

CHAPTER IV CHIEF COMMISSIONER OF LAND ADMINISTRATION

Test check of records in 63 out of 742 offices (8.49 *per cent*) to verify compliance to the Rules and provisions relating to Land Revenue revealed underassessment of tax and other irregularities involving ₹67.70 crore in 391 cases.

Significant cases of non-compliance with the provisions of the Acts/ Rules amounting to ₹2.14 crore are discussed in the succeeding paragraphs.

The Department/ Government has accepted audit observations involving ₹0.95 crore.

4.1 Non-realisation of cost of alienation of land

Non-finalization of land alienation process for the land given to Regional Passport Office, Visakhapatnam even after a lapse of six years resulted in non-realisation of balance land cost of ₹1.19 crore.

As per Revenue Board's Standing Orders (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 (May 2016) of records in the office of Collector, Visakhapatnam revealed that Revenue Department had given (May 2006) advance possession of land admeasuring 1,413 sq. yd. in Survey No. 113 (p) of Mrippalem in Visakhapatnam city to Regional Passport Office for construction of passport office building. Pending finalization of the alienation proposals, the Passport office remitted an amount of ₹1.08 crore in the year 2006 towards probable land cost. According to the Government orders¹⁴³ (February 2008), the land was to be alienated on payment of market value at ₹13,000 per sq. yd. Further, at the request of the Passport office, advance possession of additional land to the extent of 131 sq. yd. in the same survey number was given in November 2008. However, Passport office requested (March 2009) for alienation of total 1,741.19 sq. yd. land after revising the layout and building plans as per suggestions given by Greater Visakhapatnam Municipal Corporation and assured for payment of land cost on receipt of demand. The Department, without considering the requisition, issued (November 2009) demand note to the Passport office to remit balance land cost for 1,544 sq. yd. only. To verify the actual extent of the land occupied by the Passport office, Joint Collector, Visakhapatnam inspected (February 2015)¹⁴⁴ the land and found

¹⁴³ G.O. Ms. No. 174, Revenue (Assignment-I) Department, dated 18 February 2008

¹⁴⁴ During the period 2010 to 2013 correspondence was made about alienation of land at concessional rate at ₹6,375 per sq.yd., requisition for additional land to an extent of 328.19 sq. yd., etc. There was no evidence about pursuance of the matter during the period March 2013 to February 2015

that the building of Passport office was constructed in an extent of 1,741.19 sq. yd. (against the advance possession of 1,544 sq. yd.) of land. However, the land alienation process was yet to be finalised (January 2021). The remaining amount payable (after adjusting amount already paid) worked out to ₹1.19 crore¹⁴⁵.

The District Collector, Visakhapatnam replied (January 2021) that the Tahsildar, Visakhapatnam Urban was requested (December 2016) for submission of land alienation proposals for 328.19 sq. yd. and the same were awaited. From the records it was, however, observed that land alienation process for the entire extent of land, *i.e.*, 1,741.19 sq. yd. has not yet been completed (January 2021) and as a result, realization of balance amount of ₹1.19 crore has been pending for over six years.

The matter was reported to the Government (June 2021). Their reply has not been received (August 2022).

4.2 Short levy of conversion tax

Adoption of lesser rate for land conversion tax resulted in short levy of conversion tax of ₹47.81 lakh.

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 owner¹⁴⁶ or occupier of agricultural land should pay conversion tax at the rate of nine *per cent*/ three *per cent*¹⁴⁷ of the basic value¹⁴⁸ 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 (Revenue Divisional Officer (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.

During test check of records in four RDOs¹⁴⁹, we observed¹⁵⁰ that while converting agricultural land to non-agricultural purposes, in two cases¹⁵¹ pertaining to two offices¹⁵², the competent authority wrongly adopted basic value of the land. In five other cases¹⁵³ pertaining to three offices¹⁵⁴, the competent authority collected

¹⁴⁵ (1,741.19 sq. yd. X ₹13,000) - ₹1,07,53,230 (amount already paid in 2006) = ₹1,18,82,240

¹⁴⁶ 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

¹⁴⁷ As per Act 13 of 2018 conversion tax reduced to three *per cent* w.e.f. 12 January 2018

¹⁴⁸ 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

¹⁴⁹ Ananthapuramu, Gudur, Kavali and Tirupati

¹⁵⁰ between August 2019 and February 2020

¹⁵¹ received applications for conversion in 2016 and March 2018

¹⁵² Ananthapuramu and Tirupati

¹⁵³ received applications for conversion in July 2017 and December 2017

¹⁵⁴ Gudur (1), Kavali (3) and Tirupati (1)

conversion tax at lesser rates (*i.e.*, at three *per cent*/ five *per cent*) instead of nine *per cent* which had resulted in short levy of conversion tax of ₹47.81 lakh.

RDO Kavali replied (December 2019) that as per Chief Commissioner of Land Administration's circular¹⁵⁵ (March 2016), conversion fee shall be paid at the rate of nine *per cent* on the basic value in urban agglomeration and five *per cent* on basic value in rural areas. In the said case, the land applied by the applicant for conversion falls in rural areas. Accordingly, the applicants had paid at five *per cent* on the total value of the land. The reply is not acceptable as the rate notified in the said circular were meant for the conversion of land used for industrial purpose only while in other cases uniform rate of nine *per cent* was effective till notification of Act No. 13 of 2018 by which uniform rate was reduced from nine *per cent* to three *per cent*.

Government replied (February 2021) that the Collectors of respective districts had instructed the Tahsildars concerned to collect the deficit tax amount from the individuals and a detailed reply would be furnished in due course.

4.3 Non-levy of interest on arrears of Water Tax

Interest on arrears of Water Tax amounting to ₹30.31 lakh was not collected from ayacutdars.

As per Section 3 of Water Tax Act, 1988, Government is entitled to levy and collect water tax in respect of every land receiving water for irrigation purposes from any Government source of irrigation notified under Section 4 of the Act for each *fasli year*¹⁵⁶ at the rates specified in the schedule to the Act. As per Section 8 of AP Water Tax Act, 1988, water tax payable by a landowner in respect of any land shall be deemed to be public revenue due upon the land and provisions of AP Revenue Recovery Act (APRR), 1864 shall also apply. Further, under Section 7 of APRR Act, arrears of revenue shall bear interest at the rate of six *per cent* per annum.

During test check of records in nine Tahsildar offices¹⁵⁷ (between May 2018 and March 2020), we observed that arrears of land revenue towards water tax amounting to ₹5.17 crore was collected for the *fasli years* 1415 to 1428¹⁵⁸ without levying interest. The interest of ₹30.31 lakh leviable under Section 7 of APRR Act was not collected.

Government replied (February 2021) that the Collectors of respective districts had instructed the Tahsildars concerned to collect the interest on arrears of water tax from the ayacutdars.

¹⁵⁵ No. LR1(1)/441/2015, dated 03 March 2016

¹⁵⁶ Fasli year means the period of 12 months from 1 July to 30 June. By adding 590 to fasli year one can get the corresponding calendar year

¹⁵⁷ Chennur, Jaggaiahpetta, Jaggampet, Kovur, Ungutur, Venkatagiri, Vissannapeta, Yemmiganur and Yerpedu

¹⁵⁸ Pertaining the period 01 July 2005 to 30 June 2019

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

Road cess amounting to ₹16.74 lakh was not collected for the *fasli* years 1415 to 1427 in contravention to Government instructions.

Under Section 27 of Andhra Pradesh Irrigation, Utilisation and Command Area Development Act 1984, a road cess in the form of a tax shall be collected on lands in the Command Areas of Nagarjuna Sagar Right Canal, Left canal, Sri Ram Sagar Project and Tungabhadra Project from the beneficiaries of schemes undertaken under the Act for the purpose of laying out roads and their proper upkeep and maintenance.

Government in their notifications¹⁵⁹ specified that Land Revenue Authorities have to collect the road cess from all *ayacutdars*¹⁶⁰ at the rate of ₹12.35 per hectare per annum.

During scrutiny (November 2019 to January 2020) of jamabandi¹⁶¹ records in four Tahsildar offices¹⁶² we noticed that road cess was not collected from ayacutdars for the *fasli* years 1415 to 1427¹⁶³. The road cess collectable from the above projects worked out to ₹16.74 lakh.

Government replied (February 2021) that the Collectors of respective districts had instructed the Mandal and Village level revenue officials concerned to collect the pending road cess amount from the ayacutdars.

¹⁵⁹ G.O. Ms. No. 48, Irrigation & Command Area Development, dated 25 June 1986; G.O. Ms. No. 299, Irrigation & Command Area Development, dated 07 September 1988

¹⁶⁰ Ayacutdar means 'owner of the land in command areas of irrigation projects' (Ayacut)

¹⁶¹ Jamabandi means finalisation of village accounts

¹⁶² Chilakaluripet, Darsi, Jaggaiahpet and Khajipet

¹⁶³ Fasli years 1415 to 1427 i.e., 01 July 2005 to 30 June 2018