5	Others	134	10.51
<b>Total</b>		<b>183</b>	<b>21.92</b>

During the course of the year 2003-2004, the Department accepted the under assessments etc., amounting to Rs.51.97 lakh involving 67 cases out of which four cases amounting to Rs.1.30 lakh were pointed out during 2003-2004 and the rest in earlier years. Out of the above, an amount of Rs.14.58 lakh pertaining to 65 cases has been collected (June 2004).

A few illustrative cases involving a tax effect of Rs.3.45 crore are mentioned below:

#### 3.2 Non raising of demand for value of land assigned

According to Board of Revenue Standing Order 15, Government land can be assigned to private persons on collection of prevailing market value of land as on the date of assignment.

In Katpadi Taluk, it was noticed in February 2003 that Government land was assigned in March 2001 to an engineering college with the condition that the prevailing market value of the land should be collected. However, no demand had been raised by the Department even after a lapse of three years. This resulted in non realisation of land cost amounting to Rs.2.18 crore.

After this was pointed out, the Department replied in February 2003 that the matter was pending for field inspection for fixing the current market value. The reply is not tenable since the rates were readily available in records of the Registration Department.

The matter was reported to the Government in July 2004 and followed up with reminder in August 2004; their reply had not been received (September 2004).

### **3.3 Inordinate delay in leasing out lands**

According to Board of Revenue Standing Order 24A, Government lands can be granted on lease on temporary occupation for non-agricultural purposes and lease rent is leviable at seven *per cent* of prevailing market rate of land upto 3 June 1998 and one *per cent* thereafter. As per Tamil Nadu Panchayat Act, 1958 (TNP Act), local cess and local cess surcharge leviable on lease rent are leviable at the rates prescribed from time to time.

In Taluk office, Sriperumbudur, it was noticed in September 2003 that an educational institution trust had encroached 18.80 acres of land in addition to five acres of land already granted on lease by Government in May 1993. The High Court of Madras while disposing of the writ petition (filed in 1993) of the educational trust, ordered the Government in March 2001 to lease the land under dispute to the institution, for occupation within three months. However, the land was neither leased out nor the demand raised till date.

Thus, inordinate delay on the part of the Government to lease out the land as ordered by the court and failure to raise demand for lease rent in respect of 23.80 acres resulted in Government exchequer being deprived of Rs.89.55 lakh inclusive of Rs.12.79 lakh towards lease rent and Rs.76.76 lakh towards local cess and local cess surcharge.

The case was pointed out to the Department in November 2003 /Government in May 2004 and followed up with reminders in August 2004; the reply had not been received (September 2004).

### 3.4 Non levy of differential lease amount

Government by an order dated 13 March 1993 enhanced the lease rent for lands leased out for manufacture of salt from Rs.2 to Rs.60 per acre per annum. As per TNP Act, local cess and local cess surcharge at the rate prescribed on lease rent is also leviable.

In Tindivanam Taluk, it was noticed in August 2002 that 833.88 acres of land was leased between September 1989 and April 1994 to three<sup>15</sup> firms for manufacture of salt. The firms filed a writ petition filed in 1993 against the enhancement which was dismissed by High Court of Madras on 8 December 2000, thereby upholding the revised rate. Though the petitioners had paid 50 *per cent* of the enhanced lease rent before filing the writ petition, the demand for the remaining amount of lease rent and local cess and local cess surcharge was not raised by the Department even after a lapse of three years from the date of order of the High Court. This resulted in non-levy of differential lease amount and local cess and local cess surcharge on lease amount amounting to Rs.21.74 lakh.

After this was pointed out (September 2002) the Department replied (February 2004) that demands for Rs.8.08 lakh were raised in respect of two lessees and in respect of one lessee, action has been initiated under Revenue Recovery Act. Further report was awaited (September 2004).

The matter was reported to the Government in July 2004 and followed up with reminder in August 2004; the reply was awaited (September 2004).

### 3.5 Non levy of local cess and local cess surcharge

As per TNP Act, local cess and local cess surcharge are leviable on the land revenue payable in respect of any land in Panchayat area at the rate prescribed on lease rent. As per Tamil Nadu Land Revenue (Additional Surcharge) Act, 1995, additional surcharge at 13 *per cent* in lieu of local cess and local cess surcharge is leviable in Municipal Corporation areas. Any surcharge or tax can be exempted from levy only with the previous sanction of Government.

In Tambaram Taluk, it was noticed in January 2003 that Government lands measuring 9.78 acres in Thiruvanmiyur and Kottivakkam villages were leased out in May 2000 for 99 years to a private school. Though lease rent of rupees one lakh per annum was fixed, local cess and local cess surcharge or additional surcharge though leviable on the lease rent was not levied. This resulted in non-levy of local cess and local cess surcharge amounting to Rs.15.30 lakh during the period from 30 May 2000 to 29 May 2003.

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<sup>15</sup> Kandadu Adi Dravidar Workers Co-op. Production and Sales Ltd., Marakkanam Adi Dravidar Salt Workers Co-op. Production and Sales Society Ltd. and Pakben & Company.

After this was pointed out (January/February 2003), the Government replied in March 2004 that as per TNP Act, 1994 Government was empowered to sanction exemption from payment of local cess and local cess surcharge and contended that local cess and local cess surcharge leviable was 'nil', as already stated in the lease deed. The reply is not tenable since the G.O. issued was silent about local cess and local cess surcharge and the same could not be exempted merely by stating it in the lease deed. Exemption can be allowed only with prior sanction of the Government.

The matter was again reported to the Department/Government (February 2004) and followed up with reminder in August 2004; their replies have not been received (September 2004).