

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

THIRTY NINTH REPORT

(Presented on 17th September, 2007)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2007

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On

**Paragraphs relating to Land Revenue Department contained in the
Reports of the Comptroller and Auditor General of India for the
year ended 31st March 1994 No. 3 (RR)**

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Thirty Ninth Report on Paragraph relating to Land Revenue Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 1994 No. 3 (RR).

The Report of the Comptroller and Auditor General of India for the year ended 31st March 1994 No. 3 (RR) was laid on the Table of the House on April 25, 1995.

The Committee considered and finalised this report at the meeting held on September 10, 2007.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram
17-9-2007.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT
LAND REVENUE

AUDIT PARAGRAPH

*Internal controls in the Land Revenue Department for recovery of dues
treated as arrears of Land Revenue*

Introductory

Internal controls are intended to provide reasonable assurance for prompt and efficient service and adequate safeguards against evasion of taxes and duties. They are meant to promote enforcement of compliance with laws, rules and departmental instructions and help in prevention and detection of frauds and other irregularities. They also help in creation of reliable financial and management information system.

It is, therefore, the responsibility of the department to ensure that a proper internal control structure is instituted, reviewed and updated to keep it effective.

The Kerala Revenue Recovery Act, 1968, and the Rules made thereunder, inter alia, prescribe the procedure for collection of arrears of Government dues of different kinds which can be recovered as arrears of land revenue under the relevant tax enactments under which such dues are levied. Under Section 71 of the Act, Government, may, by notification, declare that the provisions of the Act shall be applicable to the recovery of the amounts due from any person or class of persons, to any specified institutions or classes of institutions and thereupon all the provisions of the Act shall be applicable to such recovery. The Act is administered by the Land Revenue Department.

Organisational set up

The administration of Land Revenue Department vests with the Board of Revenue (Land Revenue). For the purpose of administration, the State is divided into 14 revenue districts. Each district is sub-divided into taluks and each taluk is further sub-divided into villages.

The District Collectors are responsible for the land revenue administration of their respective districts. The Tahsildars are in immediate charge of the land revenue administration of their respective taluks and exercise supervision and control on Village Officers who are entrusted with the work of collection of land revenue and other receipts. In 11 districts there are Special Tahsildars (RR) at district headquarters exclusively for revenue recovery relating to that taluk.

Scope of Audit

A review on internal controls in Land Revenue Department in respect of revenue recovery under the Revenue Recovery Act covering the period 1990-91 to 1992-93 was conducted during December 1993 to February 1994 with reference to the records available in the Board of Revenue, Thiruvananthapuram, 5 Collectorates (Kollam, Alappuzha, Ernakulam, Thrissur and Kozhikode) out of 14 and 17 Taluk Offices out of 61 and 5 Offices of Special Tahsildar (RR) out of 11 in the State.

Highlights

(i) There was no uniformity in the maintenance of records relating to revenue recovery cases. There was no system of monitoring that revenue recovery certificates were issued by the Collector in respect of every requisition received by him nor was there any system of ensuring that all revenue recovery certificates issued from the Collectorate to the Taluk Offices were duly registered in the latter office.

(ii) The system of monitoring of the revenue recovery cases at the level of Board of Revenue/Government was not effective.

(iii) In Taluk Offices also, the monitoring of the follow-up action on revenue recovery certificates was not effective. Test check of a few Taluk offices revealed that in 639 cases involving Rs. 66.79 lakhs recoveries were either not made at all or only partly made.

(iv) Failure to maintain necessary records or to make necessary entries therein wherever maintained, and lack of response from the requisitioning institutions to the references made by the Tahsildars resulted in revenue recovery certificates amounting to Rs.182.91 crores being returned to the requisitioning departments during the period 1990-91 to 1992-93.

(v) There were discrepancies in the maintenance of records relating to revenue recovery cases. Year-wise details of demand, collection and balances in respect of revenue recovery cases were not available with the Board of Revenue. In a number of cases, there were large variations between the closing balances of the year and the corresponding opening balances of the subsequent years.

(vi) Pursuance of court cases/stay orders was ineffective on account of inadequate monitoring and lack of co-ordination between the requisitioning institution/department and the District Collectors. In Kozhikode district, the latest position of 348 court cases was not available. The amount involved in 255 cases alone was Rs. 2.45 crores.

(vii) There was no monitoring of the disposal of properties attached as a result of revenue recovery proceedings. In 15 Taluks no register was maintained to record the details of properties attached. In 17 Taluks properties (movable and immovable) valuing Rs.3.85 crores attached in 223 revenue recovery cases were pending disposal as on 1 March 1993.

(viii) Collection charges amounting to Rs.10.28 lakhs in respect of 15 Taluk Offices were not realised from the institutions on whose behalf revenue recovery certificates were issued and recoveries made.

(ix) Half yearly inspection of Taluk offices as required were not conducted regularly by District Collectors concerned. In 2 Collectorates (Kollam and Kozhikode) no inspections were conducted during 1990-91 to 1992-93.

Procedure for receipt and disposal of revenue recovery cases

The requisition for recovery of arrear Government dues or arrears of recovery of the amount due from any person or class of person to any particular institution notified by Government as arrears of land revenue under the Kerala Revenue Recovery Act, 1968, and the Rules made there under are received by the District Collectors from the concerned departments of Government or from the particular institution.

The formats of the records to be maintained in connection with the Revenue Recovery cases have not been prescribed either in the Kerala Revenue Recovery Act, 1968 or in the Kerala Revenue Recovery Rules, 1968. Though the department has issued instructions/procedures from time to time about the procedure to be followed at District Collectorates and Taluk/Village Offices in this regard, the same have not been manualised.

The District Collector receiving a requisition for recovery, issues under his signature, a Revenue Recovery Certificate under Section 69(3) of the Act to the Tahasildar of the Taluk to which the defaulter belongs within one week of the receipt of the requisition. In the Taluk Office, on receipt of the Certificate, a case file is opened; a number assigned to it and the number is noted in the Revenue Recovery Ledger maintained department-wise. Demand notice under Section 7 *ibid* is to be issued to the Village Officer concerned for effecting recovery within one week of the receipt of the Revenue Recovery Certificate.

Deficiencies

Test check of the accounts and records of revenue recovery revealed the following deficiencies in respect of monitoring aspects at various levels.

(A) In Collectorates

(i) There was no uniformity in the maintenance of records relating to revenue recovery. In Collectorates Ernakulam and Thrissur separate registers

were maintained to record the receipt and watch the disposal of revenue recovery requisitions. But no such registers were maintained at Collectorates Kollam, Alappuzha and Kozhikode where they were pursued through a register meant for recording miscellaneous papers received by the clerk.

(ii) There was no system to monitor that all the requisitions received in the Collectorates were registered and certificates issued in all such cases. In Alappuzha, Revenue Recovery certificate received in 7 cases in 1991 were not issued till January, 1994. On this being pointed out, Revenue Recovery Certificates in two cases were issued in January 1994.

(iii) The system of computerization of revenue recovery activities introduced in October 1990 in the five districts covered by review was found to be deficient as the objective of completing the data entry of pending cases by 31 December, 1990, in addition to the data of cases received from 1 October 1990 and to generate all prescribed periodical returns such as monthly and annual Demand, Collection and Balance Statements through computer from 1 January 1991 could not be achieved. The requisition department was not being informed of the progress of the recovery.

(B) In Taluk and Village Offices

No system was available in Taluk Offices to ensure that all Revenue Recovery Certificates issued by the Collectors were received and properly recorded in Taluk Offices and also to ensure that demand notices were issued on all Revenue Recovery Certificates received from the Collectorate.

In one taluk [Special Tahsildar (RR), Kanayannur], Revenue Recovery Certificates issued in January 1987 by the District Collector, Ernakulam for Rs.7.41 lakhs relating to abkari (excise) arrears was neither entered in the Revenue Recovery Ledger nor demand notice issued. On pointing out in audit (February 1993), the amount was brought to demand in August 1994.

In six taluks delay ranging from one month to seven months was noticed in the issue of demand notices in respect of 116 cases test checked. delay ranging from one month to ten months was noticed in eight Village Offices in serving the demand notices in 102 cases.

(C) Follow-up action and Monitoring

There is no effective system of monitoring of the cases at Government/ Board's level other than getting the consolidated statement of amount

outstanding for recovery. It is also noticed in audit that information regarding the number of cases and their age-wise pendency is not being intimated by the Collector to the Board and by the Board to the Government. Nor has the Board/Government at any time called for such details.

Similarly, in Taluk Offices also, no effective monitoring and follow-up action is in force.

(1) Test check of Revenue Recovery Ledgers in 22 Taluk Offices revealed that in a large number of cases, no recovery was effected after the issue of demand notices. In 357 cases test checked relating to the period November 1985 to March 1993, where an amount of Rs.42.31 lakhs was to be recovered, no recovery had been effected. No reason was furnished by the Tahasildars for the non-recovery of amount in those cases.

(2) It was also noticed that in many cases though recoveries were made partly, further steps were not being taken to recover the balance amount. Balance due in 282 cases, relating to the period 1985-86 to 1992-93, test checked in 21 Taluk Offices amounted to Rs.29.48 lakhs.

(3) Revenue Recovery proceedings initiated in May 1987 by District Collector, Thrissur for realisation of agricultural income tax arrears amounting to Rs.6.42 lakhs for the period from 1973-74 to 1975-76 and from 1979-80 to 1987-88, was finally stayed by the High Court of Kerala in February 1990 for a period of one month. Since the statement of facts sent by the District Collector on 24 March 1990 was insufficient to file a counter affidavit, the Advocate General requested the District Collector on 30 December 1991 to send a better statement of facts without clearly specifying in the request the areas requiring re-examination. It was however, noticed (December 1993) that the statement of facts had not been furnished by the District Collector to the Advocate General. Thus, delay in preparation of required statement of facts resulted in a sum of Rs.6.42 lakhs remaining uncollected.

Return of Revenue Recovery Certificates

Revenue Recovery Certificates may be returned by the Tahsildars to District Collector when the defaulter becomes insolvent, when the assessments are remanded by appellate authorities or when the requisitioning authority withdraws the requisition etc. Revenue Recovery Certificates should not be returned in cases of stay.

The amounts covered by revenue recovery Certificates returned during the years 1990-91, 1991-92 and 1992-93 as shown in the Demand, Collection and Balance Statements of the Board of Revenue are as follows:

<i>Year</i>	<i>Amount (In lakhs of rupees)</i>
1990-91	4,814.35
1991-92	7,476.01
1992-93	6,000.74

A test check of Revenue Recovery Certificates returned in 22 Taluk Offices revealed that:

(i) In 7 Taluk Offices (Kanayannur, Kuttanad, Ambalappuzha, Karthigappally, Chavakkad, Mukundapuram and Thrissur), the prescribed registers were not maintained to note the Revenue Recovery Certificates returned. In one Taluk Office (Chengannur) though the register was maintained there were no entries during the years 1991-92 and 1992-93 though as per the Demand, Collection and Balance Statement, Revenue Recovery Certificates for Rs. 141.64 lakhs and Rs. 60.18 lakhs respectively were returned during these years.

(ii) In 4 Taluk Offices, 7 revenue recovery cases involving Rs. 7.27 lakhs were returned although stay orders were in force.

(iii) In one Taluk Office (Mukundapuram), revenue recovery proceedings were not pursued in 10 cases involving Rs. 1.13 lakhs and the Revenue Recovery Certificates returned through the Collector on the ground that there was no response from the requisitioning authorities to the reference made by the Tahasildars.

Discrepancies in the maintenance of records.

Monthly statement of Demand, Collection and Balance of recovery cases furnished by the Tahasildars are consolidated by the District Collectors and forwarded to the Board of Revenue. The Board consolidates the statement received from all the districts, conducts monthly review and communicates the review report to the District Collectors for follow-up action. A copy of the review report is forwarded to the Government also for information.

The position of Demand, Collection and Balance of all revenue recovery items as on 31 March 1991, 31 March 1992 and 31 March 1993 collected from the Board of Revenue is as follows:

<i>As at the end of 31 March</i>	<i>Total Demand</i>	<i>Amount Under stay</i>	<i>Amount not collectable due to pending reassessment</i>	<i>RRC returned</i>	<i>Collectable demand</i>	<i>Collection</i>	<i>Balance</i>
<i>(In lakhs of rupees)</i>							
1990-91	22898.33	15080.07	335.71	4814.35	2668.20	2246.39	421.81
1991-92	33853.46	20982.59	558.25	7476.01	4836.61	4210.81	625.80
1992-93	35148.92	23756.40	543.68	6000.74	4848.10	4390.61	457.49

Year-wise details of Demand, Collection and Balance are not available with the Board of Revenue. Though the details were called for in audit in November 1993, those were yet to be received from the department. Government stated (July 1994) that the details were being collected from the District Collectors and would be made available soon.

Test check of Demand, Collection and Balance Statements maintained at Collectorates and Taluk Offices covered under the review revealed that:

(i) Large variations ranging from Rs.2.41 lakhs to Rs.469 lakhs were noticed in the closing balance as on 31 March 1991 and the opening balance as on 1 April 1991 in three Collectorates (Kollam, Ernakulam and Kozhikode) and five Taluk Offices (Karunagappally, Kottarakkara, Kochi, Aluva and Talappilly).

(ii) The Collectable balance and the amount under stay in the Demand, Collection and Balance Statements as on 31 March 1993 and that in the Revenue Recovery Ledgers varied in 10 Taluk Offices. Variations up to Rs.15.82 lakhs in the balances in the ledger and the Demand, Collection and Balance Statement in respect of collectable demand and variations up to Rs.22.5 lakhs in the balances in the ledger and the Demand, Collection and Balance Statements in respect of amount under stay were noticed. In Special Tahasildar (RR), Ernakulam the collectable balance under "Excise" as per Demand Collection and Balance Statement was "NIL" as against Rs.15.82 lakhs shown in the ledger.

(iii) Interest on arrears had not been worked out and included in the demand each year in any of the Taluk Offices.

(iv) Percentage of collection of arrears in all the taluks was worked out on the basis of collectable balance. But the collectable balance was worked out after keeping the total amount of instalments under stay intact without reducing the remittances received subsequently so as to show high percentage of collection. This was in contravention of the instructions issued by the Board of Revenue in January 1989. Even though the District Collectors were required to conduct surprise checks on the Demand, Collection and Balance Statements as per the circular no surprise checks were conducted by the District Collectors concerned.

Recovery in Instalments

Though the Revenue Recovery Act and the Rules made thereunder do not contain provision for granting stay/instalment facilities, Government by invoking the clemency powers vested with them, have granted stay and instalment facilities in many cases. Further there was no mechanism to watch the vacation of stay orders where the conditions of stay were not fulfilled or to watch the recovery of all instalments in these cases. It was noticed in 143 cases test checked that:

(i) While the number of instalments sanctioned by District Collectors ranged from 2 to 42, the maximum instalments remitted were found to be 8. In 111 cases no instalment was remitted.

(ii) Against the demand of Rs. 11.28 lakhs the collection made in instalments was only Rs. 2.90 lakhs.

(iii) In four districts (Kollam, Thrissur, Ernakulam and Kozhikode) the Deputy Collectors had also issued stay orders with instalment facilities. In two Collectorates (Alappuzha and Thrissur) stay orders were issued by the Collectors in cases where the amount exceeded the ceiling fixed by Government.

(iv) In 201 cases test checked involving an amount of Rs. 21.33 lakhs the conditions of stay were not fulfilled but follow-up action was not taken.

Government in a letter addressed to all District Collectors in December 1988 had instructed, inter alia, to resume revenue recovery steps in cases where conditions of stay were not fulfilled and to identify and immediately bring to the notice of Government, the cases of stay orders obtained time and again for the same demand of the same item of revenue. It was, however, noticed that

Government granted stay orders in 7 cases involving Rs.7.93 lakhs for more than once; the number of occasions varied from 2 to 10.

The above position shows that the system was not working effectively.

Pursuance of court cases/stay orders—Monitoring and Flaws in system

In respect of court cases there is no co-ordination between the requisitioning departments and Collectorates in pursuing the court cases. It was noticed that the registers prescribed for noting stay/court cases were either maintained improperly or not maintained at all by the District Collectors/ Tahsildars with the result that latest position of a particular case is not readily ascertainable.

Sometimes the courts grant conditional stay on cases pending before the appellate authorities of the assessing departments till disposal of appeals. Due to lack of co-ordination between requisitioning department and Revenue Department, large amounts held under stay remained uncollected for want of details regarding disposal of appeal petitions before appellate authorities. In 38 cases test checked in 12 taluks the amount so held up from February 1984 to March 1994 amounted to Rs.17.33 crores. A cross verification of 25 cases with the records of the Sales Tax Department revealed that 8 cases involving Rs. 2.78 lakhs had already been decided by the appellate authorities between the period June 1986 and April 1994, but no action was taken to effect recovery.

In order to pursue cases on behalf of Government in sub-courts, there are Government Pleaders attached to Collectorates.

The District Collector, Kozhikode forwarded 348 cases pending in various courts to the District Government Pleader, Kozhikode in July 1992 but the present position or details of disposal of the cases were not furnished to the Collector by the Pleader even as of March 1993. The amount involved in 255 cases alone was Rs. 2.45 crores.

In one case, the Collector, Kollam, issued a Revenue Recovery Certificate for Rs. 8.72 lakhs against a Village Industries Society towards Khadi and Village Industries Board dues. The demand notice was issued on 19 March 1990. The Society filed an original suit before the Munsiff Court, Punalur. Even though there was no stay order, the amount was classified under stay and no action was taken to recover the amount. The Khadi Board on 24 April 1993 informed the Tahsildar, Pathanapuram that the case was decided in favour of the Board. Recovery proceedings, however, had not been initiated even as of October 1994 for want of a copy of the judgment.

The Government Counsel, Punalur had informed the Tahasildar on 24 September 1993 that although he had applied for a copy of the judgment on 5 December 1992 the remission of cost of stamp paper was issued only on 27 July 1993.

From the above it is clear that the mechanism now in existence is not effective to monitor the court cases and to protect the financial interest of the Government.

Government stated (July 1994) that the system of pursuing court cases through Government Pleaders would be reviewed in consultation with the Advocate General, Kerala, and necessary changes in the existing arrangements would be ordered.

Cases of attachment of properties

Under the provisions of the Revenue Recovery Act, if the defaulter does not make any arrangement for payment of arrears, the properties attached should be sold in public auction. Till then the Collector may appoint an agent for the management of the property.

Out of 22 Taluks covered in the review, in 15 Taluks, no register was maintained to record the particulars of the properties attached by Government. It could not, therefore, be verified whether the properties attached were put under proper management and revenue from such properties was collected effectively.

As per the information furnished by 17 Taluk Offices, properties (movable and immovable) worth Rs. 3.85 crores, attached in 223 revenue recovery cases were pending disposal as on 31 March 1993. Year-wise break up of pending cases and the reasons for pendency though called for from the Taluk Offices in November 1993 have not been received (December 1994).

Non-realisation of collection charges

Under Section 71 of the Kerala Revenue Recovery Act, 1968, Government issued notifications from time to time to make applicable the provisions of the Act, for the recovery of dues, to specified institutions or any class or classes of institutions. For recoveries on behalf of notified institutions under Section 71 of the Act, five per cent of such collections should be credited to Government as collection charges and the balance alone should be remitted to the institutions on behalf of which collection is made by the Revenue Department.

Government in December 1990, decided to realise collection charges from all institutions/autonomous bodies etc., on whose behalf recoveries of arrears are being made by Government through the Revenue department by invoking

the provisions of the Revenue Recovery Act. The Board of Revenue in circular issued on 7 March 1991 directed all the District Collectors to realise collection charges as provided in the Kerala Revenue Recovery Rules from all institutions whether it is a notified institution under Section 71 of the Kerala Revenue Recovery Act or a statutory body. It was, however, noticed that in 15 Taluk Offices , in respect of an amount of Rs. 205.63 lakhs collected in favour of the institutions, collection charges amounting to Rs. 10.28 lakhs were not adjusted and credited to Government.

Half yearly inspections

Government in October 1979 directed the District Collectors to conduct half yearly inspections of the branches of taluk Offices and reiterated (December 1990) the need for inspection to ensure prompt collections of arrears and strict adherence to the provisions of the Revenue Recovery Act. It was also stated that the 11 Special revenue recovery Units in the state would be inspected by the Board periodically. It was, however, noticed that the prescribed quantum of inspections was not conducted either by the District Collectors or by the Board of Revenue. Out of four Collectorates (Kollam, Alappuzha, Thrissur and Kozhikode) test checked, it was noticed that in two Collectorates (Kollam and Kozhikode) no inspection was conducted during 1990-91 to 1992-93 and in the other two Collectorates, out of 42 inspections to be conducted during the years from 1990-91 to 1992-93, only six inspections were conducted.

Of the 11 Special Tahasildar Offices (RR) the Board of Revenue inspected only one office in 1990-91; four offices in 1991-92 and two offices in 1992-93.

Government stated (July 1994) that steps would be taken to conduct the half yearly inspection on a regular basis and that out of 11 Revenue Recovery Tahasildar offices to be inspected by Board, 9 had already been inspected during 1993-94.

On pointing out these defects in audit (May 1994), Government stated (July 1994) that the Board had proposed to introduce a new register of receipt and disposal of revenue recovery requisitions, and after the maintenance of this register in the Collectorates and Taluk Offices prompt disposal of revenue recovery requisitions and their review and monitoring at the taluk/district level was expected to be done more effectively.

[Paragraph 6.2.—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1994 No. 3 (RR)].

Notes submitted by Government on the above paragraph is included in Appendix II.

1. Bringing to the notice of the witness the audit observation that there was no uniformity in the maintenance of registers relating to Revenue Recovery cases, the Committee wanted to know the present position regarding the maintenance of registers. The Secretary, Revenue Department stated that the audit observation related to the year 1994, and that at that time all registers were maintained manually and hence they were not uniform. But the situation has changed and at present all the procedures including maintenance of registers had been computerised. He added that R.R. cases were being well monitored now.

2. The Secretary, Revenue Department further stated that Revenue Recovery was not similar to revenue collection. Usually cases were recommended for revenue recovery when all other alternatives to collect the amount due to Government fail. Hence it would be very difficult to accurately state the amount of collectable demand. The main reason for this was that, when the demand was raised either the party would have approached the Government/courts/appellate authorities for stay and any further proceedings against them would not be possible. For example, the total demand up to November 2004 for the year 2004-05 was Rs. 2,940 crores. But the collectable demand worked out was only Rs. 544 cores i.e., only 1/6th of the total demand. The balance amount would be under stay from Government or from Appellate Authorities, or from Courts. Sometimes Government would have granted repayment in instalments to the parties concerned.

The Secretary, Revenue Department stated the details of stay as under :

Amount under Stay from Courts	..	Rs. 905 crores
Amount under stay from Appellate Authority	..	Rs. 542 crores
Amount under stay from Government	..	Rs. 372 crores
Amount where R.R. C. had been returned	..	Rs. 173 crores
Amount under remission/write off	..	Rs. 400 crores

He added that usually around Rs. 260 to 290 crores could only be collected per year under R.R. even if utmost strain is taken.

3. The Committee asked whether the Department was furnishing details regarding the expected collection at the time of Budget preparation. The witness stated that the amount projected under revenue recovery collection during the years 1999-2000 to 2003-2004 were Rs. 105 crores, Rs. 111 crores, Rs. 110 crores, Rs. 140 crores, and Rs. 184 crores respectively.

4. The Committee pointed out that the categorization, of the Revenue Recovery cases into collectable cases, cases under stay etc. has hampered the collection of the amount to a great extent and enquired about the measures taken to bring all the cases recommended for R.R. under collectable demands. The Secretary answered that the main reason for R.R. cases becoming long pending was the stay from various courts. So in 2004-05 the Land Revenue Commissionerate had taken certain steps to identify and bring down such cases. Taluk wise lists of R.R. cases pending due to court stay were prepared and a special team was sent to the High Court to verify the latest position of each case. It was found that cases involving around Rs.300 crores were not actually under stay and they were brought under demand. In cases where the statement of facts had not been submitted steps had been taken to submit them within a time frame. In cases where counter affidavits had to be filed, the Additional Advocate General had been requested to arrange separate Government Pleaders to attend to the cases.

5. When enquired whether the arrears of Rs.2,940 crores as mentioned by the Secretary was for a period more than 10 years, it was stated that logically it would be computed as arrears of around seven years or so.

6. The Secretary further stated that the revenue recovery cases were not those related to the Revenue Department and that they were related to other departments like Sales Tax, Excise etc. So when a stay was given to a R.R. case basically it would be a stay against the original assessment and not against the R.R. proceedings. In such cases it was the Act under which the original assessment was made and not the R.R. Act that would be challenged. Hence the Revenue Department would not be a party in the case and would not know the fact that the case had been referred for stay. The concerned Department would also not inform the Revenue Department that the case had been stayed. So when a review was done it was found that many of the stays were either conditional or the cases were disposed of by the Court. The Committee observed that it was a matter for concern that actual position of the revenue recovery cases under stay was not being passed on by the concerned Departments to the Revenue Department.

7. The Deputy Commissioner, Land Revenue informed the Committee that in some sales tax cases there is a tendency of not achieving the collectable amount even after vacating the stay. This was mainly because of the fact that the appellate authority would have revised the original assessment while disposing the cases. This revision in assessment would lead to a considerable reduction in the demand raised through R.R. This is happening in a large number of cases pending under stay.

8. The Committee wanted to know whether the department had evolved any permanent measure to identify and monitor the R.R. cases either at the Commissionerate level or at Government level. The witness stated that District, Taluk and Village wise details of R.R. cases had been prepared and targets had been fixed for collection. Instructions had been issued to the Tahasildars to find out the reasons for shortfall in achieving the target and to take urgent steps to vacate stays if any. Constant monitoring of R.R. cases was also being done. The Principal Secretary, Revenue Department added that a Liaison Office at the level of Deputy Commissioner was deputed to the High Court to watch the cases pending there and pass on information regarding the position of each case. But since the actual implementation is at the Taluk/Village level an efficient system had to be evolved for gathering information and for follow up of the cases.

9. The Committee asked whether there was any system to monitor the cases coming up in the lower/munsiff/sub courts at the Government Pleader's level. The witness stated that he was not aware of any separate system for this. Usually the District Collector would be convening monthly conferences with the Government Pleaders and it was in these meetings that information were passed on and deficiencies were pointed out.

10. The Committee sought the opinion of the Finance Department in the matter. The Secretary Finance (Expenditure) stated that it was due to the absence of reconciliation that such instances occur. Hence reconciliation should be done at the monthly meetings to find out the number of cases pending in courts, in how many cases unconditional stays, had been given, the total amount collected and the number of fresh cases referred for R.R. etc. He informed the Committee that Government had issued instructions that no cases should be pending in courts where unconditional stay had been issued. If any unconditional stay had been issued the court should be immediately moved to convert it to conditional stay so that at least 50% of the amount could be recovered. According to him loopholes could be plugged if the District Collectors review the cases at district level and reconciliation between concerned department and Revenue Department was effectively done. The Principal Secretary, Revenue Department added that reconciliation was being done at present and review was being done at Collector's conference.

11. The Committee desired that a note showing the details of pending R.R. cases above Rs.20 lakhs should be furnished. The Principal Secretary stated that he would furnish the notes within one month.

12. The Committee wanted to know whether the Department felt any need to amend the Revenue Recovery Act and the Rules so that the recovery proceedings could be made easier. The Principal Secretary, Revenue Department stated that it was not due to the absence of any provisions in the Act or the rules that arrears in R.R. occur. In some cases the Department would be unable to proceed with R.R. proceedings since the party would be so poor that he would not be having any assets in his name. In some other cases where influential and wealthy parties are involved there would be interference from various quarters in continuing the proceedings. Therefore it was in the actual implementation of the Act and the rules that the department was finding difficulty.

13. The Committee wanted to know whether the Department had taken any steps to amend the Act and Rules so that Revenue Recovery steps could be moved more effectively. The Principal Secretary informed the Committee that in the present set up if earnest efforts were taken 30 to 40 per cent increase could be made in R.R. collection.

14. Drawing attention to the statement of the Government that most of the problems faced by the Department due to the absence of uniformity in the registers maintained had been solved through computerisation, the Committee wanted to know whether the software used was sufficient to cover all the requirements of the Department. The Principal Secretary, Revenue Department stated that at present at least the figures of the requisitioning Department and the Revenue Department tally. The Secretary, Finance (Expenditure) added that before computerisation when R.R.C.s were issued from Collectorates to the Tahasildar Offices the details were entered manually and then passed on to the concerned villages where also manual registration was done. So instances where certificates being misplaced had occurred and in one case a clerk in the Collectorate was suspended for keeping a certificate in his drawer without any action for more than two months. But after computerisation the situation had changed. All requisitions were first entered in the computer before forwarding it to the concerned Tahasildars/Village Officers. All the entries made subsequently in the Tahasildars' offices and village offices would also be available in the computer. So the latest figures would be available with the Department.

15. The Committee pointed out that remittance would be made through chalans and asked whether such remittances would be accounted in computers simultaneously, the Secretary, Finance (expenditure) answered in the affirmative. He informed that when cash is received daily entries were being done in the village officer level.

16. The Committee enquired whether the Revenue Department had any system to identify and account the agricultural loans and interest under R.R. which were subsequently written off, the witness stated that the department had no information regarding such cases. Even though the Co-operation Department was supposed to furnish such details at present they were not doing so.

Conclusions/Recommendations

17. **The Committee finds that as on November 2004 an amount of Rs. 2,940 crores was pending collection under Revenue Recovery. As per the assessment of the Land Revenue Department, out of this only Rs. 544 crores was collectable as the balance amount was under stay by Courts/Government/Appellate Authorities. This state of affairs was created mainly due to the non-maintenance of year wise D.C.B. statements of R.R. cases in the Land Revenue Department and lack of Co-ordination between the requisitioning Department/institution and the District Collector. Even though a welcome move had been made by the Land Revenue Department by computerising all procedures including maintenance of registers with regard to R.R. cases, still the co-ordination between the requisitioning institution/Department and the District Collectors remains to be strengthened. Since almost all the cases referred for R.R. relate to Department other than Land Revenue Department and Land Revenue Department is acting only as an agent in implementing R.R. Act. Whenever a dispute occurs about the R.R. amount it was the original Act under which the cause of action had arisen that was being challenged. In such cases where stay had been given either conditionally or unconditionally and subsequently vacated and disposed off finally the final outcome of the case was never being conveyed to Land Revenue Department by the requisitioning Department/Institution. The Committee find that the Special team of LRD sent to High Court to verify the latest position of R.R. cases under stay by High Court has identified that many of the cases that were thought to be under stay was not actually so and consequent on this the LRD was able to recover Rs. 300 crores. The Committee, therefore, endorse the view of the Secretary, Finance (Expenditure) that the District Collector should hold monthly review meetings with the Departments/Institution that had requested for R.R. proceedings and the various GPs who had been entrusted to appear on behalf of the Departments/Institutions to defend their case. Besides, internal meetings should also be conducted to update the position of the R.R. cases so that omission or oversight do not occur in the follow up of the cases.**

18. **The Committee notes that at present information regarding write off of various loans and interest thereon including Agriculture Loans from Co-operation Department and other amounts due to Government which had come**

under R.R. is not passed on to the Land Revenue Department at present. So also details of tax cases which had come under R.R. proceedings due to non-remittance are revised subsequently due to interference of court or appellate authorities and are settled are not being passed on to the Land Revenue Department. The Committee understands that this lack of response from the requisitioning Departments/institutions regarding the position of cases referred to Land Revenue Department for Revenue Recovery is indirectly contributing to inflation of the amount under Revenue Recovery demand. The Committee therefore, recommends that for a proper creation of reliable financial and management information system, in the Land Revenue Department and to provide reasonable assurance for prompt and official service and safeguards against evasion of taxes and duties, the requisitioning Institutions/Departments should keep the Land Revenue Department well informed about the position of the cases referred by them for Revenue Recovery. The Finance Department should therefore issue circular instructions to all concerned Departments to furnish monthly statements showing details with regard to the position of each case referred for Revenue Recovery to the concerned District Collectors. Any lapse in this should be severely dealt with.

19. The Committee appreciates the special drive made by the Land Revenue Department in bringing down the number of Revenue Recovery cases under stay and bringing an amount of Rs. 300 crores under demand. The Committee recommend that steps should be taken to identify the cases long pending in lower courts/appellate authorities to ascertain whether those cases are actually under stay or have been disposed off and to bring the amount involved in those cases under demand and collection. From the evidence tendered before the Committee it has become clear that Revenue Recovery cases amounting to Rs. 173 crores were returned to the various requisitioning Departments/Institution due to the lack of response to the reference made by the Tahasildars. The Committee recommend that since the process of collection of revenue due to the Government is being undermined by the passive attitude of the requisitioning Departments/Institutions, an enquiry should be conducted into the cases where RRCs had been returned and stringent action should be taken against those officers who had failed to take timely action in responding to the reference of Tahasildars.

20. The Committee desires to know whether the collection charges amounting to Rs. 10.28 lakhs in respect of 15 Taluk Offices had been remitted or not from the institution on whose behalf R.R.C. were issued and recoveries made. The Committee also desires to be informed whether the Land Revenue Department is realising collection charges on the recoveries made in time and

if so, the details of R.R.Cs issued, the amount involved and the Collection charges realised for the period from 1999-2000 to 2004-2005 should be furnished to the Committee.

AUDIT PARAGRAPH

***Amounts recoverable from Railways, Public Sector Undertakings,
Autonomous Bodies and Local Bodies for Special Staff for
Land Acquisition***

Under the Kerala Land Acquisition Act, 1961, acquisition of land required by the Railways, Public Sector Undertakings, Autonomous Bodies, Local Bodies etc., is carried out by the staff of Revenue Department, specially sanctioned for the purpose by Government with definite condition that the cost of establishment of the special staff shall be recovered from the party requisitioning the land. Rule 156 of Kerala Service Rules. Part I, stipulates the manner in which the recoveries shall be made.

A test check on the recovery of cost of establishment covering the period 1989-90 to 1992-93 conducted in August/September 1993 in the Board of Revenue (Land Revenue), Thiruvananthapuram, 7 Collectorates (Thiruvananthapuram, Kollam, Alappuzha, Kottayam, Ernakulam, Kozhikode and Wayanad) out of 10 Collectorates under which land acquisition special establishment exists, 18 Offices of Special Tahasildar (Land Acquisition) out of 21 offices and all the three offices of Special Deputy Collectors (Land Acquisition) revealed the following points.

Position of arrears

The position of arrears as on 31 March 1993 and the year-wise break up though called for (November 1993) from the Board of Revenue has not been received (December 1994). However, scrutiny in audit of the details furnished by the Board of revenue disclosed the following discrepancies.

(i) A sum of Rs. 4.42 crores was outstanding as on 31 October 1992 from 20 defaulter institutions towards cost of establishment of land acquisition staff. More than 50 per cent of the arrears were due from 3 institutions viz., Kerala State Electricity Board (Rs. 107 lakhs), Southern Railway (Rs. 88 lakhs) and Kerala State Housing Board (Rs. 45 lakhs).

(ii) The entries in the Register maintained in the Board of Revenue to note the details of amounts due/recovered from each institution were not updated with the result that the amount due as per the records of Land Acquisition Units and that noted in the Board's register did not tally in many cases.

(iii) In respect of Land Acquisition Units for Kerala State Electricity Board at Wayanad, the amounts reported by the units to the District Collector, Wayanad and those reported by the Collector to the Board Revenue were different.

(iv) The arrears of Rs.63,412 due from Food Corporation of India relating to cost of establishment of staff engaged till 1986-87 were not included in the statement of arrears prepared by the Board of Revenue for the month of October 1992.

Accumulation of arrears

As per conditions in the agreement to be executed under Land Acquisition Rules, the requisitioning authority shall deposit with the Collector (Land Acquisition Officer) at the time of execution of the agreement or on any other date to be fixed by the Collector etc., estimated amount of establishment charges likely to be incurred by the government in connection with the acquisition to be provisionally fixed by the Collector. Non-compliance of the provision in the Land Acquisition Act and Rules and Government instruction thereon by the Land Acquisition Officers resulted in huge arrears as given below:

(i) Due to failure to recover the cost in advance from four organizations and due to failure to adjust the cost in time from the advance deposit made by one organization, an amount of Rs.94.64 lakhs was outstanding from those five organizations for the period from February 1978 to March 1991, even though the relevant Land Acquisition Units were wound up after completion of work of acquisition and handing over of possession of land. In two of these cases, although revenue recovery proceedings were ordered, no recovery could be effected so far (December 1994).

(ii) Demand for Rs. 60 lakhs relating to the years 1981-82 to 1987-88 was raised in September 1989 against Kerala State Electricity Board, Wayanad; the delay ranged from 2 to 8 years. Demands for Rs. 42 lakhs for the years 1991-92 and 1992-93 had not yet been raised (September 1993) against Kerala State Electricity Board, Wayanad.

(iii) Rs. 17.66 lakhs pertaining to 1973-74 to 1986-87 due from the Thriuvananthapuram Corporation was demanded only in January 1988 after a lapse of 1 to 15 years.

Continuance of land acquisition staff without recovery of arrears and cost of establishment in advance

In Circular dated 21 April 1987, the Government directed the Board of revenue (LR) to abolish with effect from 16 May 1987 the land acquisition units

engaged on land acquisition work of organizations which had defaulted in payment of cost of establishment. Further, it was directed that in future, when continuance is given or fresh staff is sanctioned for land acquisition, approximate establishment cost for one year should be got remitted before orders are issued. It was, however, noticed that the above instructions were not adhered to by the Board of Revenue or by the Government while issuing sanctions for the temporary posts of land acquisition units. Four Land Acquisition Units (Cochin Corporation, Kerala State Electricity Board I, II and III Wayanad) were allowed to continue during 1987-88 and thereafter though the requisitioning parties had defaulted. In respect of 2 Land Acquisition Units (Kerala State Housing Board, Kozhikode and Thiruvananthapuram) though the dues from 1988-89 onwards were not remitted, the posts were continuing (August 1993). The fact regarding non-remittance of arrears by the concerned units was not mentioned by the Board of revenue while sending proposals for the continuance of land acquisition posts. Information as to whether the Government had examined the fact before issuing continuance sanctions, called for (December 1993) has not been received (December 1994).

Non-adjustment of arrears from loans/grants

The Revenue Department in September, 1989 intimated the Board of Revenue that the details of amounts, due from various local bodies/institutions on account of land acquisition charges had been forwarded to the concerned administrative departments and various sections of the Finance Department with instructions to adjust the amounts due to Government against further loans/grants or any other amount sanctioned to these institutions. It was, however, noticed that there was failure to adjust Rs.2.43 crores due from two institutions for the period from 1989-90 to 1991-92 from the grant/loan of Rs.41.09 crores sanctioned to them during 1990-91 and 1991-92.

Non-demand/short demand of establishment charges/interest on arrears

(a) The Government, in January 1992, informed the Accountant General (Audit) that the Board of Revenue had been asked to urge the defaulter institutions to remit the dues before 29 February 1992 and to realize penal interest at the rate of 9 per cent from 1 March 1992, if they fail to pay dues before the stipulated time. It was, however, seen that interest was not demanded from the defaulter institutions in respect of the amount not remitted before 29 February 1992. The interest in 16 cases for 1992-93 amounting to Rs. 37.69 lakhs has not been demanded so far (December 1994).

(b) The Government in November 1989 revised the scales of pay of the State Government employees, with effect from July 1988. The Board of Revenue

revised the average cost, consequent on the pay revision, only in May 1992 at the instance of audit. It was noticed that in four Offices of the Special Tahasildar (Land Acquisition) the average cost as intimated by the Board was not adopted resulting in short demand of Rs.3.63 lakhs.

(c) As per the Government decision under Rule 156 of Kerala Service Rules, Part I, "gross sanctioned cost of service" will include the average cost of several posts included in the establishment together with dearness pay, dearness allowance, special dearness allowance, personal pay/special pay and other compensatory allowances admissible on the average cost. It was observed that exclusion of bonus (5 offices, Rs. 2.85 lakhs), medical claims (4 offices, Rs. 0.26 lakh), arrears of dearness allowance increases from time to time (3 offices, Rs. 2.15 lakhs), rent (1 Office, Rs. 0.71 lakh) for the calculation of "gross sanctioned cost of service" while revising the average cost from July 1988 resulted in short demand of Rs. 5.97 lakhs.

Lack of uniform procedure

The Government has not prescribed the detailed procedure for the recovery of cost of establishment or the formats in which the records for watching the recovery of the same are to be maintained. Therefore, no uniform procedure in this regard is being followed in the Land Acquisition Units.

Government to whom the above facts were reported (December 1993) stated (July 1994) that remedial action would be taken to rectify and to avoid recurrence of the defects pointed out.

[Paragraph 6.3 contained in the report of the Comptroller and Auditor General of India for the year ended 31 March 1994 No.3 (RR)]

Notes submitted by the Government on the above paragraphs are included in Appendix II.

21. The Secretary, Finance (Expenditure) informed the Committee that the para related to the period 1994 and at present the situation had changed. Now for the continued functioning of such special units the concerned party for which the acquisition was being done should have to remit the expense anticipated in advance. Hence the question of establishment expenses incurred on special land acquisition units becoming in arrears had now been solved.

22. The Committee pointed out that in the case of Railways and other bodies, which were financially better such stipulations would not be damaging. But in the cases of Kerala State Electricity Board, or Kerala State Housing Board or other local bodies if such a condition is insisted then the acquisition process

would itself be hampered and enquired whether in such cases book adjustments could not be made. The Secretary, Finance (Expenditure) stated that at present, if the party whom for which the L.A. unit had been formed fail to meet the establishment expense then the functioning of the unit would be stopped. In the case of acquisition when a Government Department fail to remit the required amount of land value or the enhanced amount of land value as decreed by a court, then in order to avoid further embarrassment of attachment of government property a separate Head of Account had been provided in the Budget and payment would be made from that Head without any delay. Then the amount would be recovered from the concerned Government department subsequently by giving additional authorisation. In the case of local bodies the amount would be recovered from the grant. If enhanced compensation had to be paid the expense would be booked in suspense account and later book adjustment would be done in the budget.

Conclusions/Recommendations

23. The Committee understands that the situation with regard to formation/continuance of special units for land acquisition has changed. At present units would be sanctioned only if the anticipated establishment expenditure on the units is remitted in advance. Hence remittance of establishment expenditure becoming in arrears does not occur. However, the Committee would like to be informed when the system was changed and also whether the establishment expenditure on the various special land acquisition units constituted till the change over was collected from the departments/institutions for which they were constituted. If not the details regarding the arrears, the departments from which money is due and the steps taken/to be taken for realisation of the amount should be furnished to the Committee.

24. The Committee would like to point out that the KSEB or KSHB should not be treated at par with the Indian Railways or Food Corporation of India in the remittance of establishment charges in advance. If such a condition is insisted upon in the case of these institutions, then a situation may occur wherein the land acquisition process for the various department activities undertaken by them come to a standstill. Hence Government should come out with a suitable plan whereby these institutions could shoulder the expense without making much dent in their financial position.

ARYADAN MUHAMMED,

*Chairman,
Committee on Public Accounts.*

Thiruvananthapuram,
17th September, 2007.

APPENDIX I

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1.	17	Land Revenue Department, Finance Department, Taxes Department	The Committee finds that as on November 2004 an amount of Rs.2,940 crores was pending collection under Revenue Recovery. As per the assessment of the Land Revenue Department, out of this only Rs.544 crores was collectable as the balance amount was under stay by Courts/Government/Appellate Authorities. This state of affairs was created mainly due to the non-maintenance of year wise D.C.B. statements of R.R. cases in the Land Revenue Department and lack of co-ordination between the requisitioning Department/institution and the District Collector. Even though a welcome move had been made by the Land Revenue Department by computarising all procedures including maintenance of registers with regard to R.R. cases, still the co-ordination between the requisitioning institution/Department and the District Collectors remains to be strengthened. Since almost all the cases referred for R.R. relate to Department other than Land Revenue Department and Land Revenue Department is acting only as an agent in implementing R.R. Act. Whenever a dispute occurs about the R.R. amount it was the original Act under which the cause of action had arisen that was being challenged. In such cases where stay had been given either conditionally or unconditionally and subsequently vacated and disposed off finally the final outcome of the case was never being conveyed to Land Revenue Department by the requisitioning Department/Institution. The Committee find that the Special team of LRD sent to High Court to verify the

(1)	(2)	(3)	(4)
			<p>latest position of R.R. cases under stay by High Court has identified that many of the cases that were thought to be under stay was not actually so and consequent on this the LRD was able to recover Rs.300 crores. The Committee, therefore, endorse the view of the Secretary, Finance (Expenditure) that the District Collector should hold monthly review meetings with the Departments/Institution that had requested for R.R. proceedings and the various G.Ps who had been entrusted to appear on behalf of the Departments/Institutions to defend their case. Besides, internal meetings should also be conducted to update the position of the R.R. cases so that omission or oversight do not occur in the follow up of the cases.</p>
2.	18	<p>Land Revenue Department, Finance Department, Taxes Department</p>	<p>The Committee notes that at present information regarding write off of various loans and interest thereon including Agriculture Loans from Co-operation Department and other amounts due to Government which had come under R.R. is not passed on to the Land Revenue Department at present. So also details of tax cases which had come under R.R. proceedings due to non-remittance are revised subsequently due to interference of court or appellate authorities and are settled are not being passed on to the Land Revenue Department. The Committee understands that this lack of response from the requisitioning Departments/institutions regarding the position of cases referred to Land Revenue Department for Revenue Recovery is indirectly contributing to inflation of the amount under Revenue Recovery demand. The Committee therefore, recommends that for a proper creation of reliable financial and management information system, in the Land Revenue Department and to provide reasonable assurance for prompt and official service and</p>

(1)	(2)	(3)	(4)
			<p>safeguards against evasion of taxes and duties, the requisitioning Institutions/Departments should keep the Land Revenue Department well informed about the position of the cases referred by them for Revenue Recovery. The Finance Department should therefore issue circular instructions to all concerned Departments to furnish monthly statements showing details with regard to the position of each case referred for Revenue Recovery to the concerned District Collectors. Any lapse in this should be severely dealt with.</p>
3.	19	Land Revenue Department, Finance Department, Taxes Department	<p>The Committee appreciates the special drive made by the Land Revenue Department in bringing down the number of Revenue Recovery cases under stay and bringing an amount of Rs.300 crores under demand. The Committee recommend that steps should be taken to identify the cases long pending in lower courts/appellate authorities to ascertain whether those cases are actually under stay or have been disposed off and to bring the amount involved in those cases under demand and collection. From the evidence tendered before the Committee it has become clear that Revenue Recovery cases amounting to Rs.173 crores were returned to the various requisitioning Departments/Institution due to the lack of response to the reference made by the Tahasildars. The Committee recommend that since the process of collection of revenue due to the Government is being undermined by the passive attitude of the requisitioning Departments/ Institutions, an enquiry should be conducted into the cases where RRCs had been returned and stringent action should be taken against those officers who had failed to take timely action in responding to the reference of Tahasildars.</p>
4.	20	”	<p>The Committee desires to know whether the collection charges amounting to Rs. 10.28 lakhs in respect of 15 Taluk Offices had been remitted or</p>

(1)	(2)	(3)	(4)
			not from the institution on whose behalf R.R.C. were issued and recoveries made. The Committee also desires to be informed whether the Land Revenue Department is realising collection charges on the recoveries made in time and if so, the details of R.R.C.s issued, the amount involved and the Collection charges realised for the period from 1999-2000 to 2004-2005 should be furnished to the Committee.
5.	23	Land Revenue Department, Finance Department, Taxes Department	The Committee understands that the situation with regard to formation/continuance of special units for land acquisition has changed. At present units would be sanctioned only if the anticipated establishment expenditure on the units is remitted in advance. Hence remittance of establishment expenditure becoming in arrears does not occur. However, the Committee would like to be informed when the system was changed and also whether the establishment expenditure on the various special land acquisition units constituted till the change over was collected from the departments/institutions for which they were constituted. If not the details regarding the arrears, the departments from which money is due and the steps taken/to be taken for realisation of the amount should be furnished to the Committee.
6.	24	„	The Committee would like to point out that the KSEB or KSHB should not be treated at par with the Indian Railways or Food Corporation of India in the remittance of establishment charges in advance. If such a condition is insisted upon in the case of these institutions, then a situation may occur wherein the land acquisition process for the various department activities undertaken by them come to a standstill. Hence Government should come out with a suitable plan whereby these institutions could shoulder the expense without making much dent in their financial position.

APPENDIX II

ACTION TAKEN STATEMENT ON THE REPORT OF COMPTROLLER AND
AUDITOR GENERAL OF INDIA FOR THE YEAR ENDED 31-3-1994 IN
RESPECT OF AUDIT PARA 6.2 (6.2.1 TO 6.2.13)

<i>Para No.</i>	<i>Draft Para</i>	<i>Action Taken</i>
(1)	(2)	(3)
6.2.1	<p><i>Introductory:</i></p> <p>Internal controls are intended to provide reasonable assurance for prompt and efficient service and adequate safeguards against evasion of taxes and duties. They are meant to promote enforcement of compliance with laws rules and departmental instructions and help in prevention and detection of frauds and other irregularities. They also help in creation of reliable financial and management information system.</p> <p>It is therefore the responsibility of the department to ensure that a proper internal control structure is instituted, reviewed and updated to keep it effective.</p> <p>The Kerala RR Act, 1968 and the rules made there under inter alia prescribes the procedure for collection of arrears of Govt. dues of different kinds which can be recovered as arrears of land revenue under the relevant tax enactments under which such dues are levied. Under Sec. 71 of the Act, Govt. may by notification declare that the provisions of the Act shall be applicable to the recovery</p>	No remarks

(1)	(2)	(3)
	<p>of the amounts due from any persons of class of persons to any specified institution or classes of institutions and there upon all the provisions of the Act shall be applicable to such recovery. The Act is administered by Land Revenue Department.</p>	
6.2.2	<p><i>Organisation Set up:</i></p> <p>The administration of LR Department vests with the Board of Revenue (LR). For the purpose of administration the state is divided into 14 revenue districts each. Each district is sub divided into talukes and each taluk is further sub divided into villages.</p> <p>The District Collector's are responsible for the Land Revenue administration of their respective districts. The Tahsildars have immediate charge of land revenue administration of their respective Talukes and exercise supervision and control on village officers who are interested in collection of land revenue and other receipts. In the 11 districts there are Special Tahsildars (RR) at district headquarters exclusively for revenue recovery to that Taluk.</p>	No remarks
6.2.3	<p><i>Scope of Audit :</i></p> <p>A review of the internal controls in Land Revenue Department in respect of revenue recovery under the RR Act covering the period</p>	No remarks

(1)	(2)	(3)
	<p>1990-91 to 1992-93 was conducted during December 1993 to February 1994 with reference to the records available in the Board of Revenue, Thiruvananthapuram, 5 Collectorates (Kollam, Alappuzha, Ernakulam, Thrissur and Kozhikode) out of 14 and 17 taluk offices out of 61 and 5 offices of the Special Tahsildar (RR) out of 11 in the state.</p>	
6.2.4.	<p>Highlights:</p> <p>(i) There was no uniformity in the maintenance of records relating to revenue recovery cases. There was no system of monitoring that revenue recovery certificates were issued by the collector in respect of every requisition received by him nor was there any system of ensuring that all revenue certificates issued from the collectorate to the Taluk Offices were duly registered in the latter office.</p> <p>(ii) The system of monitoring the revenue recovery cases at the level of Board of Revenue Department was not effective.</p>	<p>The DCs have reported that all requisition for RR received from various requisitioning authority are being accounted in RR ledgers and are being watched through both personal and RR ledger and the RRC are being issued to the Taluk in respect of all requisition.</p> <p>Monitoring of Revenue Recovery cases are now being done by the DC in monthly conference consisting of RR authority and requisitioning dept. Such a system cannot be monitored at the level of Board of Revenue/Government still the offices of the RR authority are being annually inspected by the Board and random check of RR cases is being done at that</p>

(1)	(2)	(3)
		inspection. Conference of Deputy Collector (RR) has been convened by the Member, Board of Revenue to mobilize RR collection and they were given instruction to take necessary action for vacating the stay cases as expeditely as possible. Monthly conference convened by Finance Minister/ Finance Secretary is also being done at the level of Government in this regard.
(iii) In Taluk Offices also monitoring of the follow up action revenue recovery certificates was not effective. Test check of a few taluk offices revealed that in 639 cases involving Rs. 66.79 lakhs recoveries were either not made at all or only partly made.		The DC have reported that suitable instructions had already been given to the Tahsildars to ensure that all the RR certificates received in Taluk Offices are entered in the RR ledger to include the details of remittance in the register. The board had already proposed to Govt. to introduce a new register with the draft formats. On maintaining these new registers it is expected the prompt disposal of all RR requisitioning and its view on monitoring at Taluk/District Level could be done more effectively. Computerisation of all RR work is also expected to plug the loopholes in the present monitoring system.
(iv) Failure to maintain necessary records to make necessary entries therein wherever maintained and		The DCs have reported that suitable instructions had already been given to all the

(1)	(2)	(3)
<p>lack of response from the requisitioning institutions to the references made by the Tahsildars resulted in revenue recovery certificates amounting to Rs. 182.91 crores being returned to the requisitioning departments during the period 1991 to 1992-93.</p>	<p>Tahsildars to ensure that all the RR certificates received in Taluk Offices are entered in the RR Ledger and to include the details of remittance in the register.</p>	
<p>(v) There were discrepancies in the maintenance of records relating to revenue recovery cases. Year-wise details of demand collection and balance on the receipt of revenue recovery cases were not available with the Board of Revenue. In a number of cases there were large variations between the closing balances of the year and the corresponding opening balances of the subsequent year.</p>	<p>The demand pending for collection in a financial year is carried over and added to the ensuing financial year in the DCB statement and this had been long established practice. Therefore by the very nature of things the demand relating to each financial year cannot be isolated from the DCB statement received from the Collectors.</p>	
<p>(vi) Pursuance of court cases/ stay orders was ineffective on account of inadequate monitoring and lack of Co-ordination between the requisitioning institution/department and the District Collectors. In Kozhikode District the latest position of 348 court cases was not available. The amount involved in 255 cases alone was Rs. 2.45 crore.</p>	<p>The DC Kozhikode had reported that in order to review the stay cases pending in High Court and Lower Courts suitable timely action is being taken. For quick vacation of stay cases pending in lower courts, instructions were issued to District Govt. Pleader and Addl. Govt. Pleaders to file petition for advance hearing and also to file objections at stay orders staying the sale of land etc. immediately on receipt of notice from the courts.</p>	

(1)	(2)	(3)
(vii) There was no monitoring of the disposal of properties attached as a result of revenue recovery proceedings and 15 Taluk Offices no register was maintained to record the details of properties attached. In 17 Taluks properties (movable and immovable) valuing Rs. 3.85 crores attached in 223 R.R. cases were pending disposal as on 1-3-1993.	The DCs have reported that necessary directions have been given to the Tahsildars to take prompt follow up action of the disposal of attached properties.	
(viii) Collection charges amounting Rs. 10.28 lakhs in respect of 15 taluk offices were not realised from the institutions on whose behalf revenue recovery certificates were issued and recoveries made.	Collection charges amounting to 0.28 lakhs in respect of 15 Taluk Offices could not be verified for want of Taluk-wise details. However DCs have reported that the Revenue Recovery authorities are promptly collecting collection charges on behalf the institutions notified under section 71 of the act and this amount was also properly accounted in the DCB statement under LROBT	
(ix) Half yearly inspection of Taluk Offices are required were conducted regularly by Dist. Collectors concerned. In 2 Collectorates (Kollam and Kozhikode) no inspections were conducted during 1990-91 to 1992-93.	The DCs have reported that half yearly inspection of the sub offices could not be conducted as directed by the Govt. for want of adequate staff in RR section. Inspections of Taluk Offices were not conducted regularly by the District Collectors for want of adequate staff. But as per G. O. (Ms.) 510/98/RD dated 14-10-1998 (re-organisation of Land Revenue Department). Government has given due importance	

(1)	(2)	(3)
<p>6.2.5 <i>Procedure for receipt and disposal of revenue recovery cases:</i></p> <p>The requisition for recovery of arrears Govt. dues or arrears of recovery of the amount due from any person or class of person to any particular institution notified by the Govt. as arrears of land revenue under KRR Act 1968 and the rules made thereunder are received by the District Collectors from the concerned departments of Govt. or from the particular institution.</p> <p>The formats of record to be maintained in connectin with the R.R. cases have not been prescribed either in the Kerala Revenue Recovery Act, 1968 or in the KRR Rules, 1968. Though the department has issued instruction/procedures from time to time about the procedure to be followed at District Collectorates and Taluk/Village Offices in this regard the same has not been manulised. The District Collector receiving a requisition for recovery issues under</p>		<p>to Revenue Recovery and have sanctioned additional Staff and sanctioned inspection wings in the Collectorates and Commissionerate. By utilizing these the District Collectors are conducting inspections in Revenue Recovery branches regularly.</p> <p>A new register is being introduced by which it is expected that prompt disposal of all RR requisitions and its review on monitoring Taluk/District level could be done more effectively.</p>

(1)	(2)	(3)
	<p>his signature a revenue recovery certificates under section 69 (3) of the act to the Tahsildar of the Taluk to which the defaulter belongs within one week of the receipt of the requisition. In the Taluk Office on receipt of the certificate, a case file is opened a number assigned to it and the number is noted in the R.R. Ledger maintained department wise Demand notice under section 7 <i>ibid</i> is to be issued to the Village Officer concerned for effecting recovery within one week of the receipt of the R.R. Certificate.</p>	
6.2.6	<p><i>Deficiencies:</i></p> <p>Test Check of accounts and records of revenue recovery revealed the following deficiencies in respect of monitoring aspects at various levels.</p> <p><i>A. In Collectorates:</i></p> <p>(i) There was no uniformity in the maintenance of records relating to revenue recovery. In Collectorate Ernakulam and Thrissur separate registers were maintained to record the receipt and watch the disposal of revenue recovery requisitions. But no such registers were maintained at Collectorate, Kollam, Alappuzha and Kozhikode where they were pursued through a register meant for recording miscellaneous papers received by the clerk.</p>	<p>No remarks.</p> <p>The concerned DCs have reported that all requisitions for RR received from the various authorities are being watched through personal register RR ledger and RRCs are being issued to the Taluk in respect of all requisitions. The follow up action on the realization of dues is also being taken. The DCs have also reported that as the number of requisition received from the nationalized banks are very huge, action cannot be proposed at strength.</p>

(1)	(2)	(3)
<p>(ii) There was no system monitor that all the requisitions received in the Collectorates were registered and certificate issued in all such cases. In Alappuzha RRC received in 7 cases in 1991 were not issued till January 1994. On this being pointed out, RRC in two cases were issued in January 1994.</p>	<p>The DC Alappuzha has reported that no ledger is maintained since the requisitions are fed in the computer. All the details of RRC and its depatch are available in the informatics center.</p>	
<p>(iii) The system of computerization of revenue recovery activities introduced in October 1990 in five districts covered by review was found to be deficient as the objective of completing the data entry of pending cases by 31-12-1990 in addition to the date of cases received from 1st October 1990 and to generate all prescribed periodicals return such as monthly and annual demand collection and balance statements through computer from 1-1-1991 could not be achieved. The requisitioning department was not being informed of the progress of the recovery.</p>	<p>The DC Ernakulam has reported that the software packages are being made use for the issuance of RRCs. It is also utilized for gathering the DCB of the district of on feeding figures, gathered from the DCB statement received from Taluk. It is also reported that at present all requisition received from various authorities have already been fed to the computer from 1-10-1991 onwards so that the chances of omission under demand has been eliminated. The demand side in respect of all Taluk expecting the Special Tahsildar (RR), Ernakulam have already been entered in the computer. A current DCB can be gathered from the computer only when the collectionside under each category of all Taluks in this District is being fed regularly. Ordinarily the chalan for remittance of amount collected from sub Treasury/ District Treasury etc. are being counter signed by the concerned requisitioning department and hence they are well aware of the progress of recovery.</p>	

(1)	(2)	(3)
<i>In Taluk and Village Offices:</i>		
No system was available in Taluk Offices to ensure that all RRC issued by the Collectorates were received and properly recovered in Taluk Office and also to ensure that demand notice were issued on all RRC received from the Collectorates.	The amount could not be brought under collectable demand since defaulter in this case Shri Suresh Mathew filed a revision petition before the Board of Revenue (LR) regarding RR proceedings and Board of Revenue had stayed RR proceedings till the disposal of this petition. The revision petitioner has also filed case S.A. 432/92 before the Hon'ble High Court and the Court has ordered status quo until further orders.	
In one Taluk [Spl. Tahsildar (RR) Kanayannur] RRC issued in January 1987 by the DC Ernakulam for Rs. 7.41 lakhs relating to Abkari (Exise) arrears was neither entered in the RR Ledger nor demand notice issued. On pointing out in audit (February 1993) the amount was brought to demand in August 1994.		
In six taluks delay ranging from one month to seven month was noticed in the issue of demand notices in respect of 116 cases test check. Delay ranging from one month to ten months was noticed in eight Village Offices in serving the demand notice in 102 cases.	The DCs have reported that RRCs are being issued to the Tahsildar immediately on the receipt of requisition in the Collectorate. After registering RRC in the concerned ledgers usually demand notices are being issued within two weeks. But in certain Taluks the receipt of requisitions and RRCs are being huge and all that case it will be difficult and observe the time limit prescribed in the matter.	
<i>Follow up action and monitoring:</i>		
There is not effective system of monitoring of the cases at Govern-	The demand pending for collection in a financial year is carried over and added to the demand of ensuring financial	

(1)	(2)	(3)
<p>ment/Boards level other than getting the consolidated statement of amount outstanding for recovery. It is also noticed in audit that information regarding the number of cases and their age wise pendency is not being intimated by the collection to the Board and by the Board to the Government. Nor has the Board/Government at any time called for such details.</p> <p>Similarly in Taluk Offices also no effective monitoring and follow up action is in force.</p> <p>(i) Test check of Revenue Recovery Ledgers in 22 Taluk Offices reveal that in a large number of cases no recovery was effected after the issue of demand notices. In 357 cases test checked relating to the period November 1985 to March 1993 were an amount of Rs. 42.31 lakhs was to be recovered no recovery had been effected. No reason was furnished by Tahsildars for the non-recovery of amount in those cases.</p> <p>(ii) It was also noticed that in many cases though recoveries were made partly further steps were not been taken to recover the</p>		<p>year in the DCB statement and this has been the long established practice therefore from very nature things the demand relating to each financial year cannot be isolated from the DCB statement received from the Collectors. It is not correct to say that the Board has not at anytime called for such details from Collectors. The DCs have already been asked to furnish the year-wise pending of revenue pending collection for period as on 31-3-1990 to the period as on 31-3-1997 and the connected files are still pending for the want of details from most of the Collectors.</p> <p>Specific remarks in this regard cannot be furnished for want of details of cases. However, the DC's have reported that the Dy. Collectors have already been directed to scrutinise all the cases and ensure that recovery of the amount is completed in cases where there is no stay order.</p> <p style="text-align: center;">Do</p>

(1)	(2)	(3)
	<p>balance amount. Balance due in 282 cases relating to the period 1985-86 to 1992-93 test checked in 21 Taluk Offices amounted to Rs. 29.48 lakhs.</p> <p>(iii) Revenue Recovery proceedings initiated in May, 1987 by D.C. Thrissur, for realization of AIT arrears amounting to Rs. 6.42 lakhs for the period from 1973-74 to 1975-76 and from 1979-80 to 1987-88, was finally stayed by the High Court of Kerala in February 1990 for a period of one month. Since the statement of facts sent by the D.C. on 24-3-1990 was insufficient to file a counter affidavit the Advocate General requested the D.C. on 30-12-1991 to send a better statement of facts without clearly specifying in the request the arrears requiring re-examination. It was however noticed (December 1993) that the D.C. had not furnished the statement of fact to the Advocate General. Thus delay in preparation of required statement of facts resulted in a sum of Rs. 6.42 lakhs remaining uncollected.</p>	<p>The District Collector, Thrissur has reported that the RR proceedings have been initiated in May 1987 for the realization of Rs. 6.42 lakhs being the AIT arrears due from Shri K. K. Joseph. After serving necessary notices to the party an extent of 83.5 cents of land comprised in Sy. No. 854/2 and 571/3 in Pariyaram village owned the defaulter had been attached and placed for public auction several times. It was not auctioned due to the lack of genuine bidders. Lastly the lands were bid in favour of Government. To realise the balance amount of arrears there were either movable or immovable properties in the name of the defaulter. In the light of above facts the DC Thrissur has issued arrest warrant. But the arrest could not be executed since the defaulter has escaped from the village and the defaulter then filed an OP 2294/90 in the High Court against the arrest warrant issued by the DC. The statement of facts of the OP along</p>

(1)	(2)	(3)
6.2.7	<i>Return of Revenue Recovery Certificates:</i>	<p>with the connected files had been sent to AG on 21-3-1990. The connected files in respect of OP have not been received from the AG till date. The OP was allowed by the Hon'ble High Court vide judgements dated 7-6-1996 in OP 2294/90 with direction to the DC to conduct an enquiry after notice and giving an opportunity to the petitioner for being heard and pass appropriate order within a period of three months from the date of receipt of the copy of judgment. The DC Thrissur has reported that auction has been taken for compliance. The value of Bought in-Land 83.5 cents and land comprised in Sy. 854/2 and 571/3 of Pariyaram village is not enough to realise the entire dues from the defaulter Sri K. K. Joseph. Enquires through the District Collector, Erode have revealed that the defaulter is now residing in Coimbatore District. Hence RRC has been sent to the Coimbatore to recover the dues under the provisions of KRR Act, 1968.</p>
	<p>Revenue Recovery Certificates may be returned by the Tahsildar to District Collector when defaulter becomes insolvent. When the assessment remanded by the</p>	<p>The DCs have reported that the instruction have been issued to all Tahsildars not to return RRC without proper verification of the insolvency of the defaulters</p>

(1)	(2)	(3)
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appellant authorities or when the requisitioning authority withdraws the requisition etc. Revenue Recovery Certificate should not be returned in case of stay.

and also in cases where stay orders are in force and that this shall be guarded in future.

The amount covered by the RR certificates returned during the years 1990-91, 1991-92, 1992-93 as shown in the DCB statement of Board of Revenue are as follows:

<i>Year</i>	<i>Amount (in lakhs)</i>
1990-91	Rs. 8814.35
1991-92	Rs. 7476.01
1992-93	Rs. 6000.74

A test check of RR Certificates returned in 22 Taluk Offices revealed that

(1) In 7 Taluk Offices (Kanayannur, Kuttanad, Ambalappuzha, Karthikappally, Chavakkad, Mukundapuram and Thrissur) the prescribed registers were not maintained to note the RRC return. In one Taluk Office (Chengannur) though the register was maintained there were not entries during the years 1991-92 and 1992-93 though as per the demand, collection, balance statement RRC for 141.64

(1)	(2)	(3)
	lakhs Rs. 60.18 lakhs respectively were returned during these years.	
	(2) In 4 Taluk Offices, 7 Revenue Recovery cases involving Rs. 7.27 lakhs were returned although stay orders were in force.	
	(3) In one Taluk Office Mukundapuram R.R. proceedings not pursued in 10 cases involving 1.13 lakhs and RRC returned through the DC on the ground that there was no response from the requisition authorities to the reference made by the Tahsildar.	It is reported that suitable instruction in this regard has been given the Tahsildar, Mukundapuram not to repeat this in future.
6.2.8.	<i>Discrepancies in the maintenance of records:</i>	
	Monthly statement of DCB of Recovery cases furnished by the Tahsildars are consolidated by the District Collectors and forwarded to the Board of Revenue. The Board consolidates the statement received from all the Districts conducts monthly review and communicates the review report to the District Collectors for follow up action. A copy of review report is forwarded to the Government also for information.	

(1)	(2)	(3)
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The position of the DCB of all RR items as on 31-3-1991, 31-3-1992 and 31-3-1993 collected from the Board of Revenue is shown below:

As at the end of 31st March	Total Demand	Amount under stay	Amount not Collectable due to pending Reassessment	RRC Returns	Collectable	Collection	Balance
1990-91	22898.33	15080.07	335.71	4814.35	2668.20	2246.39	421.81
1991-92	33853.46	20982.59	558.25	7476.01	4836.61	4210.81	623.80
1992-93	35148.92	23756.40	543.68	6000.74	4848.10	4390.61	457.49

Year wise details of DCB are not available with the Board of Revenue. Though the details were called for in audit on November 1993, those were yet to be received from the department. Government stated (July 94) that the details were being collected from the District Collectors and would be made available soon. Test check of DCB statement maintained at collectorates and Taluk Offices covered under the review revealed that:

(i) Large variations ranging from Rs. 2.41 lakhs to Rs. 469 lakhs were noticed in the closing balance as on 31-3-1991 and opening balance as on 1-4-1991 in three

Connected Board's files are still pending for want of details from most Collectors. The demand pending for collection in financial year is carried over and added to the demands ensuring financial year in DCB statement and this has been the long established practice. Therefore from the very nature of things demands relating to each financial year cannot be isolated from the DCB. Because of the statutory time lag at various stages contemplated by the RR Act, the RR authorities find it very difficult to find out the year wise break

(1)	(2)	(3)
<p>collectorates (Kollam, Ernakulam and Kozhikode) and five Taluk Offices (Karunagappally, Kottakkara, Kochi, Aluva and Thalappally)</p>	<p>(ii) The Collectable balance and the amount under stay in DCB statement as on 31-3-1993 and that in Revenue Recovery Ledgers varied in 10 Taluk Offices. Variation of the Rs.15.82 lakhs in the balances in the ledger and the DCB statement. In respect of collectable demand and variations upto Rs. 22.5 in the balances in the ledger and DCB statements in respect of amount under stay were noticed. The Special Tahsildar (RR) Ernakulam the collectable balance under excise as per demand collection and balance statement was Nil as against 15.82 lakhs shown in the ledger.</p>	<p>up of demand by verifying each RR requisition and RR certificate.</p> <p>The DC Ernakulam has reported that the Department figures are not available and that the concerned departments who have reconciled the amount shown in the DCB every month, have not make a report as to the variation noticed.</p>
<p>(iii) Interest on arrears had not been worked out and included in the demand each year in any of the taluk offices.</p>	<p>The DC Ernakulam has reported that interest on arrear had been worked out and collected regularly along with the principal amount. Such arrears were not worked out earlier and shown in the demand column of the DCB statement, as this would result in additional work load in RR section. However in obedience to the directions during the inspection Tahsildars have been directed to incorporate the interest in future.</p>	

(1)	(2)	(3)
	<p>(iv) Percentage of collection of arrears in all taluks was worked on the basis of collectable balances. But the collectable balance was worked out after keeping the total amount of instalment under stay intact without reducing the remittance received subsequently so as to show high percentage of collection.</p>	<p>The DCs have reported that at present the collection of amount under instalments are being reduced from the amount originally shown under stay.</p>
<p>6.2.9</p>	<p>Recovery of Instalments:</p> <p>Though the RR Act and rules made there under do not contain provision for granting stay/instalment facilities, Government by invoking by elemency powers vested with them have granted stay and instalments facilities in many cases. Furhter there was no mechanism to watch the vacation of stay orders where the conditiions of stay were not fulfilled or to watch the recovery of instalment in these cases. It was noticed 143 cases test check that:</p>	
	<p>(i) While the number of instalments sanctioned by District Collectors ranged 2 to 42 the maximum instalments remitted were found to be 8. In 111 cases no instalments was remitted.</p> <p>(ii) Against the demand of Rs. 11.28 lakhs the collection made through instalments was only 2.90 lakhs.</p>	<p>Although Government do not grant stay in realization of dues under Revenue Recovery in appropriate cases instalment facilities are extended to facilitate prompt payment of dues. This is in view of the fact that even attachment and auction of the property of the defaulters do not at times help in realizing the full amount of dues in time due</p>

(1)	(2)	(3)
	<p>(iii) In four Districts (Kollam, Thrissur, Ernakulam and Kozhikode) the Deputy Collectors had also issued stay orders with instalment facilities. In two Collectors Alappuzha and Thrissur stay orders were issued by the Collectors in case were the amount exceeded the ceiling fixed by the Government.</p> <p>(iv) In 201 cases test checked involving the amount of Rs. 21.33 lakhs the conditions of stay were not fulfilled but follow up action was not taken by the Government in a letter addressed to all DCs in December 1988 had instructed <i>inter alia</i>, to resume revenue recovery steps were in cases where conditions of stay were not fulfilled and to identify and immediately being to notice of Government, the cases of stay orders obtained in time and again for the same demand of the same item of revenue. It was however noticed that Government granted stay orders in 7 cases involving Rs. 7.93 lakhs for more than once the number of occasions varied from 2 to 10.</p> <p>The above position shows that the system was not working effectively.</p>	<p>to legal hurdles, Government consider that the party will be able to settle the dues if suitable instalment facilities are allowed. In the interest of protecting the revenues of the state the Government vide G.O. (Ms.) No. 37/2002/RD dated 14-3-2002 has decided to continue the present system of giving instalments in cases where the parties apply for granting extension of time. While granting instalments facilities Government insists that in case where the party approaches for extension for remitting defaulted instalments a maximum period of 15 (Fifteen) days will only be allowed.</p>
6.2.10	<p><i>Pursuance of Court/Stay Orders Monitoring and flaws in System:</i></p> <p>In respect of court cases there is no co-ordination between the</p>	<p>Register of OP/Court cases are maintained in the Collectorates and Taluk offices with a view to</p>

(1)	(2)	(3)
<p>requisitioning departments and Collectorates in pursuing the Court cases. It was noticed that the registers prescribed for noting stay/Court cases were either maintained improperly or not maintained at all by the District Collector/ Tahsildars with the result that latest position of a particular case is not readily ascertainable. Sometimes the courts grant conditional stay on cases pending before the appellate authorities of the assessing departments till the disposal of appeals. Due to lack of co-ordination between requisitioning departments and revenue departments large amounts held under stay remained uncollected for want of details regarding disposal of appeal petitions before appellate authorities. In 38 cases test checked in 12 taluks the amount so held up from February 1984 to March 1994 amounted to Rs. 1733 crores. A cross verification of 25 cases with the records of the Sales Tax Department reveal that 8 cases involving Rs. 2.78 lakhs had already been decided by the appellate authorities between the period June 1986 and April 1994 but no action was taken to effect recovery.</p> <p>In order to pursue cases on behalf of Government in sub courts there are Govt. Pleaders attached to Collectorates.</p>	<p>effect monitoring Govt. cases. Strict instruction have been issued to the DCs to take immediate action for getting the stay/ injunction orders issued by the Court against RR Proceedings so as to mobilise maximum collection. The need for the involvement of District Offices of the requisitioning department has also been brought to the notice of the Collectors and that they should take action to flow up cases pending before the courts and appellate authorities and that this should also be reviewed by the DC at the RR conferences. The DCs have also been asked to direct the Government Pleader concerned to challenge the admissibility of cases filed under Section 72 of the KRR Act and to make earnest attempt to vacate the stay granted by the Hon'ble Court. A lift of cases under RR stayed by the Hon'ble High Court has also been called for from the DCs so as to enable the Board to address the Government and the AG Ernakulam to do needful.</p>	

(1)	(2)	(3)
	<p>The DC, Kozhikode forwarded 348 cases pending in various courts to district Government Pleader, Kozhikode in July 1992 but the present position on details of disposal of the cases were not furnished to the collection by the Pleader even as of March 1993. The amount involved in 255 cases alone was Rs. 2.45 crores.</p> <p>In one case the DC, Kollam issued a RRC for Rs. 8.72 lakhs against a village industry society towards Khadi and Village Industries Board dues. The demand notice was issued on 19-3-1990.</p> <p>The society filed an OS before the Munsiff Court, Punalur. Eventhough there was no stay order the amount was classified under stay and no action was taken to recover the amount. The Khadi Board on 24th April 1993 informed the Tahsildar, Pathanapuram that the case was decided in favour of the board. RR proceedings however had not been initiated even as October 1994 for want of copy of Judgement. The Govt. Counsel, Punalur had informed the Tahsildar on 24-9-1993 that although he had applied for a copy of the judgement on 5-12-1992 the remission of cost of stamp paper was issued on 27th July 1993.</p> <p>From the above it is clear that the mechanism now is existence is not effective to monitor the court</p>	<p>Streamling of system for disposing Court cases through Govt. Pleader are reviewed at Govt. level in consultation with Advocate General, Kerala.</p> <p>The DC Kollam have reported that instruction has been issued to the Tahsildar, Pathanapuram to obtain the judgement through the Government Pleader, Punalur.</p> <p>Directions have been issued to all District Collectors to maintain registers for noting stay and Court cases. Consequent on the re-organisation of Land Revenue Department (G.O. Ms-510/98/RD dated 14-10-1998). Suit sections were formed in each Collectors to monitor the Court cases. They are now attending to these and the lapse noted by the Accountant General have been rectified.</p>

(1)	(2)	(3)
	<p>cases and to protect the financial interest of the Government.</p> <p>Government stated in July 1994 that the system of pursuing court cases through Govt. Pleaders would be reviewed in consultation with A.G. Kerala and necessary changes in the existing arrangements would be ordered.</p>	
6.2.11	<p><i>Cases of attachment of properties:</i></p> <p>Under the provisions of the Revenue Recovery Act, if the defaulter does not make any arrangement for payment of arrears, the properties attached should be sold in public auction. Till then the Collector may appoint an agent for the management of the property.</p> <p>Out of 22 Taluks covered in the review in 15 Taluks, no register was maintained to record the particulars of the properties attached by the Government. It could not therefore be verified whether the properties attached were put under proper management and revenue from such properties was collected effectively.</p> <p>As per the information furnished by 17 Taluk Offices, properties (movable and immovable) worth Rs. 3.85 crores attached in 233 revenue recovery cases were pending disposal as on 31-3-1993. Year-wise break up of pending</p>	<p>The District Collectors have reported that the Tahsildars have been given instructions for maintaining a register showing the particulars of properties attached by Government and its disposal.</p>

(1)	(2)	(3)
	cases and the reasons of pendency though called for from the Taluk Offices in November 93 have not been received (December 1994).	
6.2.12	<i>Non-realisation of collection charge:</i>	
	<p>Under section 71 of KRR Act, 1968. Govt issued notification from time to time to make applicable the provisions of the Act, for the recovery of dues to specified institutions on any class or classes of institution. For recoveries on behalf of notified institutions under section 71 of the Act. Five per cent of such collections should be credited to Govt. collection charges and the Revenue Dept. should remit the balance alone to the institutions on behalf of which collections made.</p> <p>Govt. in December 1990 decided to realize Collection charges from all institutions/autonomous bodies etc. on whose behalf recoveries of arrears are being made by Govt. through the Revenue Department by invoking the provisions of the RR Act. The Board of Revenue in Circular issued on 7-3-1991 directed all the District Collectors to realize collection charges as provided in KRR Rules from all institutions whether it is notified institution under S.71 of KRR Act on a statutory body. It was</p>	<p>The DCs are reported that collection charges are being promptly collected in which the recoveries are effected by the Revenue Recovery Authorities on behalf of the instruction notified under section 71 of the Act and amount are also properly accounted in the DCB statement under the item LROBT.</p>

(1)	(2)	(3)
	<p>however noticed that in 15 Taluk Offices in respect of an amount of Rs. 205.63 lakhs collected in favour of the institution, collection charges amounting to Rs. 10.28 lakhs were not adjusted and credited to Government.</p>	
6.2.13	<p><i>Half Yearly Inspection:</i></p> <p>Government in October 1979 directed the District Collectors to conduct half yearly inspection of the branches of Taluk Offices and reiterated (December 1990) the need for inspection to ensure prompt collections of arrears and strict adherence to the provisions of revenue recovery act. It was also stated that the 11 special recovery units in the state would be inspected by the Board periodically. It was however noticed that the prescribed quantum of inspections was conducted either by the DCs or by the Board of Revenue. Out of four Collectorates (Kollam, Alappuzha, Thrissur and Kozhikode) not inspection was conducted during 1990-91 to 1992-93 and in the other two collectors out of 42 inspections to be conducted during the years from 1990-91 to 1992-93 only 6 inspections were conducted. Out of the 11 Special Tahsildar (RR) offices the Board of Revenue inspected only one offices in 1990-91 four offices in 1991-92 and two offices 1992-93.</p>	<p>The Collector have reported that half yearly inspection of Sub Offices could not be conducted for want of adequate staffs in the RR Section. Maximum effort is being made for conducting the inspection regularly.</p>

(1)	(2)	(3)
<p>Government stated (July 1994) that steps would be taken to conduct the half yearly inspection on a regular basis and that out of 11 RR Tahsildar Offices to be inspected by the Board 9 had already been inspected during 1993-94.</p>	<p>The remaining 2 offices have also been inspected.</p>	
<p>On pointing these defects in audit (May 1994) Government stated July 1994 that the Board had proposed to introduce a new register of receipt and disposal RR requisition and after the maintenance of this register in the collectorates and taluk offices prompt disposal of RR requisition and their review and monitoring at the Taluk/District level was expected to be done more effectively.</p>	<p>Half yearly inspection could not be conducted promptly for want of adequate staff in Collectorate and Board of Revenue. However review meetings are being conducted then and thereby the Commissioner and Additional Commissioner at District level. Inspections were also conducted in many of the Special Revenue Recovery Units by the Assistant Commissioner (LR). Periodical inspection of Revenue Recovery branches from the Commissionerate is being chalked out.</p>	<p>The District Collectors have been given instructions to conduct half yearly inspections without fail.</p>

STATEMENT OF REMEDIAL MEASURES TAKEN ON AUDIT PARA 6.3.1.
TO 6.3.7. IN THE REPORT OF THE C & AG OF INDIA FOR THE
YEAR ENDED 31-3-1994 NO. 3 (REVENUE RECEIPTS)

<i>Para No.</i>	<i>Observation</i>	<i>Remedial Measures taken</i>
(1)	(2)	(3)
6.3	Amounts Recoverable from Railways, Public Sector Undertakings Autonomous Bodies and Local Bodies for Special staff for Land Acquisition.	
6.3.1	Under the Kerala Land Acquisition Act, 1961 acquisition of land required by the Railways, Public Sector Undertakings, Autonomous Bodies, Local Bodies etc., is carried out by the staff of Revenue Department specially sanctioned for the purpose by Government with definite condition that the cost of establishment of the special staff shall be recovered from the party requisitioning the land. Rule 156 of Kerala Service Rules, Part I stipulates the manner in which the recoveries shall be made. A test check on the recovery of cost of establishment covering the period 1989-90 to 1992-93 conducted in August/September 1993 in the Board of Revenue (Land Revenue) Thiruvananthapuram, 7 Collectorates (Thiruvananthapuram, Kollam, Alappuzha, Kottayam, Ernakulam, Kozhikode and Wayanad) out of 10 Collectorates	No Remarks

(1)	(2)	(3)
	<p>under which land acquisition special establishment exists 18 Officers of Special Tahsildar (Land Acquisition) out of 21 offices and all the three offices of Special Deputy Collectors (Land Acquisition) revealed the following points.</p>	
6.3.2	<p><i>Position of Arrears:</i></p>	
	<p>The position of arrears as on 31st March 1993 and the year-wise break up though called for (November 1993) from the Board of Revenue has not been received (December 1994). However scrutiny in audit of the details furnished by the Board of Revenue disclosed the following discrepancies.</p>	
	<p>(i) A sum of Rs. 4.42 crores was outstanding as on 31st October 1992 from 20 defaulter institution towards cost of establishment of Land Acquisition Staff. More than 50 per cent of the arrears were due from 3 institutions viz. Kerala State Electricity Board (Rs. 107 lakhs) Southern Railway (Rs. 88 lakhs) and Kerala State Housing Board (Rs. 45 lakhs).</p>	
	<p>(ii) The entries in the Register maintained in the Board of Revenue to note the details of amounts due/recovered from each institution were not updated with the result that the amount due as per the records of Land Acquisition Units and that noted</p>	<p>The raising of demand and the collection in respect of the cost of establishment and LS & PC are done by the concerned District Collectors (Land Acquisition Officers). Necessary instructions have been issued to the District Collectors to collect the arrears/dues from the requisitioning authorities if necessary by invoking R.R. steps and to insist on advance deposit of the cost thereby avoiding accumulation of arrears in this regard. Among the various units functioning for K.S.E.B. the Kozhikode Unit and Thiruvananthapuram Unit have already remitted the arrears for the period upto 1992-93 K.S.H.B. has since remitted Rs. 14,72,523. The District Collectors concerned have directions to realize the dues still remaining to be collected from the K.S.E.B. K.S.H.B and Railways at the earliest and report the latest position.</p>

(1)	(2)	(3)
	<p>in the Board's register did not tally in many cases.</p> <p>(iii) In respect of Land Acquisition Units for Kerala State Electricity Board at Wayanad, the amounts reported by the Units to the District Collector Wayanad and those reported by the Collector to the Board of Revenue were different.</p> <p>(iv) The arrears of Rs. 63,412 due from Food Corporation of India relating to cost of establishment of staff engaged till 1986-87 were not included in the statement of arrears prepared by the Board of Revenue for the month of October 1992.</p>	<p>A Special register is now maintained in the Board of Revenue to watch the recovery of arrears of amounts due from the various requisitioning authorities.</p>
6.3.3	<p><i>Accumulation of Arrears:</i></p> <p>As per conditions in the agreement not be executed under Land Acquisition Rules the requisitioning authority shall deposit with the Collector (Land Acquisition Officer) at the time of execution of the agreement or on any other date to be fixed by the Collector etc. estimated amount of establishment charges likely to be incurred by the Government in connection with the acquisition to be provisionally fixed by the Collector. Non-compliance of the provision in the Land Acquisition Act and Rules and Government</p>	<p>The District Collectors have been directed to insist on advance deposit of the estimated amount of establishment charges likely to be incurred by the Government in connection with the acquisition thereby avoiding accumulation of huge arrears in this regard in future.</p>

(1)	(2)	(3)
	<p>instruction thereon by the Land Acquisition Officers resulted in huge arrears as given below:</p>	
	<p>(i) Due to failure to recover the cost in advance from for organisations and due to failure to adjust the cost in time from the advance deposit made by one organisation an amount of Rs. 94.64 lakhs was outstanding from those five organisations for the period from February 1978 to March 1991 eventhough the relevant Land Acquisition Units were wound up after completion of work of acquisition and handling over of possession of Land. In two of these cases although revenue recovery proceedings were ordered no recovery could be effected so far (December 1994).</p>	
	<p>(ii) Demand for Rs. 60 lakhs relating to the years 1981-82 to 1987-88 was raised in September 1989 against Kerala State Electricity Board, Wayanad, the delay ranged from 2 to 8 years. Demands for Rs. 42 lakhs for the years 1991-92 and 1992-93 had not yet been raised (September 1993) against Kerala State Electricity Board, Wayanad.</p>	
	<p>(iii) Rs. 17.66 lakhs pertaining to 1973-74 to 1986-87 due from the Thiruvananthapuram Corporation was demanded only in January 1998 after a lapse of 1 to 15 years.</p>	

(1)	(2)	(3)
6.3.4	<p><i>Continuance of Land Acquisition Staff with out recovery Arrears and cost of establishment in advance:</i></p>	<p>The Continuance sanction of L.A. Staff is being considered as per the specific request recommendation of the District Collectors concerned. However continuance sanction to the Special L.A. Units is now restricted as far as possible to cases in which the requisiteoning authorities agree to make advance deposit of the establishment cost as and when required.</p>
	<p>In circular dated 21st April 1987 the Government directed the Board of Revenue (LR) to abolish with effect from 16th May 1987 the land acquisitions units engaged on land acquisition work of organisations which has defaulted in payment of cost of establishment. Further it was directed that in future when continuance is given or fresh staff is sanctioned for land acquisition approximate establishment cost for one year should be got remitted before orders are issued. It was however noticed that the above instructions were not adhered to by the Board of Revenue or by the Government while issuing sanctions for the temporary posts of land acquisition Units. Four Land Acquisition Units (Cochin Corporation, Kerala State Electricity Board I, II and III Wayanad) were allowed to continue during 1987-88 and thereafter though the requisitioning parties had defaulted. In respect of 2 Land Acquisition Units (Kerala State Housing Board, Kozhikode and Thiruvananthapuram) though the dues from 1988-89 onwards were not remitted the posts were continuing (August 1993). The fact</p>	

(1)	(2)	(3)
	<p>regarding non-remittance of arrears by the concerned units was not mentioned by the Board of Revenue while sending proposals for the continuances of land acquisition posts information as to whether the Government had examined to the fact before issuing continuance sanctions called for (December 1993) has not been received (December 1994).</p>	
6.3.5	<p><i>Non-adjustment of arrears from Loans/Grants:</i></p> <p>The Revenue Department in September 1989 intimated the Board of Revenue that the details of amounts due from various local bodies/institutions on account of land acquisition charges had been forwarded to the concerned administrative departments and various sections of the Finance Department with instructions to adjust the amounts due to Government against further loans/grants or any other amount sanctioned to these institutions. It was however noticed that there was failure to adjust Rs. 2.43 crores due from two institutions for the period from 1989-90 to 1991-92 from the grant/loan of Rs. 41.09 crores sanctioned to them during 1990-91 and 1991-92.</p>	<p>Seperate action will be taken to adjust the amount dues to Government towards establishment charges of L.A. staff against loans/grants sanctioned to K.S.E.B and K.S.H.B. in future. Suitable proposals to Government to this effect is being sent by the Secretary, Board of Revenue.</p>
6.3.6	<p><i>Non-demand/short demand if establishment charges/interest on Arrears:</i></p> <p>(a) The Government in January 1992 informed the Accountant General (Audit) that the Board of</p>	<p>Necessary directions to impose penal interest (9%) from defaulted institutions have already been</p>

(1)	(2)	(3)
	<p>Revenue had been asked to urge the defaulter institutions to remit the dues before 29th February 1992 and to realise penal interest at the rate of 9 per cent for 1st March, 1992 if they fail to pay dues before the stipulated time. It was however seen that interest was not demanded from the defaulter institutions in respect of the amount not remitted before 29th February 1992. The interest in 16 cases for 1992-93 amounting to Rs. 37.69 lakhs has not been demanded so far (December 1994).</p> <p>(b) The Government in November 1989 revised the scales of pay of the State Government employees, with effect from July 1988. The Board of Revenue revised the average cost consequent on the pay revision only in May 1992 at the instance of audit. It was noticed that in four offices of the Special Tahsildar (Land Acquisition) the average cost as intimated by the Board was not adopted resulting in short demand of Rs. 3.63 lakhs.</p> <p>(c) As per the Government decision under Rule 156 of Kerala Service Rules Part I "gross sanctioned cost of service" will include the average cost of several posts included in the establishment together with dearness pay dearness allowance special</p>	<p>issued. Strict follow-up action will be pursued in this regard.</p> <p>Necessary orders have since been issued fixing the revised average cost based on the pay revision orders (G.O. (P) No. 600/93/Fin.) dated 25-9-1993 with effect from 1-3-1992 including L.S. & P.C.</p>

(1)	(2)	(3)
	<p>dearness allowance personal pay/ special pay and other compensatory allowances admissible on the average cost. It was observed that exclusion of bonus (5 offices Rs. 2.85 lakhs) medical claims (4 offices Rs. 0.26 lakh) arrears of dearness allowance increases from time to time (3 offices Rs. 2.15 lakhs) rent 1 (office Rs. 0.71 lakh) for the calculation of 'gross sanctioned cost of service' while revising the average cost from July 1988 resulted in short demand of Rs. 5.97 lakhs.</p>	
6.3.7	<p><i>Lack of Uniform Procedure:</i></p> <p>The Government has not prescribed the detailed procedure for the recovery of cost of establishment or the formats in which the records for watching the recovery of the same are to be maintained. Therefore no uniform procedure in this regard is being followed in the Land Acquisition Units.</p> <p>Government to whom the above facts were reported (December 1993) stated (July 1994) that remedial action would be taken to rectify and to avoid recurrence of the defects pointed out.</p>	<p>The District Collectors (L.A. Officers) have been made responsible to watch the timely/ prompt recovery of the establishment cost of L.A. staff by taking effective steps then and there without giving chance for accumulation of arrears in future in accordance with the provisions laid down in the Kerala Land Acquisition Act and Rules. They have also been directed to rectify the defects pointed out by the Accountant General and take remedial action for the non-recurrence of the defects pointed out by the Accountant General and also to strictly comply with the provisions/conditions laid down in the Land Acquisition Act and Rules in future.</p>