

Chapter-5

Payment of compensation

5.1 The Board did not follow Government instructions for notification of land

In terms of Government circular instructions (March 2007), the SLAOs are to verify from the revenue records of each survey number, the details of the owners of land and the extent of land, before sending the preliminary notification to Government for acquisition of land,. Other details such as grave-yard, temples, schools, play grounds, residential houses, garden, fertile and wet lands *etc.*, are also to be gathered so as to delete these from the purview of acquisition. Further, land to be acquired would consist of private as well as Government lands. As Government grants its land to various persons, the acquiring authority is to verify the revenue records such as grant registers, RTC *etc.*, to collect the details of grantees and the extent of land granted to them. After collecting these details, the acquiring authority and the Revenue Department are to jointly measure the land proposed to be acquired in each survey number. The joint-measurement exercise would not only freeze the boundary of the land to be acquired but would also help determine the actual availability of land, structures and malkies¹⁰ in each survey number and reconcile the difference, if any, between the revenue records and joint-measurement report. The joint-measurement process assumes a lot of significance as it guides the final payment of compensation for land acquired.

Audit, however, observed that the preliminary and final notifications issued by the Board suffered from many deficiencies. The notifications for IT Park, Hardware Technology Park and Aerospace Components Industrial Area mentioned only the names of the grantees without mentioning the extent of land granted to each of them. Evidently, the SLAOs did not consult the Grant registers maintained by the Tahsildars. The details of grantees had been collected only from the computerized RTCs which were deficient in many respects.

Mention was made in the Report of the Comptroller and Auditor General of India – Karnataka (Civil) for the year ended March 2007 regarding the various data entry errors at the time of computerization of land records in 1992. Audit further observed that RTCs, in many cases, were defective for the following reasons:

- RTCs were issued in favour of persons without Government land actually being granted;
- The area of Government land as per RTCs was not tallied with the primary survey record;
- There were differences between various columns of the RTC and these were not reconciled; and

¹⁰ Trees, horticultural crops, plantations, *etc.*

- As and when Government land was granted, a new survey number was to be assigned and the area of the granted land reduced from the extent of Government land shown in the RTC. This was not done and RTCs, therefore, showed Government land in excess of availability.

During 2005-11, the Board de-notified 9763 acres and 28 guntas from final acquisition mainly due to non-observance of Government instructions of March 2007. Thus, preparation of preliminary and also final notifications for acquisition of land based only on RTCs, especially for Government land, without consulting other primary revenue records resulted in inclusion of names of several ineligible persons. Special DC stated (December 2011) that for lands in BK Palya, Singahally and Arebinamangala, the area as per the original survey record was not tallying with the RTC. It was further stated that some of the RTCs maintained in taluk offices were found doubtful as these had been created based on fake grant orders. The Board and the Karnataka Public Land Corporation had identified this problem and taken corrective steps by way of verifying joint measurement certificates with primary survey records, grant registers and revenue survey maps.

Scrutiny also showed that in five¹¹ out of 19 projects, joint-measurement had not been conducted even before payment of compensation. It was not conducted in respect of Hardware Technology Park till date (October 2011). Inclusion of names of persons in the notifications without verifying the correctness of the title of land and failure to conduct joint-measurement of land before payment of compensation resulted in several fraudulent payments of compensation and acquisition of land not required for industrial areas as discussed subsequently in this Report.

5.2 Non-segregation of duties relating to scrutiny of claims and payment of compensation

The land acquired by the Board for setting up industrial areas comprise both Government and Hiduvali¹² lands. Government land included those granted to various persons. As land transactions involve scrutiny of complex revenue records, establishing the title of the land based on revenue and other records assumes a lot of significance. Persons whose lands were acquired by the Board were to submit a set of documents as per the list (**Appendix-2**) devised by the SLAOs for claiming compensation. There was no uniformity in the list devised by each of these SLAOs. There was no evidence whether these lists had been devised by the SLAOs after obtaining legal opinion. The approval of the Board to these lists had also not been taken. After receiving the documents from the claimants as per these lists, the SLAOs processed the claims and disbursed compensation to the claimants. This practice of the SLAOs themselves processing the land documents and authorizing payments of compensation made the Board vulnerable to malpractices as the existing

¹¹ Aerospace Components, Hardware Technology Park, IT Park, Kolar Narasapura, Vasanth Narasapura II Stage

¹² Private lands

system failed to segregate the duties relating to scrutiny and payment. This also facilitated several types of fraudulent payments of compensation as discussed subsequently in this Report.

5.3 The Board did not exercise control over compensation disbursed by the SLAOs

The Board maintained a Flexi account in Corporation Bank, Bangalore, designated exclusively for payment of compensation. All the SLAOs were permitted to issue cheques on this account. After the PACs fixed the compensation for lands, the SLAOs projected the requirement of funds to the Special DC of the Board based on the extent of land as per the final notification. This included funds required for payment of compensation for lands acquired for SUCs also. COF transferred funds to the designated account from the Board's main bank account based on the orders of the Special DC either in full or in parts. After spending the allotted funds, the SLAOs sent requisitions for additional funds which were again transferred to the designated bank account in the same manner. While seeking additional funds, the SLAOs did not furnish the details of extent of land for which compensation had been paid, balance extent of land for which compensation was to be paid *etc.* Special DC/COF also released the funds routinely without any checks and balances. Audit further observed that the SLAOs did not maintain separate control registers for each of the projects including SUCs. Each of the test-checked SLAOs maintained only one compensation register wherein the compensation paid to the claimants was entered along with the details of survey numbers and extent of land and the signatures of the claimants on their affixed photographs were taken. This register was never closed nor was any abstract drawn up showing the payments made for each of the projects. SLAO-I stated (August 2011) that only a consolidated register had been maintained since inception and project-wise compensation registers would be maintained in future. Thus, the SLAOs never had any tool to watch the progress of payments of compensation and extent of land acquired in each survey number of the villages where land was acquired. The Special DC/COF also failed to monitor the payments made by the SLAOs against the targets in terms of extent of land to be acquired and payment of compensation to be made.

The Internal Audit wing headed by the COF consisted of an Assistant Secretary, Superintendent, two Assistants and three Junior Assistants. Though the Board had been spending heavily year after year on acquisition of land, the Internal Audit did not conduct post-audit of compensation files. None of the SLAOs had been covered by Internal Audit till August 2009. COF stated (December 2011) that the Board assigned the pre-audit of compensation claims relating to the two SLAOs at Bangalore to the Internal Audit wing from September 2009.

Absence of checks and balances facilitated payment of compensation by the SLAOs for land in excess of the extent as per the final notification as discussed subsequently in this Report.

5.4 Fraudulent practices in issue of grant certificates

The original grant certificate issued by the Tahsildar is the main document in support of allotment of Government land. Even where original grant certificates are submitted, compensation should be disbursed only after verifying its genuineness. This is necessary to address the risk of fictitious grant certificates submitted by the claimants. A case of fictitious grant certificates involving grant of Government land aggregating 150 acres and 38 guntas was noticed by audit.

(i) According to Section 94 B of Karnataka Land Revenue (KLR) Act 1964 read with Section 108 CC of KLR Rules 1966, land can be granted to any person who has continued to be in actual possession of such land prior to April 1990 and has submitted the applications (Form 50) within a period of six months from the date of commencement of KLR (Amendment) Act, 1990. The Tahsildar of the jurisdictional taluk is to receive applications for grant of land and enter these in a register. Based on the report of the jurisdictional Revenue Inspector and Surveyor, the Committee (constituted under Section 94A of the KLR Act) with Tahsildar as the Secretary would recommend the grant of land, after inviting objections from the interested persons, subject to payment of the prescribed amount into the designated bank account by the applicant. Tahsildar is to issue the grant certificate which should be entered in the issue register. A monthly progress report on grant of land is to be submitted by the Tahsildar to the DC.

(ii) Under the KLR Act, Tahsildar, Hosakote issued 88 grant certificates to various applicants during 2009-11. Of these, records relating to 64 grant certificates approved on a single day on 21 September 2010 were not produced to audit. As part of the ongoing computerisation of land records, the land records of Tahsildar, Hosakote had also been scanned and the records relating to the grant certificates were scanned during June 2011. Soft copy of the scanned documents was available for 35 out of 64 cases for which records had not been produced to audit. Thus, original records relating to at least 35 grants were available in the Tahsildar's office for scanning during June 2011 but were not made available to audit during November 2011.

(iii) Scrutiny of the hard copies of scanned documents relating to these 35 cases showed the following:

- Scanned documents were incomplete in many respects. File notings and the report of the Revenue Inspector were not available.
- The minutes of the meetings of the Committee were to be entered in a register and the signatures of the members of the Committee taken in confirmation of the minutes. As per the issue register, grant certificates in these 35 cases had been issued based on the

recommendations made by the Committee in a meeting held on 26 May 1993. It was noticed that there was a change in the incumbency of the post dealing with land records of the office during July 2010. The report of handing over charge showed that the register containing the minutes of the Committee's meetings for the period from 16 November 1992 to 24 August 1993 was among the records taken over by the new incumbent. Scrutiny of the register, however, showed that minutes of the meetings of the Committee had been recorded up to 17 May 1993. It had also been recorded in the register that the minutes for the period from 26 May 1993 to 30 September 1994 were not available.

- In 34 out of 35 cases, scanned copies of challans showing the remittances made by the applicants into State Bank of Mysore, Hosakote branch were available. The remittances were made on a single day viz., 12 September 1994. Cross verification by audit of these remittances with the receipt schedule of the Sub-treasury, Hoskote for the entire month of September 1994 however, disclosed that no such remittances had been made. The challans were evidently fictitious.
- Scrutiny of the scanned documents in 35 cases showed that these had been created fictitiously by inserting names, extent of land, name of hobli etc., on original grant certificates issued in other cases. These insertions, which had been made by blacking out the relevant portions in the original certificates, showed lack of expertise as faint traces of the blacked out impressions were still visible in the scanned documents. Thus, fictitious records had been created in all these 35 cases.
- Though these 64 cases related to the period 1991-93 and remittances had been made as per the challans as far back in September 1994, grant certificates were approved very belatedly only in September 2010. There were no reasons on record for the delay. Sixty three out of 64 cases were also not entered in the logical order of the dates of approval as twelve other grant certificates approved by the Tahsildar on 5 October 2010 had been entered in the issue register prior to the recording of 63 cases.
- The register maintained for entering the applications received from the unauthorised occupants showed that applications had been received only in 11 out of 64 cases.
- The monthly progress reports submitted by the Tahsildar to the DC for the period from May 2009 to October 2011 showed nil progress in issue of grant certificates contrary to the actual position. The pendency of applications was also not reflected in the progress reports. Evidently, progress reports were prepared without consulting relevant records.

The extent of land granted in these 64 cases aggregated 150 acres and 38 guntas worth ₹ 23 crore (Appendix-3) even at the guidance value fixed by the Department of Stamps and Registration. As the audit findings point to fraudulent practices in issue of 64 grant certificates, there is an imperative need to fix responsibility and enforce accountability for the lapses highlighted by audit.

5.5 SLAO did not obtain all documents before payment of compensation

Out of two SLAOs covered by test-check, SLAO-II, Bangalore disbursed compensation without receiving all the documents as per the list in cases of compensation paid for Government land granted to various persons. Test-check of 60 out of 340 payments of compensation made by SLAO-II to grantees in respect of land acquired for Hardware Technology Park and Aerospace Components revealed that in none of these cases, documents as per the list had been submitted in full before payment of compensation. The number of various important documents received by SLAO-II in these 60 cases was as shown in **Table-5.1** below:

Table-5.1: Documents received by SLAO-II in test-checked cases

Name of the document to be submitted	Projects test-checked		Total number of documents received against the requirement of 60
	Hardware Technology Park	Aerospace Components	
	No. of cases in which document was submitted	No. of cases in which document was submitted	
Original grant certificate	8	8	16
RTC for 15 years	35	21	56
Extract of mutation register	22	20	42
Encumbrance certificate	22	21	43
Certificate of nil pendency of case from the Assistant Commissioner for land covered under PTCL Act	11	16	27
Certificate regarding pendency of application under Section 48 A of the Karnataka Land Reforms Act	06	13	19
Family tree from the village accountant	17	14	31
Succession Certificate	--	--	--
Identity card issued by Election Commission	--	--	--
No due certificate from the jurisdictional banks	12	19	31
Up-to-date tax paid receipt	--	02	02
No due certificate from Government	07	14	21

(Source: Information compiled from compensation files)

(i) SLAO-II received the original grant certificates only in 16 out of 60 cases. In the remaining cases, SLAO-II disbursed compensation of ₹ 42.56 crore without even receiving the basic and most important document to establish the title of granted land.

(ii) RTC is a record of rights, showing the details of all persons who are holders, owners, occupants, mortgagees and tenants of land in a survey number, including the nature and extent of the respective interests of such persons and the conditions of liabilities attaching thereto. Though RTC had been submitted in 56 cases, it covered period ranging from only 1 to 12 years against 15 years prescribed by the SLAO-II in 37 out of 56 cases.

(iii) If any person acquires a property by succession, survivorship, inheritance, partition, purchase, mortgage, gift or otherwise any right as holder, occupant, owner or mortgagee, he is to report his acquisition of right to the prescribed revenue office who is to enter it in the register of mutations. Though an extract of the mutation register is an important document to establish the right of the person claiming compensation, it was submitted only in 42 cases.

(iv) Encumbrance certificate issued by the registering authority indicating the liabilities attached to a property was received only in 43 cases.

(v) Under the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978, (PTCL Act) any transfer of land granted to a member of Scheduled Caste or Tribe in contravention of the terms of grant of such land without the permission of the Government is null and void. The grantees covered by the PTCL Act are to obtain a certificate of nil pendency of cases under the PTCL Act from the jurisdictional Assistant Commissioner and submit it to the SLAO-II for payment of compensation. Though this certificate was submitted in 27 cases, compensation was disbursed in four cases violating the provisions of PTCL Act as discussed in Paragraph 5.6.10 (iv).

(vi) Where there are occupancy disputes in respect of land, the Land Tribunal is to make an enquiry under Section 48 A of the Karnataka Land Reforms Act, 1961 and pass appropriate orders. SLAO-II is to ensure that no dispute is pending under this Act in respect of land for which compensation is paid. However, the requisite certificate had been obtained in only 19 cases.

(vii) While the family tree certificate of the village accountant showing the family members having interest in a property had been submitted only in 31 cases, succession certificate had not been submitted in any case.

(viii) While identity card issued by the Election Commission to establish the identity of the persons claiming compensation was not submitted in any case, no due certificates from the jurisdictional banks had been obtained in only 31 out of 60 cases while up-to-date tax receipts were available only in two of 60 cases.

SLAO-II overlooked incomplete documents received from persons claiming compensation. Though the case worker processing the claims had pointed out in all the test-checked cases non-receipt of documents in full, SLAO-II authorised payments of compensation. Thus, SLAO-II did not safeguard the interest of the Board and disbursed compensation in many ineligible cases as discussed below:

5.6 Irregularities in payment of compensation

5.6.1 SLAO overlooked the report of the Special DC and disbursed compensation

The Board acquired 450 acres and 05 guntas of land for the Hardware Technology Park during May 2007. The acquired land included Government land (including those granted to various persons) to the extent of 206 acres in Sy. No. 40 and 41 acres in Sy. No.74 of Bandikodigehalli village. The Special DC of the Board requested (September 2007) DC, Bangalore Urban to hand over the acquired Government land to the Board under Section 28 (6) of the KIAD Act. Tahsildar, Bangalore North Taluk, Yelahanka, informed (November 2007) DC, Bangalore Urban and SLAO-II of the Board that Government land acquired in these survey numbers could not be handed over as the computerised RTCs were found to be in excess of land granted. While land granted to various individuals aggregated 142 acres and 7 guntas and 74 acres and 39 guntas in Sy. No. 40 and 74 respectively, computerised RTCs were found to have been excessively issued for 172 acres and 38 guntas and 112 acres and 32 guntas respectively. Special DC, Bangalore Urban informed (December 2007) the Principal Secretary, Revenue Department that the matter was under investigation under Section 136(3) of the Karnataka Land Revenue Act 1964, which empowers a DC to call and examine any record on his own motion or an application of a party and pass such orders as may be deemed fit. A copy of this communication was also endorsed to SLAO-II of the Board.

Though the enquiry by the Special DC, Bangalore Urban was within the knowledge of SLAO-II, he did not wait for the conclusion of the enquiry and disbursed (April 2008 to March 2010) compensation of ₹ 45.68 crore for 147 acres and 38 guntas of land granted in Sy. Nos. 40 and ₹ 30.39 crore for another 87 acres and 5 guntas of land in Sy. No. 74 as shown in **Table-5.2** below:

Table-5.2: Details of Government land notified and compensation paid to the grantees

Sy. No.	Extent of Government land notified and acquired (in acres and guntas)	Extent of land for which compensation had been paid for granted land (in acres and guntas)	Compensation paid for granted land (₹ in crore)
40	206-00	147-38	45.68
74	41-00	87-05	30.39
Total	247-00	235-03	76.07

(Source: Gazette Notification and information furnished by the Board)

Though the extent of land notified for acquisition in Sy. No. 74 was only 41 acres involving a compensation of ₹ 12.71 crore (at ₹ 31 lakh per acre), SLAO-II disbursed compensation (April 2008 to March 2010) of ₹ 30.39 crore for 87 acres and 5 guntas, causing an excess payment of ₹ 17.68 crore for 46 acres and 5 guntas of additional land. Though the case worker in the SLAO's office pointed out (18 February 2009) that the extent of land for which

compensation had been paid exceeded that as per the final notification, SLAO-II overlooked these observations and further paid ₹ 6.04 crore for 16 acres of land.

Cross-verification by audit of the records relating to payment of compensation for land acquired in Sy. Nos. 40 and 74 with those of Tahsildar, Yelahanka showed that in the cases listed out in **Table-5.3** below, compensation of ₹ 3.09 crore had been paid for land outside the notified area mainly due to payment of compensation without conducting joint-measurement.

Table-5.3: Compensation paid without conducting joint measurements

Sy. No.	Concerned block number	Extent of land (in acres and guntas)	Compensation paid (₹ in lakh)
40/357	69	2-00	62.00
40/P-358	73	1-20	46.50
40/P-358	73	-	10.00
40/359	76	2-00	66.00
74/P-304	34	4-00	124.00
		9-20	308.50

(Source: Information furnished by the Board & Revenue Department)

SLAO-II stated that only the names of kathedhars¹³ as per the RTCs had been included in the notification for acquisition and the extent of land for each of the kathedhars had not been determined at the time of notification. This resulted in payment of compensation for increased area. The reply was not acceptable as SLAO-II was aware that joint measurement of land in these two survey numbers had not been done either before or after final notification, excessive computerised RTCs had been issued in respect of these two survey numbers and the enquiry by the Special DC, Bangalore Urban was in progress. SLAO-II deliberately overlooked these, relied merely on incomplete documents and disbursed compensation of ₹ 20.77 crore¹⁴ excessively for land not required for the Hardware Technology Park.

5.6.2 Compensation was paid for land which was subsequently forfeited to Government

Special DC, Bangalore Urban informed (May 2010) Special DC of the Board that 52 acres and 8 guntas of land in Sy. No. 40 and 24 acres of land in Sy. No. 74 of Bandikodigehalli village had been forfeited to Government following the enquiry which was still in progress (October 2011). In addition, 29 acres and 17 guntas of land acquired for Aerospace Components Industrial Area (8 acres and 17 guntas in Sy.No.8 of Unasur village)) and IT Park (21 acres in Sy.No.7 of B.K.Palya village) had also been forfeited. Audit observed that SLAO-II had already disbursed compensation of ₹ 25.41 crore (33 per cent of the total compensation of ₹ 76.07 crore) for forfeited lands in Sy. No 40 and 74 of

¹³ Persons having title to property

¹⁴ ₹ 3.09 crore as per Table-5.3 + ₹ 17.68 crore paid for 46 acres and 5 guntas of additional land acquired in Sy.No.74 as per Table-5.2

Bandikodigehalli village and another ₹ 14.72 crore in respect of forfeited land relating to Aerospace Components Industrial Area and IT Park.

Details of further forfeiture of land in respect of these two survey numbers and also other industrial areas were awaited from the Special DC, Bangalore Urban (October 2011). In respect of land for which enquiry was still in progress, SLAO-II had disbursed ₹ 190.30 crore for 356 acres and 15 guntas in respect of three industrial areas shown in **Table-5.4** below:

Table-5.4: Lands in respect of which enquiry was in progress

Name of the industrial area	Extent of land (in acres and guntas) in respect of which enquiry was in progress	Compensation paid (₹ in crore)
Aerospace Components	5-20	3.14
IT Park	242-18	135.02
Hardware Technology Park	108-17	52.14
Total	356-15	190.30

(Source: Information furnished by the Board)

SLAO-II stated (August 2011) that it was not possible to recover the compensation in respect of the forfeited land as the original records had been seized by the Lok Ayuktha. It was further stated that action would be taken on receipt of records from the Lok Ayuktha.

5.6.3 Huge differences between the consolidated RTC and individual RTCs

As per the consolidated RTC (2009-10) for land in Sy. No. 198 of Mahadevakodigehally village, 76 acres and 15 guntas out of Government land measuring 243 acres and 16 guntas had been granted to various persons. A joint-measurement of these lands undertaken during July 2009, however, identified that 198 acres and 27 guntas had been granted to various persons as per the individual RTCs issued. It was not clear how the joint measurement report could identify 198 acres and 27 guntas of granted land from the individual RTCs when the consolidated RTC for 2009-10 showed only 76 acres and 15 guntas of granted land. Scrutiny showed that SLAO-II had disbursed compensation of ₹ 29.30 crore for 48 acres and 26 guntas in Sy. No. 198 of Mahadevakodigehally village. These payments were supported, inter alia, by individual RTCs submitted by the claimants though their names did not figure in the consolidated RTC. Evidently, RTCs had been issued in individual cases excessively and payment of compensation in these cases on the basis of defective RTCs cannot be ruled out. It was also seen that enquiry under Section 136 (3) of the Karnataka Land Revenue Act was in progress in respect of 21 acres and 34 guntas out of 49 acres and 29 guntas of Government land, for which compensation of ₹ 13.22 crore had already been disbursed. SLAO-II replied (August 2011) that action would be taken to obtain all relevant information from the Tahsildars, reconcile the differences between various columns in the RTC, conduct joint measurements and verify the genuineness of the payments made in this survey number.

5.6.4 SLAO disbursed compensation at the instance of a company

(i) The Board acquired 4 acres of land in Survey No 74/P3 in Bandikodigehalli village during May 2007. As per the RTC, the Khathedar of this land was Sri Magadiyappa and his name figured in the final notification issued during May 2007. However, SLAO-II had disbursed (September 2008) ₹ 1.24 crore to Sri M.H.Soni for the same land without obtaining any documents in support of the claim. The payment was made merely on the basis of an affidavit claiming that Sri M.H.Soni purchased the land through a settlement agreement on 12 January 2004. As per the notings available on the file, Managing Director (MD) of Itasca Software Development Private Limited (company as discussed in Paragraph 4.2) and Sri M.H.Soni visited SLAO-II and based on the assurance given by the MD of the company, SLAO-II disbursed the compensation to Sri M.H.Soni. It was further seen that SLAO-II subsequently paid ₹ 1.24 crore during March 2010 to Sri B.M.Rangaswamy, the legal heir of the deceased khathedar of the land. SLAO-II stated (July 2011) that the excess payment made to Sri M.H.Soni had been made good by the company. The reply was not tenable as the SLAO-II was to be guided only by the documents establishing title of land before making compensation and not by the assurance given by the MD of a company. It is pertinent to note that there had been an unauthorised informal arrangement between SLAO-II and the company which was established by the contents of a letter (October 2010) which the company addressed to the CEO. The relevant extract from the letter is reproduced below:

“At this juncture, it was necessary for the company to request KIADB to pay compensation to more than one person with regard to some survey numbers who claimed possession and rights over a particular land to avoid further disputes for acquiring the said lands. The company took over the responsibility of such double payments to the KIADB and has indemnified KIADB with regard to such payments purely on commercial consideration i.e. to avoid disputes and to hasten up implementation of the project.”

The company's claim regarding indemnification was not supported by any document and could, at best, be termed an informal arrangement with the CEO. The rules framed by the Board did not permit such an informal arrangement.

Further, SLAO-II disbursed compensation in the cases shown in **Table-5.5** below relating to land acquired in Bandikodigehalli village based on the assurance given by the company, as per the notings available on the files.

Table-5.5 Details of compensation paid at the instance of the company

Sy. No.	Extent of land for which compensation had been paid (in acres and guntas)	Compensation paid (₹ in crore)
74/308	4-00	1.24
74/302	4-00	1.68
40/359	2-00	0.66
124	4-00	1.24
75/1	1-35	0.62
75/2	2-01	0.81
Total	17-36	6.25

(Source: Information furnished by the Board)

(ii) In respect of 4 acres of land in Sy. No. 74/308, the Manager processing the case observed (May 2008) that it was not clear from the documents submitted as to whom the land had been granted initially. The Tahsildar's report also did not contain details of grant of land to the claimant in this survey number. SLAO-II, after discussing the case with the Manager, ordered that compensation be disbursed based on the assurance given by the MD of the company.

Encumbrance certificates obtained by audit from the Sub-Registrar, Yelahanka for land in Sy. No. 74/308, however, indicated that the owner had sold (November 2006) one acre of land to two persons (20 guntas each) through two separate registered sale deeds. Thus, the owner was left with only 3 acres of land in Sy. No. 74/308. SLAO-II defended (December 2011) the payment of compensation for 4 acres on the ground that details of sale made on 14 November 2006 were not available in the file. The defence betrayed the failure of the SLAO-II to obtain the up-to-date encumbrance certificate in this case before authorising payment of compensation and this resulted in excess payment of Rs.31 lakh to the claimant.

(iii) Without obtaining grant certificate, SLAO-II disbursed (January 2009) compensation of ₹ 1.68 crore to Smt Mary John for 4 acres of agricultural land in Sy. No. 74/302 of Bandikodigehalli village. The RTC submitted by the claimant clearly showed that a stay order in respect of this land had been given by a court in May 2003. Where cases are pending in courts, compensation payable, if any, is to be deposited by the SLAO with the respective Court in terms of Section 30 of KIAD Act. SLAO-II, however, disbursed the compensation based on the personal assurance given by the MD of the company without receiving all the documents necessary to establish title.

Following directions from the High Court, the Special DC conducted an enquiry in the matter and ordered (April 2009) eviction of those unauthorisedly occupying the land in Sy. No.74/302 and correction of the revenue records to indicate that it was Government land. Though SLAO-II sent (March 2010) a notice to Smt Mary John directing her to refund the compensation, the inadmissible payment of ₹ 1.68 crore had not been recovered so far (November 2011). SLAO-II stated (July 2011) that as the Special DC had forfeited the land, the compensation paid would be recovered as arrears of land revenue after receipt of original documents from the Lok Ayuktha.

(iv) In respect of land in Sy. No. 40/359, the case worker/Manager observed (May 2008) that sketch of land and original grant certificate were to be obtained as grant of land in this survey number to the claimant had not been confirmed by Tahsildar, Yelahanka. SLAO-II, nevertheless, authorised (June 2008) disbursement of compensation of ₹ 66 lakh based on the assurance of the MD of the company undertaking responsibility for the payment. This land was, however, forfeited to Government in May 2010.

5.6.5 Compensation to persons who owned no land or whose title to land was doubtful

In the following cases, SLAO-II disbursed compensation to persons who either did not own land or whose ownership of land was not established by records

(i) One Sri Mohd Iqbal filed (April 2008) an objection with SLAO-II for disbursement of compensation for 3 acres and 20 guntas of land in Sy. No. 75 of Bandikodigehalli village without submitting any document. Though SLAO-II issued (June 2008) a notice directing Sri Mohd Iqbal to appear for an enquiry, the latter failed to attend the enquiry or submit any documents in support of his objection. However, SLAO-II disbursed compensation of ₹ 1.09 crore to him during December 2008 for 3 acres and 20 guntas of land in Sy. No. 75 of Bandikodigehally village though no documents had been submitted by him. SLAO-II confirmed (July 2011) that compensation had been erroneously paid to Sri Mohd Iqbal without obtaining any document and that the erroneous payment would be recovered on receipt of records from the Lok Ayuktha.

(ii) As per the records of Tahsildar, Yelahanka, Bangalore North, 10 acres of land had been granted to Sri H.Syed Abdul Aleem in Sy. No. 74 of Bandikodigehalli during November 1961. After the grant, this portion of land was assigned new Sy. No. 157. During May 2010, SLAO-II disbursed compensation for this land to the legal heir of the grantee as per a court order (April 2010).

It was, however, seen that SLAO-II had earlier disbursed (October 2008) compensation of ₹ 3.14 crore to one Sri H.Syed Abdul Azeem for 10 acres and 5 guntas of land in Sy. No. 74/310 of Bandikodigehalli village. SLAO-II relied upon only RTCs for five years and encumbrance certificate for 15 years to make the disbursement and did not obtain the original land grant certificate. Scrutiny of land granted in Sy. No. 74 of Bandikodigehalli village as per the records of Tahsildar, Yelahanka, Bangalore North, however, showed that Sri H.Syed Abdul Azeem had never been granted any land in the said survey number. It was further seen that SLAO-II was also in possession of the list of persons granted land in Sy. No. 74 of Bandikodigehalli village. This list had been furnished by the Tahsildar, Yelahanka to SLAO-II during November 2007. SLAO-II, however, failed to verify this list before making payment of compensation of ₹ 3.14 crore to a person who had not been granted any land. SLAO-II stated (July 2011) that it was not possible to furnish a reply as the original files had been seized by the Lok Ayuktha.

(iii) Tahsildar, Devanahalli had granted 8 acres of land to Sri Timmarayappa during 1962-63 in Sy. No. 40 of Bandikodigehalli village. These 8 acres were assigned a new Sy.No. 150. Though the grantee was not to transfer the land for 15 years as per the conditions of grant, the land had been sold to different persons during 1971-75. Sri Munipappanna was the last to purchase these 8 acres of land in August 1974. Sri B.M.Nagaraju inherited these 8 acres from his father Sri Munipappanna and sold 4 acres to Sri M.C.Chikkaraju during 1998-99 and the remaining 4 acres to Sri K.Y.Ayub Khan during July 2004. Sri M.C.Chikkaraju sold his 4 acres of land to Sri C.Ashwatha Narayana during August 2004.

While SLAO-II paid (August 2008) compensation of ₹ 1.24 crore each to Sri C.Ashwatha Narayana and Sri K.Y. Ayub Khan for 8 acres of land in Sy. No. 150 of Bandikodigehally village, he had also paid ₹ 1.24 crore to Sri B.M.Nagaraju during May 2008 for four acres of land in Sy. No. 40/P18 of the same village. Scrutiny showed that Sri B.M.Nagaraju had not been granted any land in Sy. No. 40 of Bandikodigehalli village apart from 8 acres which he had inherited from his father. Even these 8 acres had been sold by him to two persons in 1998-99 and 2004-05. No documents in support of the payment were available in the records produced to audit. The payment of ₹ 1.24 crore made to Sri B.M.Nagaraju did not, therefore, seem to be a bonafide one. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

(iv) Board acquired 3 acres and 5 guntas of land in Sy. No. 21/P24 of Kavadasanahalli from Sri.Chikkalakshmana, son of Uttanallappa. The claimant sought compensation by submitting an affidavit (March 2009) stating that the original records of grant of land by Government had been lost. Tahsildar, Devanahalli had also reported (January 2009) that original record relating to grant of land in this case was not available. However, SLAO-II disbursed compensation on the basis of the RTC and the surveyor's report which mentioned that the claimant was only cultivating the land. After disbursement (March 2009) of compensation of ₹ 1.72 crore, SLAO-II received (June 2009) a complaint alleging that the claimant had prepared fictitious records and claimed compensation. SLAO-II issued (August 2009) notices to the case worker and the Manager for facilitating payment without records. Details of further developments in this case were not available on record. SLAO-II stated (August 2011) that the claimant was issued a notice, directing him to submit all the original documents for scrutiny. The fact, however, remained that no documents had been submitted for scrutiny (August 2011).

(v) SLAO-II disbursed compensation of ₹ 0.47 crore to Sri Subbanna and Sri Rama during July 2008 for 1 acre and 20 guntas of land in Sy. No. 40/P358 of Bandikodigehalli village overlooking the reference in the RTC to a stay order issued by the Court. SLAO-II also paid ₹ 10 lakh to Sri Narayanappa in September 2008 for the same land. Scrutiny showed that Sri Narayanappa had filed a case against the claimants in 2005-06 in the court of Assistant Commissioner, North Sub-division, seeking restoration of the land in his favour under the PTCL Act. He had also objected (July 2008) to payment of

compensation by the SLAO-II to Sri Subbanna and Sri Rama in view of the pending case. SLAO-II disbursed ₹ 10 lakh to Sri Narayanappa though he did not submit any documents. SLAO-II stated (July 2011) that it was not possible to furnish the reply as the original files were with Lok Ayuktha.

(vi) The Board acquired (May 2007) 4 acres of land each in Sy. No. 74/301, 74/321 and 74/346 belonging Sri M.S.Venkatashamappa in Bandikodigehalli village. As the khathedar and his wife had expired, Sri M.V.Nandish and Sri M.V.Govindaraju, sons of Sri M.S.Venkatashamappa, got the revenue records mutated in their favour for 4 acres each in Sy. No. 74/301 and 74/321. However, SLAO-II paid compensation (February 2009) of ₹ 4.80 crore for 12 acres including four acres in Sy. 74/346 to Sri M.V.Nandish and Sri M.V.Govindaraju on production of only the original sale deed, photocopy of RTC for 2007-08 and mutation extract in respect of only Sy. No. 74/301 and 74/321. Other records were not submitted by the claimants. The application for compensation was submitted on 18 February 2009 and compensation was disbursed on the same day. Audit further observed that 4 acres of land in Sy. No. 74/346 was subsequently forfeited (May 2010) to Government by the Special DC, Bangalore. Thus, undue haste in disbursing compensation without insisting on relevant documents resulted in payment of ₹ 1.60 crore to a person who did not have title of land. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

(vii) DC, Bangalore North ordered (August 2008) to remove 2 acres and 22 guntas figuring in favour of Sri Nanjundappa in the RTC of Sy. No. 177/P17 of Bagalur village and substitute it with 2 acres in favour of late Chinnabiddappa. This was done to set right the mistake committed in the RTC at the time of computerisation of data. Based on the corrected RTC, SLAO-II disbursed (December 2009) compensation of ₹ 1.40 crore to Sri Gundappa, son of late Sri Chinnabiddappa for 2 acres. Thus, there was no land belonging to late Sri Nanjundappa in Sy. No. 177/P17. Though deletion of the name of Sri Nanjundappa from the RTC was within the knowledge of the SLAO-II at the time of disbursing compensation to Sri Gundappa in December 2009, he disbursed compensation of ₹ 0.46 crore to Sri B.M.Narayanappa, son of Sri Nanjundappa in April 2010 for 26½ guntas of land in the same survey number. The documents based on which payment was made, however, identified the claimant as Sri Narayanaswamy, son of late Nanjundappa. The claimant's name as per the application for compensation, family tree certificate issued by the village accountant, identity card issued by the Election Commission, copy of the bank pass book *etc.*, was only Sri N.Narayanaswamy, son of late Nanjundappa. However, SLAO-II handed over the cheque drawn in favour of B.M.Narayanappa to Sri N.Narayanaswamy. The payment seemed fraudulent and the possibility of payment having been made to an ineligible person cannot be ruled out. SLAO-II stated (July 2011) that a final reply would be furnished on receipt of original files from the Lok Ayuktha.

(viii) Sri.H.N.Byrappa, son of Nanjappa and Smt.Savitha, daughter of late Krishnaswamy Perumal Shetty submitted (August 2009) claims for

compensation for acquisition of 4 acres of land belonging to each of them in Sy.No.7 of Bandikodigehalli Palya village. As the names of the claimants did not figure in the final notification published during September 2008 and the joint measurement report, SLAO-II obtained (July 2009) a fresh joint measurement report which included the names of Smt.Savitha's father and another person H.Byranna S/o Nanjappa. The photocopies of grant certificates produced by Smt.Savitha and Sri.H.N.Byrappa revealed that though the lands were granted to Savitha's father and Sri.H.N.Byrappa in October 1963, their names were not included in the RTC only in 2007. SLAO-II requested (August 2009) Tahsildar, Yelahanka to verify and report on the genuineness of the land granted to Smt.Savitha's father and Sri.H.N.Byrappa. As per the report (September 2009) of the Revenue Inspector, Doddajala Circle, Jalahobli, Bangalore (North) Taluk, though records produced by Smt.Savitha and Sri.H.N.Byrappa indicated grant of land of 4 acres each to Savitha's father and Sri.H.N.Byrappa, an enquiry by the Special DC under Section 136 (3) of the KLR Act had been pending (December 2008) against Sri.Raghu, husband of Smt.Savitha and Sri.H.N.Byrappa for encroachment of land.

It was further seen that Smt.Savitha and Sri.H.N.Byrappa had themselves requested (May 2009) Tahsildar, Yelahanka, Bangalore North Taluk to verify the genuineness of lands granted to them. In response, the Tahsildar reported (May 2009) to SLAO-II that original grant records were not available although a photocopy of the grant register available in the office indicated grant of land to these two persons in October 1963. Without waiting for conclusion of the enquiry, SLAO-II paid (October 2009) ₹ 2.48 crore each to Smt.Savitha and Sri.H.N.Byrappa. SLAO-II stated (July 2011) that reply could not be furnished as the original files were with the Lok Ayuktha.

(ix) Regarding the compensation of ₹ 9.30 lakh paid (August 2008) to Sri D.Ravishankar for 12 guntas in Sy. No 41 of Bandikodigehalli village, no records were available in support of the payment.

5.6.6 Double payment of compensation for the same land

The payment of compensation of ₹ 1.49 crore made (July and August 2008) to a firm was based mainly on two registered (January 1996) sale deeds executed by a General Power of Attorney (GPA) holder on behalf of the owner of 4 acres and 20 guntas of land in Sy. No.41 of Bandikodigehalli village and RTCs in favour of the owner. No other original documents establishing clear title in favour of the firm had been insisted upon by SLAO-II before making payment. Further scrutiny showed that a suit regarding the title for 4 acres and 20 guntas in Sy. No. 41 had been filed (March 2007) in the Court of the Civil Judge, Devanahalli, in which the firm had been made the respondent. SLAO-II was also kept informed about the suit by the petitioners through their advocate during December 2007 itself. SLAO-II ignored the pending dispute and disbursed the compensation of ₹ 1.49 crore to the firm on the ground that the Court had not passed any orders.

Subsequently, SLAO-II disbursed ₹ 93 lakh during October 2008 for 3 acres of land in Sy. No. 41 to Sri Hanumantharayappa. No documents including the application seeking land compensation were available in the files. The only

document available was a copy of the suit filed (March 2007) by Sri Hanumantharayappa and three others seeking 4/6th share of 4 acres and 20 guntas for which the firm had claimed compensation. As 4/6th share of 4 acres and 20 guntas claimed by Sri Hanumantharayappa worked out to 3 acres, SLAO-II evidently paid compensation for 3 acres to Sri Hanumantharayappa also without obtaining any document to cover up the erroneous payment made to the firm. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

5.6.7 Compensation was paid based on dubious General Power of Attorney

(i) Regarding compensation of ₹ 49.50 lakh paid (June 2008) to Sri T.H.Ramegowda for 1 acre and 20 guntas in Sy. No. 41 of Bandikodigehalli village, it was seen that the owner of the land in question, Smt Dhanalakshmi registered a General Power of Attorney (GPA) jointly in favour of Sri D.Ravishankar and Sri B.S.N.Hari on 21 November 1995. On the same day, an agreement to sell the same property to Sri T.H.Ramegowda was also registered by Smt Dhanalakshmi. Thereafter, one of the GPA holders *viz.* Sri D.Ravishankar gave a registered GPA for the same property to Sri Shashishekar on 20 July 2007. Sri D.Ravishankar registered a supplementary agreement again on the same day in favour of Sri T.H.Ramegowda, empowering him to receive compensation for 1 acre and 20 guntas from the Board. The multiplicity of GPAs and agreements which defied any rationale, however, failed to alert SLAO-II about the dubious nature of the transactions.

SLAO-II disbursed compensation of ₹ 49.50 lakh to Sri T.H.Ramegowda in disregard of the circular instructions (June 2001) of the Board that under the provisions of Section 54 of Transfer of Property Act 1882 read with Sections 14 and 17 of Indian Registration Act, the SLAO should process the claim application of only the land owners and the claims of agreement and GPA holders should be rejected at the outset. SLAO-II overlooked not only the dubious GPAs filed with him but also disregarded the Board's instructions of June 2001 also while disbursing compensation of ₹ 49.50 lakh to a person who did not possess the title to land.

(ii) SLAO-II disbursed compensation of ₹ 1.24 crore to Sri Shashishekar for 4 acres of land in Sy. No. 74/P4 of Bandikodigehalli village in June 2008. Audit observed that the grantees of this land *viz.* Smt Lakshamma and Sri Venkateshappa gave a GPA in favour of Sri B.S.N. Hari and Sri D.Ravishankar in January 1997 in respect of 4 acres of land in Sy. No. 74/P4. Subsequently, an agreement to sell these 4 acres of land was registered in May 2005 by Smt Lakshamma and Sri Venkateshappa themselves in favour of Sri Shashishekar. According to this agreement, Smt Lakshamma and Sri Venkateshappa were to obtain necessary permission of Government to sell the land under the provisions of PTCL Act. On 20 July 2007, Sri D.Ravishankar, one of the joint-holders of GPA registered another GPA in favour of Sri Shashishekar for these 4 acres. On the same day, Sri D.Ravishankar registered another supplementary agreement in favour of Sri Shashishekar, authorising the latter to receive compensation from the Board. Incidentally, the

address of D.Ravishankar, B.S.N.Hari, Sashishekar and a firm, J.B.Hara and Properties were found to be the same as per the sale deed, GPA *etc.* These transactions seemed dubious. SLAO-II disbursed the compensation without insisting on production of relevant documents to establish title and with the full knowledge that the title was not in favour of Sri Sashishekar. Subsequently, the khathedar of the land as notified in the final notification, Sri Venkateshappa, approached SLAO-II, claiming compensation for these 4 acres and submitted documents in support of his claim. Though SLAO-II served (October 2008) a notice on Sri Shashishekar directing him to appear for an enquiry, the latter did not turn up. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

5.6.8 Excess payments of compensation

(i) The Board acquired (May 2007) 450 acres and 5 guntas for Hardware Technology Park in Bandikodigehally which included 199 acres and 5 guntas of private land. As of May 2010, SLAO-II had disbursed compensation of ₹ 37.84 crore for 115 acres and 13 guntas of private lands and payment of compensation was pending for another 119 acres and 8 guntas. Thus, the extent of land for which claims for compensation had been received exceeded the land notified for acquisition by 35 acres and 16 guntas. SLAO-II stated (August 2011) that all compensation files had been seized by the Lok Ayuktha and final reply would be furnished on receipt of the files. Test-check of compensation already paid for 115 acres and 13 guntas showed that SLAO-II irregularly paid compensation of ₹ 84.35 lakh in the following cases.

- In respect of two acres in Sy. No. 75/2 of Bandikodigehalli village acquired by the Board, the compensation payable as per the price fixed by the PAC was ₹ 31 lakh per acre. Instead of disbursing ₹ 62.78 lakh as compensation, SLAO-II paid (July 2008) ₹ 81 lakh for 2 acres and 1 gunta at the rate of ₹ 40 lakh per acre. This resulted in an excess payment of compensation of ₹ 18.22 lakh. Similarly, in respect of Sy. No. 75/1 of the same village, SLAO-II paid (July 2008) compensation for 1 acre and 35 guntas at the rate of ₹ 33 per lakh instead of for 1 acre and 30 guntas acquired, resulting in an excess payment of ₹ 4.13 lakh. SLAO-II accepted (July 2011) the excess payment of ₹ 22.35 lakh.
- The Board acquired 4 acres of land in Sy. No. 74/P6 Bandikodigehalli village during May 2007. The compensation payable was ₹ 1.24 crore at the rate of ₹ 31 lakh per acre. However, SLAO-II disbursed (June 2008 and September 2008) compensation of ₹ 1.86 crore for 6 acres of land. SLAO-II stated (July 2011) that action would be taken to recover the excess payment of ₹ 62 lakh.

(ii) SLAO-II released (June 2008) compensation of ₹ 1.32 crore to a partnership firm for four acres of converted land in Sy. No.74 of Bandikodigehally village. As per the copies of sale deeds, the firm had purchased this land during September 1997 from Sri B.M.Lakshminarayana. SLAO-II relied upon only the sale deeds in favour of the firm and RTC in favour of Sri B.M.Lakshminarayana for the period 1989-92 for disbursing compensation. However, the records showed that Sri B.M.Lakshminarayana

had inherited only two acres of land in this survey number and the RTC for 1989-92 also showed only two acres of land in favour of Sri B.M.Lakshminarayana. Although the sale of land had taken place in September 1997, the land was not got mutated in favour of the firm. It was further seen that the application for payment of compensation was received on 9 June 2008 and compensation was disbursed hurriedly on 10 June 2008. To a query as to whether Sri B.M.Lakshminarayana had been granted any other land in this survey number in addition to the 2 acres inherited by him, Tahsildar, Yelahanka confirmed (June 2011) to audit that as per the computerised RTCs, no additional land had been granted in favour of Sri B.M.Lakshminarayana. Thus, excess payment of ₹ 66 lakh for 2 acres of land cannot be ruled out. SLAO-II stated (August 2011) that reply could not be furnished due to seizure of the original records by the Lok Ayuktha.

(iii) Tahsildar, Devanahalli granted (September 1982) 2 acres of land to Sri.Doddathimmanna, son of Thimmaiah in Sy. No. 21/P37 of Kavadasanahalli village. However, katha and mutation had been made during 1991-92 in the revenue records for only 1 acre and 25 guntas. Consequent upon the demise of Sri.Doddathimmanna, the katha was transferred in favour of his wife Smt Akkayamma during 2004-05. SLAO-II requested (December 2008) the Tahsildar on 30 September 2008 to issue a revised order either limiting the grant to 1 acre and 25 guntas as per the katha or conferring title of 2 acres in favour of Sri.Doddathimmanna. Thereafter, SLAO-II disbursed (December 2008) compensation of ₹ 0.89 crore to Smt.Akkayamma for 1 acre and 25 guntas. However, SLAO-II paid another 20.62 lakh in January 2009 without obtaining the revised order from the Tahsildar. It was further seen that even before SLAO-II made the first payment in September 2008, an objection had been filed (August 2008) with SLAO-II against payment of compensation on the ground that an appeal was pending before the Assistant Commissioner, Doddaballapura regarding the title and possession of the land in the said survey number. SLAO-II overlooked the notings of the case worker and authorised payment.

(iv) SLAO-II paid (June 2008) compensation of ₹ 1.32 crore for 4 acres of land in Sy. No. 74 of Bandikodigehalli village to a firm. It was seen that the firm had obtained sanction of BIAAPA for forming a residential layout over an area of 9 acres and 24 guntas in several survey numbers of Bandikodigehalli and Boilahally villages. According to the terms and conditions of the sanction, the developer was to relinquish the rights and title over the area demarcated for roads, civic amenities and parks in the layout plan, in favour of BIAAPA. Information collected from the Sub-Registrar, Yelahanka showed that the firm had relinquished (June 2006) 14 guntas of land in Sy. No. 74 of Bandikodigehalli village through a registered relinquishment deed in favour of the Member Secretary, BIAAPA. With this relinquishment, the firm was left with only 3 acres and 26 guntas of land in Sy. No. 74 of Bandikodigehalli village. However, SLAO-II disbursed compensation to the firm for 4 acres during June 2008 based on incomplete documents, resulting in an excess payment of ₹ 11.55 lakh. SLAO-II stated (December 2011) that the details of relinquishments pointed out by audit were not available in the files and final would be furnished after the original files were returned by the Lok Ayuktha.

5.6.9 SLAO overlooked pending litigations before paying compensation

(i) Without obtaining the grant certificate, SLAO-II disbursed (April 2008) land compensation of ₹ 1.60 crore to Sri Byranna for 4 acres of land in Sy. No. 74/302 of Bandikodigehalli village. The RTC submitted by the claimants clearly showed that a stay order in respect of these lands had been given by a court in May 2003. Where cases are pending in courts, compensation payable, if any, is to be deposited by SLAO with the respective courts in terms of Section 30 of KIAD Act. SLAO-II, however, disbursed the compensation directly to the claimants without receiving all the documents necessary to establish title. Following directions from the High Court, the Special DC conducted an enquiry in the matter and ordered (April 2009) eviction of those unauthorisedly occupying the land in Sy. No.74/302 and correction of the revenue records to indicate that it was Government land. Though SLAO-II sent (March 2010) a notice to Sri Byranna directing him to refund the compensation, the inadmissible payment of ₹ 1.60 crore had not been recovered (November 2011). SLAO-II stated (July 2011) that as the Special DC had forfeited the land, the compensation paid would be recovered as arrears of land revenue after receipt of original documents from the Lok Ayuktha.

(ii) While processing the claim received for compensation for 4 acres of land in Sy. No. 74/P2 of Bandikodigehalli village, SLAO-II observed (April 2008) that a case had been pending in respect of this property in the Court of Civil Judge, Devanahalli, in which SLAO-II and the claimant had been made respondents. SLAO-II informed (May 2008) the claimant that compensation could not be paid in view of the litigation. However, he reopened the case on his own and disbursed (July 2008) compensation of ₹ 1.24 crore to the claimant on the ground that the petitioners could claim their share from the court. It was further noticed that the land which had been granted in April 1961 to a person had been sold twice during 1969 and 1974 in violation of the terms of grant prohibiting transfer within 15 years.

5.6.10 SLAO overlooked violation of various Acts

(i) Section 80 of the Karnataka Land Reforms Act, 1961 envisages that in the case of agricultural land transferred by sale to a person entitled to hold it, the transferee should take up agriculture within one year from the date of acquisition of land. If the transferee gives up agriculture within five years, the land shall vest in the State Government subject to payment to him of an amount equal to eight times the net annual income of the land or where the land has been purchased, the price paid for the land, if such price is less than eight times the net annual income of the land.

In respect of land acquired in Bandikodigehalli village, the SLAO-II paid compensation of ₹ 1.32 crore for 4 acres in Sy. No. 74/P316 and 40/359, ₹ 2.09 crore for 5 acres in Sy. No. 74/355 and ₹ 0.66 crore for 2 acres in Sy. No. 74/318 and Rs.1.32 crore for four acres in Sy.No.74/308. The claimants in these cases had purchased these lands during July to September 2004 and got

these converted for residential purpose within 7 to 9 months from the date of purchase. Since the transferees had given up agriculture within five years from the date of purchase, the land vested with the Government in terms of the Karnataka Land Reforms Act, 1961. Thus, payment of compensation of ₹ 5.39 crore for 15 acres to these persons was irregular, as the transferees were at the most entitled to the purchase price of ₹ 0.81 crore and not the compensation of ₹ 5.39 crore as per the provisions of Section 80 of the Act.

SLAO-II stated (July 2011) that DC was empowered under Section 95 of the KLR Act, 1964 to approve the change in land use and that no objection against the order of the DC could be raised by him. It was further stated that the SLAO's jurisdiction was limited to payment of compensation at the rates recommended by the PAC and approved by the Board. The reply was not acceptable as Section 82 of the Karnataka Land Reforms Act mandates every officer of the Revenue, Registration and Land Records Departments to report to the prescribed authority every transaction in respect of land in contravention of any of its provisions which comes to the notice of such officer. These provisions required SLAO-II to report the violations of the Karnataka Land Reforms Act in these cases and reject the claims for compensation.

(ii) The khathedar of land measuring one acre in Sy. No. 40/P 345 of Bandikodigehally village was Sri Anjinappa as per the final notification issued during May 2007 and the RTC. SLAO-II, on the other hand, disbursed (May 2008) compensation of ₹ 0.31 crore for this land to Smt K.Uma Maheshwari, on the strength of a sale deed in support of her having purchased the property from a person during December 2004. Other than the sale deed, an encumbrance certificate for the period April 2008 to May 2008, and an RTC for 2007-08 in favour of Sri Anjinappa, the claimant had not submitted any document. Even the application from the claimant seeking compensation was also not available. It was further seen that Sri Anjinappa had appeared before SLAO-II during January 2007 and filed a written objection, expressing his unwillingness to surrender his land on the ground that he belonged to SC community and had also grown crops on the land. SLAO-II failed to verify whether the provisions of PTCL Act 1978 had been violated before disbursing compensation of ₹ 0.31 crore based on insufficient documents. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

(iii) SLAO-II paid (June 2008) compensation of ₹ 43.40 lakh to a person for 1 acre and 16 guntas of land in Sy. No. 40/P35 of Bandikodigehalli village. Audit noticed that this land which had earlier been part of Government land was granted to Sri Abdul Mazeed in September 1994. Conditions governing grant of Government land prohibited its sale/transfer within 15 years from the date of grant. However, the grantee sold (November 2004) the land within 15 years to Sri K.S.Jagdish for a consideration of ₹ 3.50 lakh. Since the grantee violated the conditions of grant, neither the grantee nor the purchaser was entitled to any compensation in terms of the Karnataka Land Grant Rules. SLAO-II overlooked these provisions and paid land compensation of ₹ 43.40 lakh. SLAO-II stated (August 2011) that the matter would be examined on receipt of original files from Lok Ayuktha.

(iv) According to Section 4 (2) of the PTCL Act, no member belonging to Scheduled Caste (SC) and Scheduled Tribe (ST) who has been granted land shall, after the commencement of the Act, transfer the granted land without the previous permission of the Government. Any alienation of the granted land in contravention of these provisions is null and void and no right, title or interest in such land would be conveyed by such transfer.

Land is granted to members belonging to SC and ST with a condition that it is not to be alienated for a period of 15 years from the date of grant. Further, alienation of any such land is to be with the permission of Government. Though these conditions were violated in the cases shown in **Table-5.6** below, SLAO-II disbursed compensation overlooking the violations.

Table: 5.6 : Payment of compensation overlooking violations

Name of the village	Survey No	Extent of land acquired (acres and guntas)	Period of grant	Month in which land sold	Payment made (₹ in crore)
Jonnahalli	63/P 45	3-00	January 1972	May 1973	1.65
Jonnahalli	63/P 10	1-00	August 1963	August 1975	0.55
Jonnahalli	63/P 25	2-25	August 1963	February 1977	1.44
Bagalur	484	1-00	May 1979	March 2007	0.70
Total		7-25			4.34

(Source: Information furnished by the Board)

SLAO-II stated (August 2011) that the matter fell under the jurisdiction of the revenue authorities. The reply was not acceptable as SLAO-II should have referred these cases to the revenue authorities before disbursing compensation.

5.6.11 Compensation for land purchased after declaration of notification

According to Section 4 of the Karnataka Land (Restriction on Transfer) Act, 1991, no person shall transfer any land or part thereof situated in any urban area which is proposed to be acquired in connection with a scheme in relation to which the declaration has been published.

SLAO-II disbursed compensation of ₹ 5.72 crore for 9 acres and 10½ guntas of land, the title of which was transferred after declaration of notification under the KIAD Act. The details were as shown in **Table-5.7** below:

Table-5.7: Compensation paid for land purchased after issuance of notification

Name of the village	Sy. No.	Extent of land	Month of notification	Month of transfer	Compensation paid (₹ in crore)	Month of payment
Huvinayakanahalli	78/1	1 acre and 10 ½ guntas	December 2006	February 2007	0.76	September 2009 and March 2010
Bandikodigehalli Palya	7/19	8 acres	August 2006	January 2007	4.96	December 2008 and October 2009
Total		9 acres and 10 ½ guntas			5.72	

(Source: Gazette notification and information furnished by the Board)

5.6.12 Compensation for land not notified for acquisition and not figuring in the joint measurement report

In cases shown in **Table-5.8** below, SLAO-II disbursed compensation of ₹ 15.76 crore though these lands had not been either notified for acquisition or included in the joint measurement report.

Table-5.8 : Compensation paid for land neither notified nor joint measured

Name of the village	Sy. No.	Extent of land (in acres and guntas)	Compensation paid (₹ in crore)	Remarks
Bagalur	177/P 25	4-00	2.80	Name of grantee did not figure in the notification; Observations of the case worker were overlooked
Mahadevakodigehalli	198/P1 198/P1, 198/P1-P1	5-04	3.06	Names of grantees figured in the notification but not included in the joint measurement report; names did not figure in the consolidated RTC
Jonahalli	63	0-09	0.12	Name not included in final notification
Kavadadasanahalli	21/P	4-00	2.20	Name not included in final notification
-do-	-do-	4-00	2.20	Land not included in the notification; cheque was drawn in favour of Smt Muniyamma though SLAO authorised payment in favour of Sri Muniyappa
-do-	-do-	4-00	2.20	Land not included in the notification; SLAO authorised payment despite a case pending in court
Bandikodigehalli Palya	7/P12	4-00	2.48	Land did not figure in the joint measurement report; SLAO overlooked the observation of the case worker
Bandikodigehally	40/P1	2-10	0.70	SLAO ignored noting of case worker that name was not notified.
Total		27-23	15.76	

(Source: Compiled by Audit based on Gazette notification and compensation files)

In respect of 2 acres and 20 guntas of land in Sy. No. 1/1 at Arebinnamangala village, SLAO-II received two claims for compensation, one from Sri B.N.Srinivas, son of Sri Narayanaswamy and the other from Sri B.N.Srinivas, son of Sri Narayanappa. SLAO-II paid (May 2009) ₹ 1.55 crore to Sri B.N.Srinivas, son of Sri Narayanaswamy despite a clarification (May 2009) from the Tahsildar, Yelahanka, Bangalore North that the claimants were different and enjoying land in different blocks of the same survey number. The Tahsildar did not clarify whether both the lands were located within the notified area. The joint measurement report (July 2009) prepared by the Tahsildar showed that while the land belonging to Sri B.N.Srinivas, son of Sri

Narayanappa was located within the notified area, the land belonging to the other person to whom payment had already been made was outside. Consequently, SLAO-II paid ₹ 1.24 crore to Sri B.N.Srinivas, son of Sri Narayanappa also during August 2009. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from Lok Ayuktha. Thus, failure of SLAO-II to determine the area notified for acquisition before payment of compensation resulted in payment of compensation of ₹ 1.55 crore for 2 acres and 20 guntas of land not notified for acquisition.

5.6.13 Enhanced compensation paid without receiving supporting documents

The compensation fixed by the PAC for lands acquired for Hardware Technology Park was ₹ 31 lakh per acre. For those lands adjoining the road to the BIA, it was fixed at ₹ 40 lakh per acre. SLAO-II disbursed compensation of ₹ 40 lakh per acre in the cases shown in **Table-5.9** below without receiving any supporting document such as sketch of the land, surveyor's report *etc.*

Table-5.9: Compensation paid without scrutiny

Sy. No.	Extent of land (acres and guntas)	Compensation paid (₹ in lakh)	Month of payment
74/302	4-00	160.00	April 2008
74/P355	5-00	208.75 ¹⁵	April 2008
74/320	4-00	160.00	July 2008
74/P2	4-00	160.00	July 2008
74/302	4-00	168.00 ¹⁶	December 2008
75/2	2-01	81.00	July 2008
74/301, 74/321 & 74/346	12-00	480.00	February 2009
Total	35-01	1417.75	

(Source: Information based on Gazette notification and compensation files)

Out of ₹ 14.18 crore paid in these cases, payment of ₹ 3.15 crore had been made without any supporting document. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

5.6.14 SLAO disbursed compensation based on only RTC for one year

SLAO-II received an unsigned letter from Sri Muniyappa on 8 July 2008 claiming compensation for 1 acre and 20 guntas in Sy. No. 40/331 of Bandikodigehalli village. Only one RTC for the year 2007-08 was found enclosed to the letter. No other documents had been submitted. Nevertheless, SLAO-II disbursed compensation of ₹ 46.50 lakh on the same day in favour of Sri Muniyappa. Though SLAO-II subsequently received (June 2009) another claim for the same land from a person claiming to be Sri Muniyappa, SLAO-II did not act upon the claim though the claimant submitted many documents in support of his claim. The payment of ₹ 46.50 lakh made in July 2008 on the

¹⁵ Including ₹ 8.75 lakh for converted land

¹⁶ Including ₹ 8 lakh for converted land

basis of only RTC for one year was evidently fictitious. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

5.6.15 SLAO did not ensure the eligibility of persons receiving compensation

(i) SLAO-II acquired 1 acre of land belonging to Smt Padmamma, wife of Sri Channappa in Sy. No. 198 of Mahadevakodigehalli village during April 2008. Compensation of ₹ 0.60 crore was disbursed for this land during December 2009. It was seen that the name of the khathedar was mentioned as “Smt Padmamma, wife of Sri Channappa” in all the documents such as RTC, Tahsildar’s report, land grant certificate, mutation copy, bank pass book, certificate furnished by Cauvery Kalpatharu Grameena Bank *etc.* However, SLAO-II disbursed compensation to Smt Padmamma, wife of Sri Nagarajappa on the basis of an affidavit submitted by the claimant stating that her name had been inadvertently entered as Padmamma wife of Channappa in the records. SLAO-II did not insist on revised revenue documents before making payment.

SLAO-II stated (September 2011) that though the land was granted in favour of Smt Padmamma, wife of Channappa, the mistake was corrected at the time of mutation during 2004-05. The reply was not tenable as the mutation extract of 2004-05 showed the owner of the land only as Smt Padmamma, wife of Channappa. It was, therefore, not verifiable in audit whether the payment of ₹ 0.60 crore had been made to the legitimate person.

(ii) The original grantee of two acres of land in Sy. No. 177/P17 of Bagalur village sold (April 1968) the land to a person. SLAO-II disbursed (December 2009) compensation of ₹ 1.40 crore for these two acres to the grandson of the transferee. However, as per the genealogical tree¹⁷ furnished by the village accountant, the transferee had three sons and was survived by his wife and two sons. SLAO-II disbursed compensation without obtaining the death certificate of the transferee and the successorship certificate. SLAO-II stated (August 2011) that reply would be furnished on getting back the original files from Lok Ayuktha.

5.6.16 The Board paid compensation to unauthorised occupants of Government land

Final Notification under Section 28(4) of the KIADB Act, 1966 was issued in October 2007 for acquisition of 510 acres and 03 guntas of land in Tarihal and Gamanagatti villages (Dharwad district) including 278 acres and 20 guntas of Government land in Sy. No. 208. These Government lands had been encroached upon by unauthorised persons. On publication of the preliminary notification, the unauthorised occupants, who had been cultivating these lands, filed a suit before the Court of Principal Civil Judge, Hubli, challenging the acquisition proceedings and seeking title for Government land in their favour. However the suit was dismissed in April 2006. While disposing of the appeal filed by these unauthorised occupants the High Court restrained the Board

¹⁷ Family tree

from interfering with the peaceful possession and enjoyment of the lands by the petitioners. However, the High Court dismissed their claim for title of Government land. The State Government filed (2007) a Special Leave Petition (SLP) before the Supreme Court against the judgment of the High Court.

During the pendency of the SLP, it was decided (October 2008) in a meeting under the Chairmanship of the Minister in-charge of the district to settle the issue out of court by paying compensation at 75 *per cent* of the market value determined by the Board. The settlement was subject to withdrawal of all the litigations and handing over the possession of lands by the unauthorised occupants to the Board. Government approved the settlement agreed upon and ordered (March 2009) withdrawal of the SLP. Thus, the Board had to pay compensation to the unauthorised occupants of Government land involving a financial implication of ₹ 27.91 crore, of which ₹ 26.70 crore had already been paid (May to October 2009).

5.6.17 SLAO acquired forest land and even disbursed compensation for it

The land acquired by the Board for the Aerospace Components Industrial Area included 70 acres in Sy. No. 63 of Jonnahalli village. As per the RTC, out of 209 acres and 12 guntas available in Sy. No. 63, 152 acres and 32 guntas belonged to Government/Forest Department. Although the Board got the joint measurement of the lands acquired for this industrial area done by a private agency, the joint measurement report (March 2007) failed to identify forest land in Sy. No.63. Against 70 acres acquired in Sy. No.63, the Board disbursed (as of October 2010) compensation of ₹ 31.98 crore for 58 acres and 5 ½ guntas at the rate of ₹ 55 lakh per acre. However, Deputy Conservator of Forests, Bangalore (Rural) informed (March 2010) the SLAO that the Board had acquired 39 acres and 38 guntas of forest land in Sy. No.63 from other persons. SLAO stated (September 2011) that compensation disbursed for land in Sy. No. 63 was based on grant certificates and other revenue records. The reply was not acceptable as RTC, which is also a revenue record, showed the existence of Government/Forest land in Sy. No. 63 though the extent of Government and Forest land had not been indicated separately. The joint measurement exercise based on Revenue and Forest records ought to have brought out the extent of forest land out of 70 acres proposed for acquisition in Sy. No.63. However, the private agency entrusted with the joint measurement work did not evidently conduct the exercise after consulting revenue and forest records. As the Forest Department had subsequently confirmed the acquisition of 39 acres and 38 guntas of forest land in Sy. No. 63, the grant certificates and other documents relied upon by the SLAO for disbursing compensation were evidently not correct. The SLAO had also not consulted the Forest Department and determined the extent of compensation paid for forest land out of 58 acres and 5 ½ guntas.

Further, according to a report (September 2010) sent by DO-III to SLAO, out of 979 acres and 34 guntas required for the Aerospace Components Industrial Area, only 893.94 acres of land were available in the proposed area as per the results of a survey conducted after excluding the area of 62.85 acres

demarcated by the Forest Department in the industrial area as the land belonged to them. Even after accounting for these forest lands, there was still a shortage of 22.55 acres. This meant that 22.55 acres did not exist though land records showed otherwise. This situation arose due to failure of the Board/SLAO to follow Government guidelines (March 1997) that preliminary notification for acquisition should be issued only after the acquiring authority and the Revenue Department jointly conducted a measurement of the area proposed for acquisition. Though the extent of forest land and the deficit in availability of land had been assessed by DO-III, SLAO had not taken action to verify whether any compensation had been paid for these forest lands and land found to be in deficit in physical terms.

5.6.18 Development Officers did not furnish details of disposal of malkies and structures removed from the acquired land

In addition to land, the Board acquired malkies and structures thereon and paid compensation therefor at the rates determined by Horticulture/Public Works Department. During 2006-07 to 2010-11, the Board had spent ₹ 82.85 crore towards compensation paid to the land owners towards malkies and structures. However, no account of inventory of malkies and structures had been maintained either in the Board or in the test-checked divisional offices at Davanagere and Tumkur. Details of malkies and structures released from the industrial areas including the details of how they had been disposed of were not furnished to audit. The revenue realised from disposal of the released malkies and structures during 2006-11 was only ₹ 3.66 lakh. As proper accounts for disposal of malkies and structures were not furnished, the matter calls for investigation as the compensation paid for malkies/structures was very high and the return from the disposal of these was only 0.05 *per cent*.

5.6.19 Non-recovery of Income Tax

Under the Income Tax Act, 1961, agricultural income and any income by way of compensation received on compulsory acquisition of agricultural land is exempted under Section 10 (1) and 10 (37). However, this exemption is not available in respect of compensation paid for agricultural land which stands converted for non-agricultural use on the date of acquisition. It was seen that SLAO failed to deduct Income Tax of ₹ 2.33 crore (**Appendix-4**) from compensation payments aggregating ₹ 20.55 crore made during April 2008 to January 2009 for converted land in 17 cases.

