

## CHAPTER VI LAND REVENUE

### 6.1 Tax administration

At the apex level, Chief Commissioner of Land Administration (CCLA) is responsible for administration of the Revenue Board Standing Orders (BSO), Andhra Pradesh (AP) Water Tax Act, 1988, AP Agricultural land (Conversion for non-agricultural purpose) Act, 2006, AP Irrigation, Utilisation and Command Area Development Act, 1984 and Rules and orders issued thereunder. The State is divided into 23 districts, each of which is headed by a District Collector who is responsible for the administration of the respective district. Each district is divided into revenue divisions and further into mandals<sup>1</sup>, which are kept under administrative charge of Revenue Divisional Officers and Tahsildars respectively. Each village in every mandal is administered by Village Revenue Officers (VROs) under the supervision of Tahsildars. The VROs prepare the tax demands under all the Acts mentioned above for each mandal from the village accounts and get it approved by the concerned *Jamabandi* Officers<sup>2</sup>. VROs/Revenue Inspectors are entrusted with the work of collection of revenue/taxes such as water tax, conversion fee for agricultural lands etc. At the Government level, Principal Secretary (Revenue) is incharge of overall administration of the Revenue Department.

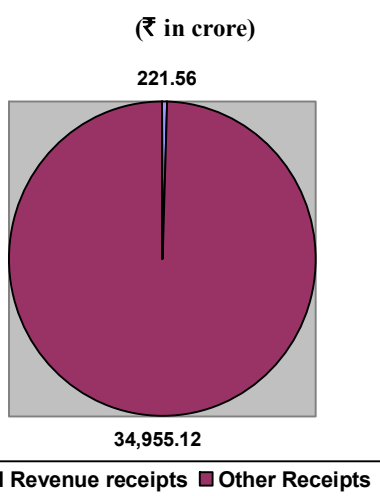
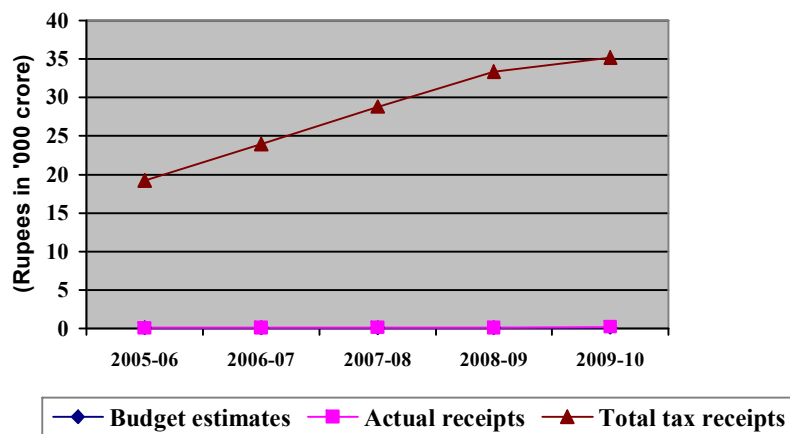
### 6.2 Trend of receipts

Actual receipts from land revenue during the years 2005-06 to 2009-10 alongwith the total tax receipts during the same period is exhibited in the following table and graph.

(₹ in crore)						
Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts
2005-06	127.48	68.75	(-) 58.73	(-) 46.07	19,207.41	0.36
2006-07	128.48	113.50	(-) 14.98	(-) 11.66	23,926.20	0.47
2007-08	129.48	144.39	(+) 14.91	(+) 11.52	28,794.05	0.50
2008-09	130.48	130.35	(-) 0.13	(-) 0.10	33,358.29	0.39
2009-10	144.00	221.56	(+) 77.56	(+) 53.86	35,176.68	0.63

<sup>1</sup> Mandals are the jurisdictional area of each Tahsildar.

<sup>2</sup> *Jamabandi officer* is District Collector or any other officer nominated by him not below the rank of Revenue Divisional Officer.



The percentage of land revenue receipts vis-a-vis total tax receipts of the State has registered an increase from 0.36 per cent to 0.63 per cent during 2005-06 to 2009-10, except in the year 2008-09.

### 6.3 Cost of collection

The figures of gross collection in respect of land revenue, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 are mentioned below:

(₹ in crore)

Head of revenue	Year	Gross collection	Expenditure on collection of revenue	Percentage of cost of collection to gross collection	All India average percentage for the previous year
Land Revenue	2007-08	144.39	16.02	11.09	NA
	2008-09	130.35	12.90	9.90	NA
	2009-10	221.56	20.61	9.30	NA

The percentage of cost of collection to gross collection in land revenue was on decreasing trend during the years 2007-08 to 2009-10.

**6.4 Revenue impact**

During the last five years, audit had pointed out non/short levy, incorrect grant of remission, loss of revenue with revenue implication of ₹ 923.66 crore in 627 cases. Of these, the Department/Government had accepted audit observations in 69 cases involving ₹ 77.52 crore and had since recovered ₹ 0.07 crore. The details are shown in the following table:

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	364	304	41.10	3	0.01	3	0.01
2005-06	64	68	27.82	2	0.02	1	0.01
2006-07	187	110	13.29	2	0.06	3	0.01
2007-08	276	92	730.95	40	76.77	6	0.03
2008-09	180	53	110.50	22	0.66	2	0.01
<b>Total</b>	<b>1071</b>	<b>627</b>	<b>923.66</b>	<b>69</b>	<b>77.52</b>	<b>15</b>	<b>0.07</b>

The insignificant recovery of ₹ 0.07 crore as against the money value of ₹ 77.52 crore relating to accepted cases during the period 2004-05 to 2008-09 highlights the failure of the Government/Department machinery to act promptly to recover the Government dues even in respect of the cases accepted by them.

**6.5 Working of internal audit wing**

Internal audit provides a reasonable assurance of proper enforcement of laws, rules and Departmental instructions, and this is a vital component of internal control frame work. There was no system of internal audit in the Department to ascertain the compliance of Rules/Government orders by the Department.

**The Government needs to introduce a mechanism for conducting effective internal audit by the Department to ensure the compliance of Rules/Government orders.**

**6.6 Results of audit**

Test check of the records of 214 offices relating to land revenue receipts revealed under assessment of tax and other irregularities involving ₹ 11.22 crore in 43 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Alienation of government lands, non-recovery of market value	6	8.24
2.	Non/short levy of NALA	11	1.77
3.	Elimination of demand	6	0.55
4.	Non/short levy of road cess	17	0.31
5.	Other irregularities	3	0.35
	<b>Total</b>	<b>43</b>	<b>11.22</b>

During the course of the year 2009-10, the department accepted underassessments and other deficiencies of ₹ 46.22 lakh in 14 cases of which, three cases involving ₹ 16.94 lakh were pointed out during the year 2009-10 and the rest in the earlier years. An amount of ₹ 0.99 lakh was realised in one case.

A few illustrative cases involving ₹ 4.49 crore are mentioned in the succeeding paragraphs.

### 6.7 Audit observations

*During scrutiny of the records in the various offices of land revenue relating to revenue received from land revenue such as conversion fee, road cess etc., we observed several cases of non-observance of the provisions of the Acts/Rules resulting in non/short levy of tax and other cases as mentioned in the succeeding paragraphs in this Chapter. These cases are illustrative and are based on a test check carried out by us. We pointed out such omissions in audit each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is a need for the Government to improve the internal control system so that such omissions can be avoided.*

### 6.8 Non-finalisation of alienation of land

According to the Board Standing Order (BSO), alienation of the Government land to a company, private individual or institution for any public purpose will normally be on the collection of its market value/occupancy price and subject to the terms and conditions prescribed in the BSO. The BSO permits handing over of the possession of the land in emergency cases pending formal approval of the alienation proposal. Neither any time limit nor any return has been prescribed for watching the finalisation of the proposals.

We noticed in test check of the records of offices of Chief Commissioner of Land Administration, Hyderabad and Tahsildar, Gara (June and October 2009) that advance possession of Government land admeasuring 107.96 acres valued at ₹ 3.20 crore was handed over to two<sup>3</sup> organisations between April 2006 and August 2007. The alienation proposals were not finalised even after three/four years of handing

over of possession of these lands. Thus, non-finalisation of alienation proposals resulted in non-realisation of revenue of ₹ 3.20 crore.

After we pointed out the above cases, the Tahsildar, Gara stated (June 2009) that alienation proposals would be sent to the Collector and market value collected. CCLA stated (October 2009) that the information called for would be furnished in due course.

We referred the matter to the Department between September 2009 and January 2011 and to the Government between June 2010 and January 2011; their reply has not been received (January 2011).

**The Government may consider fixing a time limit to finalise the alienation proposals for Government lands.**

<sup>3</sup> Agricultural Market Committee, Srikakulam and Andhra Pradesh Industrial Infrastructure Corporation.

### 6.9 Loss of revenue due to short collection of conversion fee

As per Section 3(1) of AP Agricultural land (conversion for non-agricultural purposes) Act, 2006 (Act), no agricultural land in the State shall be put to non-agricultural purpose, without prior permission of the competent authority. Section 4(1) of the Act, provides that every owner or occupier of agricultural land shall pay a conversion fee at the rate of 10 *per cent* of the basic value of the land converted for non-agricultural purposes. If the conversion fee so paid is found to be less than the fee prescribed, a notice shall be issued by the competent authority to the applicant within 30 days of the receipt of application intimating the deficit amount to him. In case no intimation is received by the applicant from the Department within 30 days about the deficit payment of the conversion fees, it shall be deemed that the amount paid is sufficient for the purpose. Further, under Section 6 (2) of the Act if any agricultural land has been put to non-agricultural purpose without obtaining the permission the competent authority shall impose a fine of 50 *per cent* over and above the conversion fee.

We noticed in the test check of the records of offices of three<sup>4</sup> tahsildars (between June and July 2009) that 10 applicants filed applications for the conversion of 119.38 acres of agricultural land for non-agricultural purpose. The Revenue Divisional Officer (RDO), Srikakulam issued orders converting the land and collected conversion fee by adopting the lesser basic value of the land. Further, the RDO, Palakonda adopted lesser basic value of the land while issuing notice to two other

applicants who had converted 135.35 acres of the agricultural land without obtaining the permission. This resulted in short collection of conversion fee of ₹ 56.61 lakh and penalty of ₹ 26.32 lakh. Further, the chances for realisation of ₹ 82.93 lakh collected short are remote as the limit of 30 days for demanding the deficit amount is already over.

After we pointed out the above cases, the Tahsildar, Ranasthalam stated (June 2009) that demand notices would be issued. Replies in the remaining cases are awaited.

We referred the matter to the Department in September 2009 and to the Government in June 2010; their reply has not been received (January 2011).

---

<sup>4</sup> Etcherla, Ranasthalam and Santhakavity.

**6.10 Non/short levy of road cess**

Under the AP Irrigation, Utilisation and Command Area Development Act, read with the notifications issued thereunder, road cess at the rate of ₹ 12.35 per hectare per annum is leviable for laying of roads and their upkeep in the command areas of Nagarjunasagar, Sriramsagar and Tungabhadra projects. The Commissioner of Land Revenue clarified in No.Z2/486/88 dated 28 August 1989 that the road cess is leviable on all *ayacutdars* irrespective of the formation of roads and supply of water in their command areas relating to the above projects.

We noticed in the test check of the *jamabandi*<sup>5</sup> records of 11 offices of the tahsildars<sup>6</sup> (between December 2008 and August 2009) that the road cess of ₹ 22.96 lakh was not levied on *ayacutdars*<sup>7</sup> in the command areas of the above projects in seven cases, while it was levied short by ₹ 6.61 lakh in four cases during the period 1 July 1997 to 30 June

2007 (*fasli*<sup>8</sup> years 1407 to 1416). This resulted in non/short levy of road cess of ₹ 29.57 lakh.

After we pointed out the above cases, the Tahsildar, Morthad stated (June 2009) that the matter would be examined and remaining tahsildars stated (between December 2008 and August 2009) that action would be taken to collect the road cess.

We referred the matter to the Department between April and December 2009 and to the Government in April 2010; their reply has not been received (January 2011).

**6.11 Failure to detect short demand of tax**

Article 8 of AP Financial Code Vol. I, stipulates that every departmental controlling officer should watch closely the progress of realisation of the revenues under his control and check the recoveries made against the demand.

We noticed in test check of the *jamabandi* records and DCB statements of the Tahsildar, Polaki, Srikakulam District (between June and July 2009) that while carrying forward the opening balance of demands for the *fasli* years 1413 and 1416

an amount of ₹ 11.79 lakh was omitted. Further, the demand of ₹ 36.43 lakh fixed by the *Jamabandi* officer for the *fasli* years 1412 to 1416 was incorrectly taken to DCB as ₹ 32.04 lakh resulting in short demand of tax of ₹ 4.39 lakh. These were neither detected by the Tahsildar nor by the *Jamabandi* officer. This resulted in short realisation of revenue of ₹ 16.18 lakh.

<sup>5</sup> *Jamabandi* means finalisation of village accounts and demand.

<sup>6</sup> Dachepally, Gurazala, Ipur, Julapally, Morthad, Mutharam, Nadendla, Proddatur, Rentachintala, Shayampet and Srirampur.

<sup>7</sup> Land owners in command areas of irrigation projects.

<sup>8</sup> *Fasli year* means period of 12 months from July to June.

After we pointed out the above case, the Department accepted (June 2010) the audit observation and stated that omitted demand had been included and fixed as arrear demand for *fasli* year 1417.

We referred the matter to the Government in June 2010; their reply has not been received (January 2011).