

CHAPTER VI
LAND REVENUE

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6.1 Tax Administration

The Chief Commissioner of Land Administration is responsible for administration of Revenue Board's Standing Orders (BSO), Andhra Pradesh (AP) Irrigation, Utilisation and Command Area Development Act, 1984, AP Water Tax Act, 1988, AP Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006, Rules and orders issued thereunder. Andhra Pradesh State consists of 13 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*²⁶⁴. Revenue Divisions are kept under administrative charge of Revenue Divisional Officers (RDOs) and *mandals* are under the charge of Tahsildars. Each village in every *mandal* is administered by a Village Revenue Officer (VRO) under the supervision of the Tahsildar. Village Revenue Officers prepare tax demands under all the Acts mentioned above for each *mandal* from the village accounts and get them approved by *Jamabandi Officers*²⁶⁵ concerned. Revenue Inspectors/VROs are entrusted with the work of collection of revenue/ taxes such as water tax, conversion tax for agricultural lands etc. At Government level, Principal Secretary (Revenue) is in charge of overall administration of Land Revenue Department.

6.2 Internal Audit

Internal Audit provides a reasonable assurance of proper enforcement of laws, rules and departmental instructions. This is a vital component of the internal control frame work. The information regarding functioning of Internal Audit wing was sought from the Department. It was replied (July 2017) that Internal Audit wing did not exist.

²⁶⁴ *Mandal* is the jurisdictional area of each Tahsildar.

²⁶⁵ *Jamabandi officer* is District Collector or any other officer nominated by him not below the rank of Revenue Divisional Officer.

6.3 Results of Audit

Test check of records of 56 offices of Land Revenue Department conducted during the year 2016-17 revealed non-levy/short realisation of conversion tax/penalty and other irregularities. The monetary impact involved ₹ 7.25 crore in 35 cases, which broadly fall under the categories as given in **Table 6.1**.

Table 6.1: Results of Audit

(₹ in crore)

Sl.No.	Category	No. of cases	Amount
Revenue Receipts			
1.	Non-levy/short levy of conversion tax and penalty on conversion of agricultural land for non-agricultural purpose	21	6.91
2.	Non-levy of road cess	04	0.10
3.	Non-realisation of cost of land alienated	03	0.14
4.	Other irregularities	01	0.01
Total		29	7.16
Revenue Expenditure			
1.	Excess payment of land compensation	01	0.02
2.	Other irregularities	05	0.07
Total		06	0.09
Total		35	7.25

During the year 2016-17, the Department accepted under-assessment and other deficiencies of ₹ 19.95 lakh in four cases. Of these, ₹ 18.89 lakh involving three cases were pointed out during the year 2016-17. An amount of ₹ 12.92 lakh was realised in one case during the year 2016-17. A few illustrative cases, involving ₹ 6.76 crore, are discussed in the succeeding paragraphs.

6.4 Levy of conversion tax and penalty

As per Section 3(1) of AP Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006, no agricultural land in the state should be put to non-agricultural purpose, without the prior permission of the competent authority. Section 4(1) prescribes that every owner²⁶⁶ or occupier of agricultural land should pay conversion tax at the rate of nine *per cent* of the basic value²⁶⁷ of the land converted for non-agricultural purposes. If any agricultural land has been put to non-agricultural purpose without obtaining permission, the competent authority (RDO) should impose a penalty of 50 *per cent* of the conversion tax under Section 6(2).

²⁶⁶ As per Section 2(m) of the Act, 'owner' includes any lessee/ local authority to whom lands have been leased out by State Government or the Central Government.

²⁶⁷ 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.

As per Rule 6(i) of AP Agricultural Land (Conversion for Non-agricultural Purposes), Rules, 2006, for the purpose of calculation of conversion tax, the basic value notified by Government, for the land as on the date of application should be taken into account. Further, as per Rule 6(iv), where land is deemed to have been converted for non-agricultural purposes, the date for purpose of calculation of basic value should 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.

6.4.1 Non-levy of conversion tax and penalty on layouts

As per Rule 6 of AP Gram Panchayat Land Development (Layout²⁶⁸ and Building) Rules, 2002, Gram Panchayats are the executive authorities to sanction permission for layout proposals. Division Level Panchayat Officers (DLPOs) exercise supervision, control and provide guidance to the Gram Panchayats under their jurisdiction²⁶⁹.

Cross-verification of layout data under the jurisdiction of DLPOs with the conversions granted by Revenue Divisional Officers (RDOs)²⁷⁰ disclosed (June 2016) that in 22 cases, 119.29 acres of agricultural land was put to non-agricultural use. The agricultural lands in these cases were converted into layouts²⁷¹ without the approval of Gram Panchayats/RDOs. Neither the individuals/organisations had approached the office concerned nor the Department had made any effort to levy conversion tax in these cases. This resulted in non-levy of conversion tax (₹ 4.33 crore) and penalty (₹ 2.17 crore) amounting to ₹ 6.50 crore.

6.4.2 Non-levy of penalty on conversion of agricultural land for non-agricultural purposes without prior permission

Scrutiny (June 2016) of records of two RDOs²⁷² disclosed that the permissions for conversion of 49.51 acres of agricultural land to non-agricultural use was issued²⁷³. The conversion tax of ₹ 8.03 lakh was levied without penalty of ₹ 4.01 lakh. It was evident from inspection reports²⁷⁴ of Tahsildars that the land was already converted from agricultural use to non-agricultural use without prior permission from the competent authority.

After Audit pointed out these cases, the RDOs replied (June 2016) that the matter would be examined and detailed reply sent in due course.

The matter was referred to the Government in June 2017; replies have not been received (December 2017).

²⁶⁸ Layout means the way in which plots are arranged.

²⁶⁹ G.O.Ms.No.70, PR & RD (Rules) Department, dated 29 February 2000.

²⁷⁰ Dharmavaram and Kalyanadurgam.

²⁷¹ Between the period from 01 April 2013 to 31 March 2015.

²⁷² Ananthapuram and Penukonda.

²⁷³ Between August 2008 and October 2014 to seven applicants.

²⁷⁴ Between July 2008 and September 2014.

6.5 Non-realisation of cost of alienation of land

As per Revenue Board's Standing Order (BSO) No.24, alienation of Government land to a company, institution or private individuals for any public purpose will normally be on collection of its market value and subject to the terms and conditions prescribed in the BSO. The BSO allows the competent authorities to permit possession of the land in advance by the applicant in the event of any emergent circumstances pending formal approval of the alienation proposal.

Scrutiny (August and September 2016) of records in three Tahsildar²⁷⁵ offices, disclosed that the competent authorities had given²⁷⁶ advance possession of 7.77 acres of land.²⁷⁷ Advance possession of land was given, pending finalisation of alienation proposals. In the absence of prescribed time limit, the alienation proposals were not finalised even after three to twelve years of handing over possession of these lands. Thus, non-finalisation of alienation proposals resulted in non-realisation of ₹ 13.88 lakh in nine cases towards value of land.

After Audit pointed out these cases, Tahsildar, Ardhavedu replied (September 2016) that action would be taken under intimation to Audit. The remaining two Tahsildars replied (August and September 2016) that the matter would be examined.

The matter was referred to the Government in June 2017; replies have not been received (December 2017).

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

Under Section 27 of AP Irrigation, Utilisation and Command Area Development Act, 1984, for the purpose of laying out roads and their proper upkeep and maintenance, road cess in the form of a tax shall be collected on lands in the Command Areas of Nagarjunasagar, Sriramsagar and Tungabhadra Projects from the beneficiaries of schemes undertaken under the Act.

Government in their notifications²⁷⁸ specified that Land Revenue Authorities had to collect the road cess at the rate of ₹ 12.35 per hectare per annum from 15 September 1988 from all *ayacutdars*²⁷⁹.

Scrutiny (February 2015 - September 2016) of *jamabandi* records in offices of four Tahsildars²⁸⁰, disclosed that road cess was not levied during the *fasli*

²⁷⁵ Ardhavedu, Marripadu and Vinjamur.

²⁷⁶ Between 2005 and 2014.

²⁷⁷ In nine cases to three organisations.

²⁷⁸ G.O.Ms.No.48, Irrigation & Command Area Development, dated 25 June 1986.
G.O.Ms.No.299, Irrigation & Command Area Development, dated 7 September 1988.

²⁷⁹ *Ayacutdar* means 'owner of the land in command areas of irrigation projects (Ayacut).

²⁸⁰ Kakumanu, Ongole, Parchur and Santhamagalur.

years 1418 to 1423²⁸¹. The road cess leviable on an extent of 18,298 hectares under the above projects worked out to ₹ 8.33 lakh.

After the cases were pointed out, Tahsildars, Kakumanu (March 2015) and Ongole (May 2016) replied that action would be taken to levy and collect road cess. The remaining two Tahsildars replied (September 2016) that the matter would be examined and Audit intimated in due course.

The matter was referred to the Government in June 2017; replies have not been received (December 2017).

²⁸¹ Fasli years 1418 to 1423, i.e., 01 July 2008 to 30 June 2014.

