

***CHAPTER-VI***  
***LAND REVENUE***

## CHAPTER VI LAND REVENUE

### 6.1 Tax administration

At the apex level, Chief Commissioner of Land Administration (CCLA) is responsible for administration of Revenue Board's 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. 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>178</sup>, which are kept under administrative charge of Revenue Divisional Officers (RDOs) and Tahsildars respectively. Each village in every Mandal is administered by a Village Revenue Officer (VRO) under the supervision of the Tahsildar. VROs prepare 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>179</sup>. VROs/Revenue Inspectors are entrusted with work of collection of revenue/taxes such as water tax, conversion fee for agricultural lands etc. At Government level, Principal Secretary (Revenue) is in charge of overall administration of Revenue Department.

### 6.2 Internal audit

Department did not have a structured Internal Audit Wing that would plan and conduct audit in accordance with a scheduled audit plan.

### 6.3 Results of Audit

Test check of the records of Land Revenue Offices conducted during the year 2013-14 revealed under-assessments of tax amounting to ₹ 342.81 crore in four cases which broadly fall under the following categories:

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Thematic report on Levy and collection of tax for conversion in respect of agricultural land for non-agricultural purposes	1	317.25
2.	Non-finalization of alienation proposals on advance possession	2	25.45
3.	Excess payment of compensation for acquisition of land	1	0.11
<b>Total</b>		<b>4</b>	<b>342.81</b>

<sup>178</sup> Mandals are the jurisdictional area of each Tahsildar.

<sup>179</sup> *Jamabandi* officer is District Collector or any other officer nominated by him not below the rank of Revenue Divisional Officer.

During the year 2013-14 the department accepted underassessment and other deficiencies of ₹ 30.22 crore in 92 cases of which four cases involving ₹ 27.85 crore was pointed out during the year 2013-14 and the rest in the earlier years.

A few illustrative cases involving ₹ 342.81 crore are mentioned in the succeeding paragraphs.

## **6.4 Levy and collection of tax for conversion of agricultural land for non-agricultural purposes**

### **6.4.1 Introduction**

The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural purposes) Act, 2006, came into force with effect from 2 January 2006 (hereafter called the Act) to enable the Government to monitor activities to discourage indiscriminate conversion of agricultural land for non-agricultural purposes and to accord necessary permission for conversion of land for non-agricultural purposes (like industrial, commercial, residential, etc.). It prescribes One-time Conversion Tax<sup>180</sup> (OTT) to be levied on all agricultural lands converted for non-agricultural purposes on or after the commencement of the Act.

The Act mainly provides that

- no agricultural land in the State shall be put to non-agricultural purpose, without prior permission of the competent authority (Section 3(1)). The competent authority in this regard is the Revenue Divisional Officer (RDO).
- every owner<sup>181</sup> or occupier of agricultural land shall pay a conversion tax at the rate of nine *per cent*<sup>182</sup> of the basic value<sup>183</sup> of the land converted for non-agricultural purposes except the lands converted in the areas of Greater Hyderabad Municipal Corporation (GHMC), Greater Visakhapatnam Municipal Corporation (GVMC) and Vijayawada Municipal Corporation (VMC) where the conversion tax is payable at the rate of five *per cent* (Section 4(1)).
- if the conversion tax so paid is found to be less than tax prescribed, a notice shall be issued by 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 tax, it shall be deemed that the amount paid is sufficient for the purpose (Sections 3 (3) and 3 (5));

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<sup>180</sup> Substituted for 'fee' vide G.O.Ms.No.396 dated 19 June 2012.

<sup>181</sup> As per Section 2 (m) of the Act, "Owner" includes any lessee/local authority to whom lands have been leased out by the State Government or the Central Government.

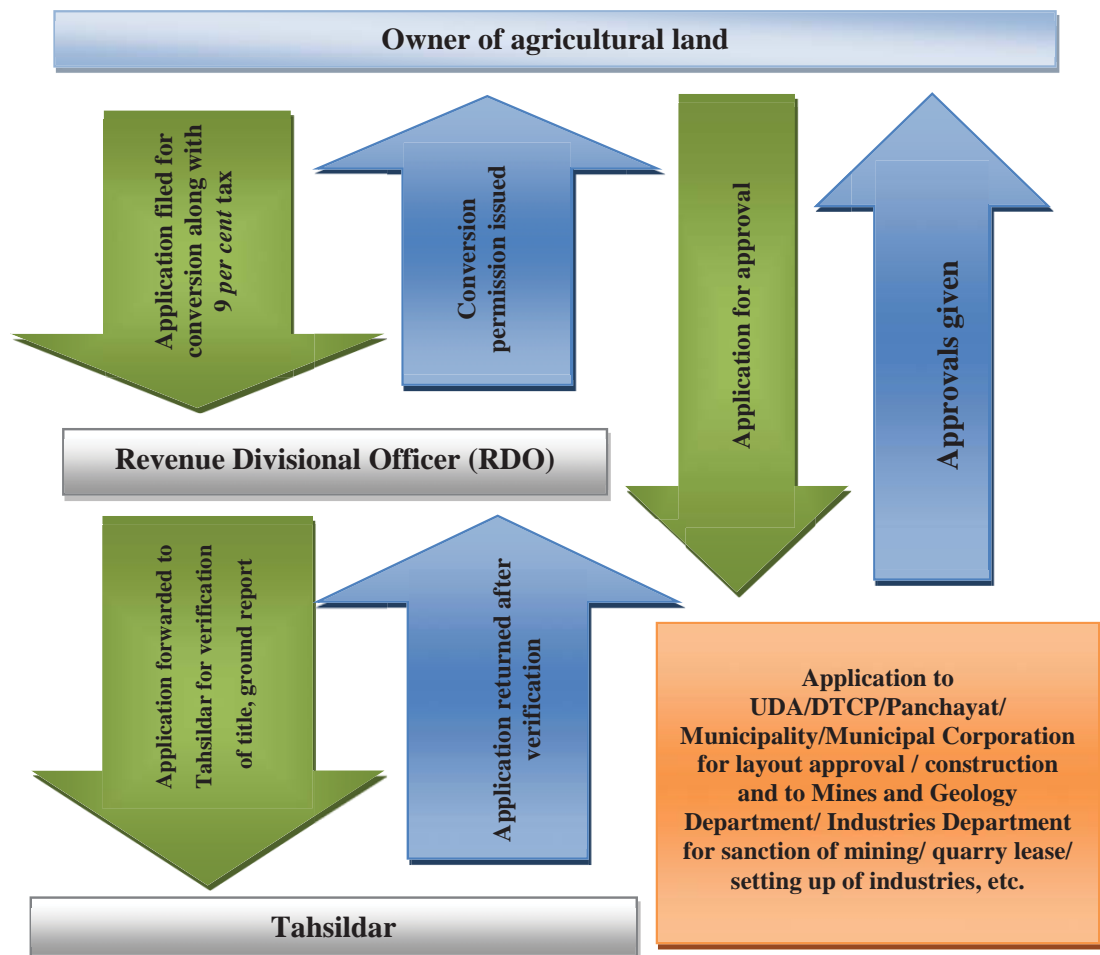
<sup>182</sup> Conversion tax was revised from 10 *per cent* to nine *per cent* vide G.O.Ms.No.396 dated 19 June 2012.

<sup>183</sup> 'Basic Value' means the land value entered in the Basic Value Register notified by Government from time to time and maintained by the Sub-Registrar.

- if any agricultural land had been put to non-agricultural purpose without obtaining permission of the RDO, he shall impose a penalty of 50 *per cent* over and above the conversion tax (Section 6(2)); and
- any tax or penalty which remains unpaid after the date specified shall be recoverable as per the provisions of the Andhra Pradesh Revenue Recovery (RR) Act, 1864 (Section 6(4)).

According to Rule 6(iv) of AP Agricultural Land (Conversion for non-agricultural purposes) Rules, 2006, where land is deemed to have been converted for non-agricultural purposes, the date for the purpose of calculation of basic value shall be the earliest of (i) the date of detection of conversion by the competent authority, (ii) the date of entry into village accounts, or (iii) the date of application by owner/occupier.

The following flow chart describes the process of conversion of agricultural lands for non-agricultural purposes process and payment of conversion tax:



For administration of the Act, at the apex level, the Chief Commissioner of Land Administration (CCLA) is responsible for administration of Board Standing Orders (BSO), AP Agricultural Land (Conversion for non-agricultural

purposes) Act, 2006, Rules and related orders issued. He is assisted by District Collectors at district level. Each district is divided into revenue divisions headed by Revenue Divisional Officer (RDO)/Sub-collector<sup>184</sup> and further sub-divided into Mandals<sup>185</sup>, which are under the administrative charge of Tahsildars. Each village in a Mandal is administered by a Village Revenue Officer (VRO) under the supervision of the Tahsildar. VROs/Revenue Inspectors are entrusted with maintenance of land records, field inspection duties etc. RDO is the assessing authority in respect of land conversion and the District Collector is the appellate authority.

#### **6.4.2 Objectives, scope and methodology of audit**

Audit was conducted with a view to examine whether there exists

- a proper system for levy and collection of conversion tax/ penalty due to the Government; and
- proper co-ordination with other departments/bodies.

Audit was conducted between July 2013 and March 2014 for the period from 2008-09 to 2012-13 in 32<sup>186</sup> out of 84 RDOs/Sub-Collector offices in the State. These offices were selected excluding the 16 offices covered in the CAG's Audit Report No.4 of 2014 on Revenue Sector of Andhra Pradesh for the year ended 31 March 2013 and keeping in view the developments in real estate sector, land use details obtained from mining/quarrying leases granted by the Mines & Geology Department and details of the industries set up during the period obtained from the Industries and Commerce Department, etc.

In the selected units, 10 *per cent* (1,361) of 13,601 conversion cases finalised during the period 2008-09 to 2012-13 by the RDOs were selected at random<sup>187</sup>. Cases noticed during the regular audit of 11 Tahsildar offices<sup>188</sup> have also been included in this report.

Information about land use was obtained from the local bodies<sup>189</sup>, District Industries Centre, Directorate of Mines & Geology and Vigilance and Enforcement Department of Government of Andhra Pradesh. Information/documents obtained were cross-verified with the permissions issued by the RDOs and notices issued by the department to check the non-levy/correctness of levy of conversion tax.

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<sup>184</sup> Sub-Collector is a Group-I officer who is the head of the Revenue Division.

<sup>185</sup> Mandal is the jurisdictional area of Tahsildar.

<sup>186</sup> Ananthapur, Chittoor, Dharmavaram, Eluru, Gudivada, Gudur, Hyderabad, Jangaon, Kandukur, Karimnagar, Khammam, Kovvur, Machilipatnam, Mancherial, Miryalaguda, Nalgonda, Nandyal, Narasaraopet, Narayanpet, Narsapur, Narsipatnam, Nizamabad, Nuzivid, Peddapuram, Secunderabad, Siddipet, Srikakulam, Suryapet, Tenali, Vikarabad, Vizianagaram and Wanaparthy

<sup>187</sup> As the selected RDOs were covering II<sup>nd</sup> and III<sup>rd</sup> grade cities/towns, there were no high value cases. Hence, conversion cases were selected randomly.

<sup>188</sup> Addanki, Balanagar, Bhainsa, Bonakal, Dharmapuri, Jadcherla, Kothakota, Mahboobnagar, Makthal, Mudigonda and Panyam.

<sup>189</sup> Local bodies viz. Hyderabad Metropolitan Development Authority (HMDA), Municipal Corporations/Municipalities, Divisional Level Panchayat Offices (DLPO).

The following were the sources of audit criteria:

- The A.P Agricultural Land (Conversion for non-agricultural purposes) Act, 2006 and Rules thereunder; and
- Notifications and Orders issued by the Government from time to time.

### **Audit Findings**

#### **6.4.3 Non-levy of conversion tax in respect of alienation orders**

During the scrutiny of alienation records, audit noticed in the offices of four RDOs<sup>190</sup> that Government land to the extent of 752.40 acres was alienated (between 2008 and 2013) in favour of eight allottees (Public Sector Undertakings/Corporations/private entities) for purposes such as industrial development, tourism, construction of electrical sub-stations, etc.

Under Section 4(1) of the Act, 2006, when land is being converted for non-agricultural purposes, RDOs have to levy conversion tax at nine *per cent* on the value of the land. Through the alienation orders, only the title of the land was changed for using the same for specific non-agricultural purposes. The land still had to be converted under the A.P Agricultural Land (Conversion for non-agricultural purposes) Act, 2006, on payment of appropriate amount of conversion tax. Alienation orders were not to be construed as conversion orders. However, neither did the allottees apply for conversion of land nor did the RDOs take any action to levy the conversion tax. This resulted in non-levy and collection of conversion tax amounting to ₹ 85.96 lakh (**Annexure I**). RDO, Chittoor (one case) alone contributed to 46.85 *per cent* of the total tax realisable.

Two RDOs<sup>191</sup> replied (August 2013 and February 2014) that notices would be issued; RDO, Miryalaguda replied (October 2013) that matter would be examined; RDO, Ananthapur stated (July 2013) that as the lands alienated were Government lands, question of payment of conversion tax did not arise. The fact remains that once the lands were alienated, they were no more Government lands and were liable for levy of conversion tax.

<sup>190</sup> Ananthapur, Chittoor, Jangaon and Miryalaguda.

<sup>191</sup> Chittoor and Jangaon.

#### 6.4.4 Lack of co-ordination between Revenue and other Departments

##### 6.4.4.1 Various layouts/construction/industries approving authorities

Audit collected information/documents from other departments for cross verification with records of the selected RDOs to test check the monitoring mechanism of the Department. In this process the following information was obtained from various sources as described below:

- **Divisional Level Panchayat Officers (DLPOs):** As per Clause 6 of Notification issued on 26 February 2002, Gram Panchayats are the administrative sanctioning authorities for layouts. Hence, details of the layouts approved by the Gram Panchayats were collected from 28 DLPOs<sup>192</sup>.
- **Urban Development Authority (UDA):** UDAs are the layout approving authorities for urban areas falling outside municipal limits as well as District Town and Country Planning limits in the State wherever UDAs have been formed. Information about layouts approved by one UDA i.e., HMDA<sup>193</sup> was collected.
- **Municipal Corporations/Municipalities:** Audit collected information from 10 Municipal Corporations/Municipalities<sup>194</sup> regarding all the layouts/constructions which came up between 1 April 2008 and 31 March 2013.
- **Industries and Commerce Department:** Audit collected information from one District Industries Centre, Srikakulam regarding lands used by the units that were set up after 1 April 2008 in the test checked divisions.

Information collected from these sources was cross checked with the records relating to conversion permissions and notices for conversions issued by the RDOs. In the 32 test checked divisions, Audit observed 2,921 cases through which 13,782.62 acres of land were converted for non-agricultural purposes with layout approvals/permissions issued by the above mentioned agencies. In none of these cases, was payment of conversion tax made or permission taken from the Revenue Department for conversion. Neither did the individuals/organizations approach the RDOs/Sub-Collectors concerned for obtaining the conversion permissions, nor did the department make any effort to levy conversion tax. Since there were no provisions in the Act for sharing information about grant of permissions by other departments for using agricultural land for non-agricultural purposes, there was no compulsion exercised for coordination with other agencies in the matter hence, conversion

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<sup>192</sup> Chittoor, Eluru, Gudivada, Gudur, Jangaon, Kandakur, Karimnagar, Khammam, Kovvur, Machilipatnam, Mancherial, Miryalaguda, Nalgonda, Nandyal, Narsapur, Narasaraopet, Narayanpet, Narsipatnam, Nizamabad, Nuzivid, Peddapuram, Siddipet, Srikakulam, Suryapet, Tenali, Vikarabad, Vizianagaram and Wanaparthy.

<sup>193</sup> Hyderabad Metropolitan Development Authority, Hyderabad.

<sup>194</sup> Chittoor, Gudivada, Machilipatnam, Miryalaguda, Nandyal, Narsipatnam, Nuzivid, Peddapuram, Srikakulam and Vizianagaram.

tax and penalty amounting to ₹ 255.01 crore was not levied as shown in the following table:

(₹ in crore)

Sl. No.	Source	No. of cases	Extent (Ac-Cts)	Total value of the land <sup>#</sup>	Conversion Tax @ 9%	Penalty at 50% of CT	Total Tax and Penalty
1	Divisional Level Panchayat Officers (DLPOs)	2,884	13,372.43	1,723.48	155.11	77.56	232.67
2	Urban Development Authorities (UDA)	2	15.85	128.02	6.40*	3.2	9.6
3	Municipal Corporations/ Municipalities	32	326.34	92.29	8.31	4.15	12.46
4	Industries and Commerce Department	3	68.00	2.06	0.19	0.09	0.28
<b>TOTAL</b>		<b>2,921</b>	<b>13,782.62</b>	<b>1,945.85</b>	<b>170.01</b>	<b>85.00</b>	<b>255.01</b>

\* Conversion tax at five *per cent* in Greater Hyderabad Municipal Corporation (UDA).

<sup>#</sup> Calculated on the basis of basic values maintained by Registration and Stamps Department.

#### 6.4.4.2 Mining/quarry leases

As per Rules 11 and 12 of the A.P. Mineral Concession Rules 1966 (AP MCR), Director, Mines & Geology (DMG) and Deputy Directors (DDs) are empowered to grant mining/quarry leases for minor minerals in the State. As per Rules 10 and 31 of the AP MCR, Assistant Director, Mines and Geology (ADMG) is the administrative authority who monitors the mining/quarrying operations carried out by the leaseholders in the area under his jurisdiction.

Section 2(m)(i) of the A.P Agricultural land (Conversion for non-agricultural purposes) Act, 2006 defines “Owner” so as to include any lessee to whom lands have been leased out by the State Government or Central Government. Section 4(1) of the Act provides that every owner or occupier of agricultural land shall pay a conversion tax for using the land for non-agricultural purposes. Hence, every land leased for mining/quarrying is to be converted and is liable to be levied with conversion tax.

Audit obtained information from the DMG, Hyderabad and 26 ADsMG<sup>195</sup> on mining/quarry leases that were executed between 1 April 2008 and 31 March 2013. This was cross checked with the permissions issued by the Revenue Divisions (26) concerned. It was observed that though 2,041 mining/ quarrying leases covering an area of 17,798.86 acres were granted/executed during the above period, none of the lessees had applied for conversion of their lands from agricultural use to non-agricultural use nor did the department take any action

<sup>195</sup> Chittoor, Dharmavaram, Eluru, Gudivada, Gudur, Jangaon, Kandukur, Karimnagar, Khammam, Kovvur, Mancherial, Miryalaguda, Nalgonda, Nandyal, Narasaraopet, Narayanpet, Narsipatnam, Nizamabad, Nuzivid, Peddapuram, Siddipet, Srikakulam, Suryapet, Vikarabad, Vizianagaram and Wanaparthy.



to levy conversion tax/penalty. This resulted in non-levy of conversion tax and penalty of ₹ 60.17 crore (**Annexure II**).

Eight RDOs<sup>196</sup> replied (November 2013 to March 2014) that notices would be issued and 18 RDOs<sup>197</sup> replied (August 2013 to March 2014) that matter would be examined.

#### **6.4.5 Non-levy of conversion tax and penalty in cases of unauthorised conversions despite it being noticed in Tahsildars' offices**

During test check of conversion tax records, Audit noticed that in the offices of two Tahsildars<sup>198</sup>, 13 cases were detected in which individuals/entities had converted 23.35 acres of land for non-agricultural purposes without taking the prior permission of competent authority. Since RDO is the competent authority to levy conversion tax and penalty in such cases, the Tahsildars should have brought the cases to the notice of the respective RDOs for taking suitable action to curb such unauthorised conversions. However, as observed from the files, no action was taken by the Revenue Department. There was non-levy of conversion tax and penalty of ₹ 10 lakh and ₹ five lakh respectively in these cases.

In response RDO, Nirmal (in respect of Tahsildar, Bhainsa) replied (October 2014) that in one case conversion tax was realized and in remaining four cases notices would be issued. RDO, Khammam (in respect of Tahsildar, Bonakal) replied (October 2014) that the information would be furnished after verification.

#### **6.4.6 Non-levy of penalty in cases of conversion without prior permission**

During the scrutiny of conversion cases, it was noticed that in the offices of 13 RDOs<sup>199</sup> and in six Tahsildar offices<sup>200</sup>, in 83 cases, RDOs had issued permissions for conversion of 408.59 acres of agricultural land for non-agricultural purposes and collected the conversion tax. However, as per the reports of Tahsildar/Revenue Inspector/VRO, these lands were already being used for non-agricultural purposes without prior permission of the competent authority. Hence, 50 per cent of the conversion fee as penalty under Section 6(2) of the Act was also leviable. RDOs, however, had levied only the conversion tax, which resulted in non-levy of penalty to the tune of ₹ 37.64 lakh in the test checked cases (**Annexure III**).

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<sup>196</sup> Gudivada, Kandukur, Mancherla, Narasaraopet, Narsipatnam, Peddapuram, Srikakulam and Vizianagaram.

<sup>197</sup> Chittoor, Dharmavaram, Eluru, Gudur, Jangaon, Karimnagar, Khammam, Kovvur, Miryalaguda, Nalgonda, Nandyal, Narayanpet, Nizamabad, Nuzivid, Siddipet, Suryapet, Vikarabad, and Wanaparthy.

<sup>198</sup> Bhainsa and Bonakal.

<sup>199</sup> Eluru, Hyderabad, Jangaon, Kandukur, Karimnagar, Miryalaguda, Nalgonda, Nandyal, Nizamabad, Siddipet, Srikakulam, Suryapet and Tenali.

<sup>200</sup> Addanki, Balanagar, Dharmapuri, Jadcherla, Kothakota and Mahboobnagar.

In response, six RDOs<sup>201</sup> and two Tahsildars<sup>202</sup> replied (between August 2013 and November 2014) that notices would be issued; five RDOs<sup>203</sup> and Tahsildar, Addanki replied (November 2013 to January 2014) that matter would be examined; two RDOs<sup>204</sup> replied (October 2013) that fact of conversion would be ascertained before taking any action. Tahsildars Dharmapuri and Jadcherla replied (February 2014 and November 2014) that the matter would be brought to the notice of the RDO concerned. Tahsildar Balanagar replied that levy of penalty was exempted by the competent authority. The reply is not tenable as no discretion was allowed in the Act for levy of penalty.

#### **6.4.7 Short levy of conversion tax due to undervaluation**

Audit noticed that in the offices of five RDOs<sup>205</sup> and four Tahsildars<sup>206</sup>, in 10 out of 12 cases, individuals/entities had applied for conversion of 37.88 acres of agricultural land for non-agricultural purposes and paid the conversion tax. It was noticed that lands were undervalued due to adoption of incorrect basic values which were less than the rates specified by Registration and Stamps Department. The Revenue Department had levied conversion tax of ₹ 7.17 lakh in these cases instead of ₹ 56.54 lakh resulting in short levy of conversion tax of ₹ 49.37 lakh. Remaining two cases were reported by Vigilance and Enforcement Department wherein land admeasuring 13 acres was unauthorisedly converted for non-agricultural purposes and RDO Jangaon had issued notices. While issuing notices, RDO adopted lesser basic value of land resulting in short levy of conversion tax and penalty of ₹ 19.10 lakh.

In response three RDOs<sup>207</sup> and two Tahsildars<sup>208</sup> stated (between August 2013 and November 2014) that demand notices would be served; two RDOs<sup>209</sup> and Tahsildar, Panyam stated (November 2013 to January 2014 and April 2012) that matter would be examined; Tahsildar, Mahboobnagar stated (November 2014) that matter would be brought to the notice of RDOs concerned.

#### **6.4.8 Short collection due to ineffective recovery process**

As per Section 6(4) of the Act, any tax / penalty which remain unpaid after the date specified shall be recoverable as per the provisions of the Andhra Pradesh Revenue Recovery (RR) Act, 1864. Sections 8 and 9 of the RR Act prescribe the procedure to be adopted for recovering the dues.

<sup>201</sup> Jangaon, Kandukur, Nalgonda, Nizamabad, Siddipet and Srikakulam.

<sup>202</sup> Kothakota and Mahboobnagar.

<sup>203</sup> Eluru, Hyderabad, Nandyal, Suryapet and Tenali.

<sup>204</sup> Karimnagar and Miryalaguda.

<sup>205</sup> Hyderabad, Jangaon, Nizamabad, Suryapet and Tenali.

<sup>206</sup> Jadcherla, Mahboobnagar, Makthal, and Panyam.

<sup>207</sup> Jangaon, Nizamabad, Suryapet.

<sup>208</sup> Jadcherla and Makthal.

<sup>209</sup> Hyderabad and Tenali.

Audit noticed that 10 RDOs<sup>210</sup> had raised demands in respect of conversion tax not levied/short levied during the period from 2008-09 to 2012-13. It was seen from the Demand Collection and Balance (DCB) statements maintained by the RDOs that as on 31 March 2013, out of the total demand of ₹ 25.73 crore in 919 cases, only ₹ 3.04 crore pertaining to 119 cases was collected, leaving ₹ 22.69 crore (800 cases) pending collection. No action under RR Act had been taken to recover these arrears. It was also noticed that the reconciliation of conversion tax remittances made into the treasury was not conducted since 2008.

RDOs replied (December 2013 to February 2014) that necessary steps would be taken to recover the outstanding amount.

#### **6.4.9 Conclusion**

Land alienated in favour of semi/non-governmental entities was not converted, leading to non-collection of conversion tax. Absence of any system of cross verification and co-ordination between the Revenue department and other departments/local bodies resulted not only in non-levy of conversion tax/penalty but also in unauthorized use of agricultural land for non-agricultural purposes. Ineffective recovery process and non-reconciliation of remittances with treasury have also been observed. Audit has pointed out short/non-levy of conversion tax/penalty amounting to ₹ 317.25 crore.

#### **6.5 Non-finalisation of alienation proposals on advance possession**

According to Board Standing Order (BSO) No.24, alienation of Government land to a company, private individuals or institution for any public purpose will normally be on collection of its market value and subject to the terms and conditions prescribed in the BSO. The BSO provisions allow the authorities competent to permit possession of the land in advance by the applicant in cases of emergency, pending formal approval of the alienation proposal.

Audit noticed (between January and March 2014) during test check of the records in two RDO offices<sup>211</sup> that advance possession of Government land measuring 4.22 acres valued at ₹ 25.46 crore was given to three different entities, i.e., a Government of India enterprise, a State government company and a local body at various stages between 1998 and 2013. Although periods ranging from one year to 16 years have elapsed after transfer of the possession of land, alienation proposals have not been finalised. Non-finalisation of alienation proposals for advance possession of Government land in a time bound manner resulted in non-realisation of revenue ₹ 25.45 crore.

Audit observed that there is no specific provision in the BSO for timely finalisation of alienation proposals. No action for avoiding such delay was

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<sup>210</sup> Chittoor, Eluru, Gudur, Jangaon, Karimnagar, Khammam, Machilipatnam, Narasaraopet, Narsapur and Nizamabad.

<sup>211</sup> Peddapuram and Secunderabad.

taken despite this being pointed out in Audit Report No. 3 (Revenue Receipts) of 2011.

After audit pointed out these cases, RDO, Peddapuram replied (March 2014) that notices would be issued to the agencies concerned to recover the cost of the land. RDO Secunderabad replied (January 2014) that the matter would be brought to the notice of higher authorities for initiating necessary action.

The matter was referred to the department in April 2014. Their response has not been received (August 2014).

### **6.6 Excess payment of compensation for acquisition of land**

Under the provisions of Section 23(1A) of the AP Land Acquisition Act 1894 (Act), read with the judgment of Supreme Court of India<sup>212</sup> (March 2004), the land owners whose land is acquired in public interest are entitled to Additional Market Value (AMV) of 12 *per cent* per annum on the market value fixed on the date of publication of Draft Notification (DN) and thus no AMV is payable before the publication of DN. In case of advance possession, as per the guidelines issued by the Government of AP (September 2007), the land acquisition officer (LAO) shall adopt the market value as on the actual date of possession for calculation of damages. Damages/lease rent have to be paid from the date of possession of the land till the date of DN at the prevailing interest rate on Public Provident Fund from time to time.

Audit noticed (October 2013) during audit of the Office of the Sub Collector, Vikarabad, Rangareddy District, that 36.90 acres of land in Somangurthy village of Pudur Mandal were acquired under urgency clause by Irrigation Department for formation of Low Bund Tank across Peddacheruvu. The land was taken into advance possession in January 2006 pending completion of land acquisition proceedings by the LAO. DN was issued for the land in September 2009. Instead of adopting ₹ 0.75 lakh per acre which was the market rate prevailing at the time of actual possession of the land, the LAO adopted ₹ 1.70 lakh per acre which was the rate finalised after issue of the DN for calculating the lease rent payable to the land owners. Further, AMV of ₹ 6.27 lakh was also paid though it was not permissible in view of the possession of the land before the DN. This resulted in total excess payment of land compensation of ₹ 10.98 lakh.

After Audit pointed out the case, the LAO replied (October 2013) that the matter would be examined and detailed report submitted.

The matter was referred to the Department in May 2014. Their reply has not been received (July 2014).

<sup>212</sup> CA No.5515/87 dated 12 March 2004.