

CHAPTER VI
LAND REVENUE

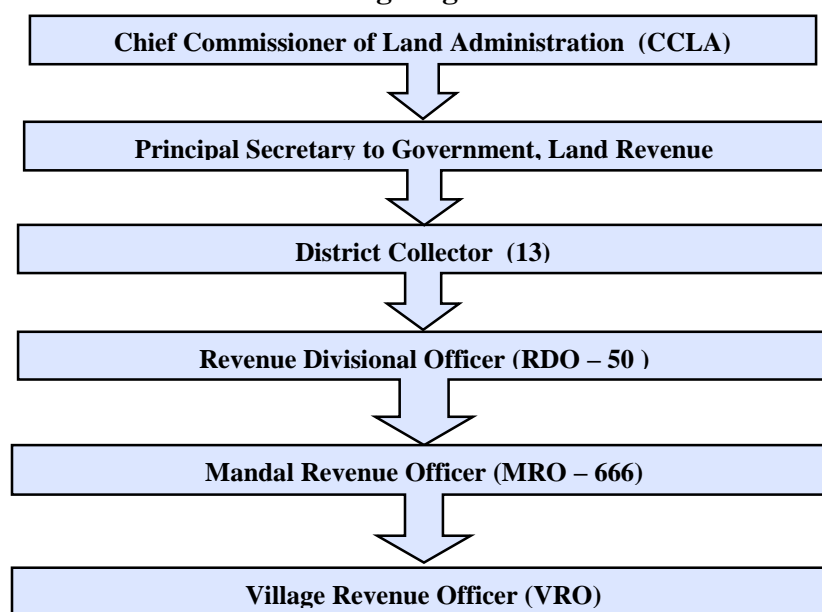
CHAPTER VI LAND REVENUE

6.1 Tax Administration

The Chief Commissioner of Land Administration is responsible for administration of Revenue Board's Standing Orders (BSO), Andhra Pradesh (AP) Irrigation, Utilisation and Command Area Development Act, 1984, AP Water Tax Act, 1988, AP Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006, Rules and orders issued thereunder. Andhra Pradesh State consists of 13 districts headed by a District Collector who is responsible for the administration of the respective district. Each district is divided into revenue divisions²⁰¹ and further into *mandals*²⁰². Revenue Divisions are kept under administrative charge of Revenue Divisional Officers (RDOs) and *mandals* are under the charge of Tahsildars. Each village in every *mandal* is administered by a Village Revenue Officer (VRO) under the supervision of the Tahsildar. Village Revenue Officers prepare tax demands under all the Acts mentioned above for each *mandal* from the village accounts and get them approved by *Jamabandi Officers*²⁰³ concerned. Revenue Inspectors/VROs are entrusted with the work of collection of revenue/taxes such as water tax, conversion tax for agricultural land etc. At Government level, Principal Secretary (Revenue) is in charge of overall administration of Land Revenue Department.

The organisational hierarchy of the department is as indicated below.

Organogram



²⁰¹ There are fifty divisions in all the 13 districts of the State.

²⁰² *Mandal* is the jurisdictional area of each Tahsildar. There are 666 mandals in all the 50 revenue divisions of the State.

²⁰³ *Jamabandi officer* is District Collector or any other officer nominated by him not below the rank of Revenue Divisional Officer.

6.2 Internal Audit

Internal audit provides a reasonable assurance of proper enforcement of laws, rules and departmental instructions and this is a vital component of the internal control framework. The information regarding functioning of Internal Audit wing was sought from the Department. It was replied (May 2018) that Internal Audit wing did not exist.

6.3 Results of Audit

There are 732 auditable units in the Department. Of these, test check of records of 60 offices was conducted during the year 2017-18. The Revenue realised by the State for the year 2016-17 was ₹ 167 crore. Test check of records of audited units revealed non-levy/short-realisation of conversion tax/ penalty and other irregularities. The monetary impact involved was ₹ 6.52 crore in 66 cases, which broadly fell under the categories given in **Table 6.1**:

Table 6.1: Results of Audit

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
Revenue Receipts			
1.	Non-levy/short levy of conversion tax and penalty on conversion of agricultural land for non-agricultural purposes	34	0.97
2.	Non-levy of road cess	06	0.12
3.	Non-realisation of cost of land alienated	03	3.80
4.	Other irregularities	07	0.32
	Total	50	5.21
Revenue Expenditure			
1.	Irregular refund of stamp duty	12	0.27
2.	Other irregularities	04	1.04
	Total	16	1.31
Total		66	6.52

A few illustrative cases, involving ₹ 3.60 crore, are discussed in the succeeding paragraphs.

6.4 Non-realisation of cost of alienation of land

Revenue authorities did not finalise the alienation proposals even after three years of taking over possession of the land resulting in non-realisation of ₹ three crore towards cost of land.

As per Revenue Board's Standing Order (BSO) No.24, alienation of Government land to a company, institution or private individuals for any public purpose will normally be on collection of its market value and subject to the terms and conditions prescribed in the BSO. The BSO allows the competent authorities to permit possession of the land in advance by the applicant in the event of any emergent circumstances pending formal approval of the alienation proposal.

Scrutiny (April 2018) of records in the office of Tahsildar, Dwaraka Tirumala disclosed that advance possession (March, 2015) of 15 acres of land valuing ₹ three crore was given to Andhra Pradesh Dairy Development Cooperative Federation Limited for construction of new dairy plant. Advance possession of land was given pending finalisation of alienation proposals. In the absence of prescribed time limit, the alienation proposals were not finalised even after three years of handing over of possession of the land. Thus, non-finalisation of alienation proposals resulted in non-realisation of ₹ three crore²⁰⁴ towards cost of land.

After Audit pointed out Tahsildar replied (April 2018) that the matter would be examined and reply furnished in due course.

The issue of realisation of cost of land was brought to the notice of Government repeatedly through Audit Reports for the years ended March 2011, 2012, 2014, 2015 and 2017. Despite issue being brought to notice, the irregularity still persists. The benefit of advance possession of land was being enjoyed by the allottees without payment of revenue due to Government.

The matter was referred to the Department (July 2018) and to the Government (August 2018); their replies have not been received (February 2020).

6.5 Levy of conversion tax and penalty

As per Section 3(1) of AP Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006, no agricultural land in the State should be put to non-agricultural purpose, without the prior permission of the competent authority. Section 4(1) prescribes that every owner²⁰⁵ or occupier of agricultural land should pay conversion tax at the rate of nine *per cent* of the basic value²⁰⁶ of the land converted for non-agricultural purposes. If any agricultural land has been put to non-agricultural purpose without obtaining permission, the competent authority (RDO) should impose a penalty of 50 *per cent* of the conversion tax under Section 6(2).

As per Rule 6(i) of AP Agricultural Land (Conversion for Non-agricultural Purposes), Rules, 2006, for the purpose of calculation of conversion tax, the basic value notified by Government, for the land as on the date of application should be taken into account. Further, as per Rule 6(iv), where land is deemed to have been converted for non-agricultural purposes, the date for purpose of calculation of basic value should be the earliest of (i) the date of detection of conversion by the competent authority (ii) the date of entry into village accounts or (iii) the date of application by owner/ occupier.

²⁰⁴ ₹ 20.00 lakh per acre for 15 acres.

²⁰⁵ As per Section 2(m) of the Act, 'owner' includes any lessee/local authority to whom lands have been leased out by State Government or the Central Government.

²⁰⁶ 'Basic value' means the land value entered in the Basic Value Register notified by Government from time to time and maintained by the Sub-Registrar.

6.5.1 Short levy of conversion tax

Incorrect adoption of market value to the properties already converted for non-agricultural use and adoption of lower rate of conversion tax by the revenue authorities resulted in short levy of conversion tax amounting to ₹ 24.29 lakh.

Scrutiny (between October 2017 and February 2018) of conversion files in offices of four RDOs²⁰⁷ and Tahsildar, Nagari revealed that in nine²⁰⁸ cases basic value of the land was incorrectly adopted while converting agricultural land (29.665 acres) for non-agricultural purposes. Consequently, conversion tax of ₹ 5.81 lakh was levied instead of ₹ 24.75 lakh resulting in short levy of conversion tax of ₹ 18.94 lakh. In the office of RDO, Visakhapatnam, conversion tax was incorrectly computed by splitting the extent of 4.78 Acres of land into two parts which fall in the same village (2.08 + 2.70 Acres) by adopting two different and incorrect market values for the land. Apart from this, conversion tax was applied at the rate of five *per cent* instead of applying rate of nine *per cent* on an extent of 2.70 Acres. As a result, conversion tax of ₹ 4.86 lakh was levied instead of ₹ 10.21 lakh resulting in short levy of conversion tax of ₹ 5.35 lakh. Thus, in 10 cases, there was short levy of ₹ 24.29 lakh on an extent of 32.365 acres.

RDOs/ Tahsildars (replied between October 2017 and February 2018) that the matter would be examined and reply furnished in due course.

6.5.2 Non-levy of conversion tax and penalty on layouts

Revenue authorities did not initiate any action to levy conversion tax and penalty on the formation of layouts without obtaining conversion orders from Revenue Divisional Officers. Conversion tax and penalty leviable amounted to ₹ 14.99 lakh.

As per Rule 6 of AP Gram Panchayat Land Development (Layout²⁰⁹ and Building) Rules, 2002, Gram Panchayats are the executive authorities to sanction permission for layout proposals. Division Level Panchayat Officers (DLPOs) exercise supervision, control and provide guidance to the Gram Panchayats under their jurisdiction²¹⁰.

Audit obtained layout data for the period April 2015 to March 2017 from DLPO, Machilipatnam and cross-verified it with conversions granted by Revenue Divisional Officer (RDO), Bandar. From cross verification of DLPOs layout data with RDO's conversion proceedings, it was observed (January 2018) that four layouts were laid in two mandals²¹¹ during the period from April 2015 to March 2017 on an extent of 9.36 acres of agricultural land. The agricultural land in these cases was converted into layouts without the approval of Gram Panchayats/ RDOs. The Department had not made any effort to levy conversion

²⁰⁷ RDOs - Kurnool, Markapuram, Gudur and Tekkali.

²⁰⁸ Tahsildar, Nagari (1), RDOs – Gudur (1), Kurnool (1), Markapuram (5) and Tekkali (1).

²⁰⁹ Layout means the way in which plots are arranged.

²¹⁰ G.O.Ms.No.70, PR & RD (Rules) Department, dated 29 February 2000.

²¹¹ Kuchipudi and Muvva.

tax/penalty in these cases. This resulted in non-levy of conversion tax (₹ 9.99 lakh) and penalty (₹ 5.00 lakh) amounting to ₹ 14.99 lakh.

After Audit pointed out (January 2018) RDO replied that the matter would be examined and reply furnished in due course.

6.5.3 Non-levy/ Short levy of penalty on conversion of Agricultural land for non-agricultural purposes

Penalty was not levied by the revenue authorities though it was evident from their own Inspection Reports that lands were converted for non-agricultural purposes without obtaining prior permission.

Scrutiny (January 2018) of records of four RDOs²¹² disclosed that the permissions for conversion of 6.93 acres of agricultural land to non-agricultural use was issued²¹³ in five cases. In four cases penalty of ₹ 7.32 lakh was not levied²¹⁴ although it was evident from inspection reports²¹⁵ of RDOs that the land was already converted from agricultural use to non-agricultural use without prior permission from the competent authority. In case of RDO Ongole, penalty of ₹ 0.78 lakh was levied as against ₹ 4.76 lakh resulting in short levy of penalty of ₹ 3.98 lakh. Thus, there was total non-levy and short levy of penalty of ₹ 11.30 lakh.

After Audit pointed out (January 2018) all the four RDOs replied that the matter would be examined and reply furnished in due course.

The matter was referred to Department (July 2018) and to the Government (August 2018); their replies have not been received (February 2020).

6.6 Non-levy of road cess in command areas of irrigation projects

Revenue authorities did not levy road cess from ayacutdars in the command areas of Nagarjunasagar and Tungabhadra Projects covered under the jurisdiction of five Tahsildar offices.

Under Section 27 of AP Irrigation, Utilisation and Command Area Development Act, 1984, for the purpose of laying out roads and their proper upkeep and maintenance, road cess in the form of a tax shall be collected on lands in the Command Areas of Nagarjunasagar and Tungabhadra Projects from the beneficiaries of schemes undertaken under the Act.

Government in their notifications²¹⁶ specified that Land Revenue Authorities had to collect the road cess at the rate of ₹ 12.35 per hectare per annum from 15 September 1988 from all *ayacutdars*²¹⁷.

²¹² Gudur, Ongole, Srikakulam and Tekkali.

²¹³ Between July 2014 and September 2016 to five applicants.

²¹⁴ Gudur (2), Srikakulam (1) and Tekkali (1).

²¹⁵ Between April 2014 and August 2016.

²¹⁶ G.O.Ms.No.48, Irrigation & Command Area Development, dated 25 June 1986.

G.O.Ms.No.299, Irrigation & Command Area Development, dated 7 September 1988.

²¹⁷ *Ayacutdar* means 'owner of the land in command areas of irrigation projects (Ayacut).

The scrutiny (between October 2017 and February 2018) of *jamabandi* records and village accounts in five Tahsildar offices²¹⁸ disclosed that road cess was not levied during the *fasli* years from 1413 to 1423²¹⁹. The road cess leviable on an extent of 78,141.16 hectares under the above projects worked out to ₹ 9.65 lakh.

After Audit pointed out (between October 2017 and February 2018) Tahsildar Pamidi replied that action would be taken to collect the road cess under intimation to audit. The remaining Tahsildars replied that the matter would be examined and reply furnished in due course.

The matter was referred to the Department (July 2018) and to the Government (August and September 2018); their replies have not been received (February 2020).

²¹⁸ Karempudi, Pamidi, Prathipadu, Bellamkonda and Chinnaganjam.

²¹⁹ *Fasli* years 1413 to 1423 i.e., 01 July 2003 to 30 June 2014.