

CHAPTER IV
CHIEF COMMISSIONER
OF LAND
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Test check of records in 36 out of 751 offices (4.79 *per cent*) to verify compliance to the Rules and provisions relating to Land Revenue revealed underassessment of tax and other irregularities involving ₹ 81.30 crore in 51 cases.

Significant cases of non-compliance with the provisions of the Acts/ Rules amounting to ₹ 8.25 crore are discussed in the succeeding paragraphs.

4.1 Alienation of excess land in contravention to the criteria specified in Land Allotment Policy

Non-compliance with the stipulated norms relating to extent of land to be alienated to various agencies as per land allotment policy and non-inclusion of all the proposed activities applied for, in the alienation orders resulted in excess alienation of land of Ac. 195.66 to the agencies. Further, no penal action was initiated against the applicants in the cases where they encroached upon a portion of land prior to submission of application for alienation.

The State Government issued (September 2012) guidelines for implementing new land allotment policy. As per Paragraph 3(a)(i) of the guidelines, norms to the extent eligible for each project should be scrupulously followed in recommending proposals for allotment or acquisition for each project. In case a particular project requires an extent more than the specified norm, the proponent of the project and the Department concerned should provide concrete justification for the same. As per the Paragraph 3(a)(iii) of the guidelines, the administrative department concerned shall receive and process each request for allotment of land as per the norms prescribed and certify the genuineness of the requirement before forwarding the request to the Collector.

Further, provisions¹²⁵ of AP Land Encroachment Act, 1905 stipulated that any person who unauthorisedly occupy any land which is the property of Government shall be liable to assessment, penalty, *etc.*

During test check of records in two District Collectorates *viz.*, Chittoor and Kurnool, Audit observed deficiencies like alienation of excess land against stipulated extent as per the guidelines, alienation of full extent of land though some of the activities included in the proposals were not included in the land alienation orders, no penal action on the applicants for encroachment of portion of land prior to submission of requisition for alienation, *etc.*, in three cases as detailed in the **Table 4.1**.

¹²⁵ Sections 5,6,7 and 8 of the AP Land Encroachment Act, 1905

Table 4.1 - Deficiencies noticed in alienation of land to various agencies

Collectorate	Name of the agency	Requisition and alienation period (month and year)	Details of Land alienated	Purpose
(1) Chittoor	Peepal Grove School (institution)	Requisitioned in March 2020 Alienated in February 2021	Land measuring Ac. 17.32 ¹²⁶ cents in Sy. Nos. 10,11,12 and 190 adjoining the School (in Gongivaripalle village of Sodam mandal, Chittoor district).	To improve infrastructure facilities to the students and construction of a Primary Health Centre (PHC) for the benefit of the villagers.

Audit observed the following:

- As per the norms fixed vide Annexure-V to the new land allotment policy (September 2012), the maximum land to be allotted for residential school from Class V-XII with 1,000 students is Ac. 5.00 cents. However, requisitioned extent of land Ac. 17.32 cents was alienated to the institution which resulted in allotment of excess land of Ac. 12.32 cents valued at ₹ 59.63 lakh¹²⁷ in deviation to the norms. Specific justification from the Education Department for proposing extent of land in excess than eligible was not on record.

It is pertinent to mention that the applicant, while requisitioning for alienation of proposed land, expressed willingness about payment of prevailing market value as decided by the authorities. As per Board of Standing Orders (BSO) No. 24, while alienating Government land to a person, an institution or a local body for any *bonafide* public purpose, market value of the land has to be considered. Accordingly, the authorities had proposed for alienation of land by fixing market value at ₹ 4.84 lakh per acre. However, the Government alienated the requisitioned land at one rupee. Land being a scarce resource, alienation of Government land to a private school (which is collecting huge fees from the students) almost free of cost by invoking overriding powers of Government, despite the institution's willingness to pay necessitates a rethink on the part of Government. The Public Accounts Committee also in their twelfth report (presented on 06 February 2019) expressed deep concern over the allotment of lands at nominal value and opined that it would be a precedence in future for all land allotment transactions. Creation of such precedence could lead to demands for similar unjustifiable alienation of land in future.

Further, from the notes of inspection (October 2020) of Sub-Collector, Audit noticed that the institution encroached a land measuring Ac. 1.49 cents¹²⁸ in Sy. Nos. 10,11, 12 and 190 which was adjacent to the boundary of the school and constructed structures like Building, Indoor Stadium, Yoga Building, Basketball Court, Principal Quarters *etc.* Details regarding levy of assessment and penalty by the Revenue authorities as per the AP Land Encroachment Act, 1905 were however, not on record.

¹²⁶ alienated Ac. 17.32 cents against Ac. 18.82 cents requisitioned by the applicant

¹²⁷ Ac. 12.32 cents X ₹ 4.84 lakh per acre (*i.e.*, the rate fixed by the District Collector) = ₹ 59.63 lakh

¹²⁸ Sy. No.10/3 - Ac. 0.11 cents (New Building); Sy. No. 11/7 -Ac. 0.38 cents and Sy. No. 11/8 – Ac. 0.22 cents (Staff quarters building); Sy. No. 12/3 - Ac. 0.12 cents (Yoga building); Sy. No. 12/3 - Ac. 0.34 cents (Principal quarters and Girls Hostel); 12/4 - Ac. 0.18 cents (Basketball Court); Sy. No. 12/4 - Ac. 0.12 cents (Indoor stadium); and Sy. No. 190/3 - Ac. 0.02 cents (Room)

Collectorate	Name of the agency	Requisition and alienation period (month and year)	Details of Land alienated	Purpose
<ul style="list-style-type: none"> In the requisition for land alienation, the applicant mentioned that a PHC would be constructed. However, there was neither specific stipulation/ binding clause for construction of PHC in the alienation orders nor any reduction in the extent of land alienated. 				
(2) Kurnool	M/s Ramco Private Limited	Requisitioned in October 2018 Alienated in February 2019	500 Ac. of land in Sy. Nos. 171, 190, 330 etc., Kalavatala village, Kolimigundla mandal, Kurnool district.	For establishment of Green Field Cement Plant with capacity of 5.0 MinTPA and 50 MW coal based thermal power generation.

Audit observed the following:

- As per the norms fixed vide Annexure-I to the new land allotment policy (September 2012), for establishment of cement plant with a capacity of 1.5 Million Tonne per annum (MinTPA) the extent of land fixed was 67 Ac. In addition, there is a provision for allotment of 13 Ac. of land for future expansion.

In the checklist (Proforma XI) for allotment, the required land was assessed as 280 Ac. viz., 230 Ac. for five MinTPA (at the rate of 67 Ac. for 1.5 MinTPA Cement Plant) and another 50 Ac. was proposed for a thermal power plant of 50 MW. Even if the requirements for expansion of future capacity of Cement Plant were also taken into consideration, as per the norms fixed under land allotment policy, the total land required would be Ac. 316.66 cents¹²⁹. However, the District Collector, Kurnool had recommended (January 2019) full extent of land (i.e., 500 Ac.) for alienation and the Government alienated the land to the Company. Thus, against actual requirement an extent of land of Ac. 183.34 cents¹³⁰ which valued at ₹ 7.33 crore¹³¹ was alienated in excess of eligibility.

- Though the allottee submitted proposal to establish a thermal power plant of 50 MW in 50 Ac., the State Government neither imposed any binding clause/ stipulation for establishment of the plant in the orders of alienation nor reduced proposed extent of land while alienation.

¹²⁹ Component-wise land requirement: (A) Cement Factory: Ac. 67 X (5/1.5) = Ac. 223.33 cents; (B) Provision for expansion: Ac. 13 X (5/1.5) = Ac. 43.33 cents and (C) Thermal Power-50 MW Plant – Ac. 50: Total requirement (A) + (B) + (C) = Ac. 223.33 cents + Ac. 43.33 cents + Ac. 50 = Ac. 316.66 cents

¹³⁰ Excess allotment = Ac. 500 – Ac. 316.66 cents = Ac. 183.34 cents

¹³¹ Ac. 183.34 cents X ₹ 4.00 lakh per acre (i.e., market value proposed by the District Collector) = ₹ 7.33 crore

Collectorate	Name of the agency	Requisition and alienation period (month and year)	Details of Land alienated	Purpose
(3) Chittoor	Sri Balaji Hatcheries Private Limited	Requisitioned in February 2018 Alienated in March 2019	Ac. 38.64 cents which were contagious to the existing units of the Company in four ¹³² villages of Chittoor district	For expansion of existing poultry breeding farms and hatcheries

Audit observed the following:

- From the alienation proposals (February 2019) we noticed that in Pathikonda village of Gangavaram mandal, the applicant had encroached the requisitioned land measuring Ac. 1.72 cents in Sy. No.16.

However, the details of levy of assessment and penalty by the Revenue Authorities as per the provisions of Land Encroachment Act, 1905 were not on records.

The following other deviations were also noticed during scrutiny of these alienation cases:

- As per BSO 24, the tress standing on the land should be valued and recovered from the grantee.

In the case of Peepal Grove school, it was noticed from the report of the District Collector (wherein remarks were furnished on defects/ omissions pointed out by CCLA) that more than 350 trees of various varieties were present in the land proposed for alienation. However, the Revenue authorities did not take into the value of fruit bearing and other trees while fixing the market rate of the land.

Regarding Balaji Hatcheries, we observed from the inspection report (February 2019) of Tahsildar of Peddapanjani mandal that there were nearly 5,600 Eucalyptus trees which were aged about nearly seven years and the value of the trees requires to be obtained from the Forest Department. Though the applicant expressed willingness for payment of the value of trees, this aspect was not considered while arriving at the value of the land. In respect of lands situated in Gangavaram mandal, the Revenue Authorities fixed land cost pending receipt of reports about value of trees from Horticulture/ Forest Departments.

- The land allotment guidelines¹³³ stipulated that a minimum of 10 *per cent* of land allotted should be earmarked for Green Belt area. However, there was neither any condition in alienation orders nor earmarked Green Belt area in the proposal which may adversely affect the ecological balance of environment.
- As per the checklist for allotment of land to Ramco Private Limited, the employment generation projected was 5,000 Nos. (direct employment: 3,000 and

¹³² Keelapalle village of Gangavaram mandal – Ac. 20.98 cents; Battamdoddi village of Peddapanjani mandal – Ac. 11.56 cents; Patthikonda village of Gangavaram mandal– Ac.1.72 cents; Mapakshi village of Chittoor mandal – Ac. 4.38 cents

¹³³ Para 3(j) of G.O. Ms. No. 571, Revenue (Assignment. I) Department, dated 14 September 2012

indirect employment: 2,000). However, no specific condition about employment generation was stipulated in the alienation orders.

Thus, non-compliance with the stipulations of BSO 24/ land allotment policy by the Government while alienating Government lands to private institutions and absence of specific conditions in the alienation orders about some of the activities proposed resulted in excess alienation of land of Ac. 195.66 cents. Further, no penal action was initiated on the applicants in cases where they had encroached land prior to submission of requisition for alienation.

On this being pointed out (May/ July 2022), the CCLA replied (December 2022) that the administrative Department is the competent authority to scrutinise and process the proposal as per the norms prescribed in this regard and certify the genuineness of the requirement before forwarding the request to the Collector. The allotment was made as per the policy and it has got provisions to ensure compliance of the conditions of allotment.

The reply is not acceptable. As per provisions of the policy, norms on the extent eligible for each project should be scrupulously followed while recommending proposals for allotment or acquisition of land for each project. In case a particular project requires an extent more than the specified norm, the proponent of the project and the Department concerned shall provide concrete justification for the same. Justification for allotment of land in excess than stipulated was however, not on record. Further, there was no specific mention in the conditions of allotment about setting up of 50 MW thermal power plant, employment generation and construction of PHC which the applicants (*viz.*, RAMCO and Peepal Grove School) included in their proposals. However, land was alienated to the extent requisitioned without any restriction.

In respect of other deviations, it was replied that the District Collector, Chittoor would be directed to provide required information/ to take necessary action on the audit observations.

For ensuring transparency and to avoid arbitrariness while invoking special powers, Government should clearly demonstrate in its Order how public interest is served in the alienation of that particular land.

4.2 Short levy of conversion tax and penalty

Computing conversion tax at lesser rate than applicable and non-levy/ short levy of penalty in eight cases of conversion of agricultural land to non-agricultural purposes resulted in non- realisation of revenue of ₹ 32.20 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/ payment of conversion tax to Government¹³⁴.

¹³⁴ The words 'Permission of the competent authority were substituted with the words 'payment of conversion tax to Government' vide AP Act No. 13 of 2018, w.e.f. 01 February 2018

Section 4(1) prescribes that every owner¹³⁵ or occupier of agricultural land should pay conversion tax at the rate of nine *per cent*/ three *per cent* / five *per cent*¹³⁶ of the basic value¹³⁷ of the land converted for non-agricultural purposes.

Further, as per Section 6(2) of the Act, if any agricultural land has been put to non-agricultural use without prior permission/ payment of conversion tax, the competent authority shall impose a fine of 50 *per cent* over and above the conversion tax.

Audit observations relating to short levy of conversion tax and non-levy/ short levy of penalty in the test-checked cases are detailed below.

(a) Short levy of conversion tax due to incorrect adoption of basic market value: During test check of records in three RDOs¹³⁸, Audit observed (between November 2021 and February 2022) in three cases that while computing conversion tax the competent authority adopted incorrect basic values of the land. This resulted in short levy of conversion tax of ₹ 10.09 lakh in these cases (as detailed in **Appendix 4.1 (i)**).

On this being pointed out, RDO, Chittoor replied (November 2021) that conversion tax of ₹ 2.85 lakh was levied in accordance with rules of A.P. Agriculture land (Conversion for Non-Agriculture Purpose) Act, 2006 and Rules, 2018. Reply is not acceptable. In this case basic value applicable for land abutting to National Highway/ State Highway/ Bypass road was not considered. This resulted in short levy of conversion tax.

(b) Non- levy / Short levy of penalty: During test check of records in three RDOs¹³⁹, Audit observed (between November 2021 and February 2022) in eight cases that penalty was not levied by the competent authority even though nature of the land was converted prior to the application for conversion of agriculture land to non-agricultural purpose. This resulted in non-levy of penalty of ₹ 22.11 lakh in these cases (as detailed in **Appendix 4.1 (ii)**).

On this being pointed out, RDO, Kovvur replied (December 2021) that necessary action would be taken and report would be submitted in due course. RDO, Chittoor replied (November 2021) that considering field inspection report penalty of ₹ 31,140 has been collected for two sheds existed in the said land. Reply is not acceptable. As per inspection report of MRO two sheds were used as godowns in the name of a firm. Hence, nature of entire extent was changed and penalty to be levied. In the case of Dharmavaram, it was replied (February 2022) that recovery would be initiated and details would be furnished in due course.

The matter was referred to the Government (May/ June 2022 and May 2024); their reply has not been received (December 2024).

¹³⁵ 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

¹³⁶ As per Act 13 of 2018 conversion fee reduced to three *per cent* from 12 January 2018 and revised to five *per cent* with effective from 29 July 2021 vide Act No. 34 of 2021

¹³⁷ 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

¹³⁸ Ananthapuramu, Chittoor and Kurnool

¹³⁹ Chittoor, Dharmavaram and Kovvur