

Chapter VI

Land Revenue

6.1 Tax Administration

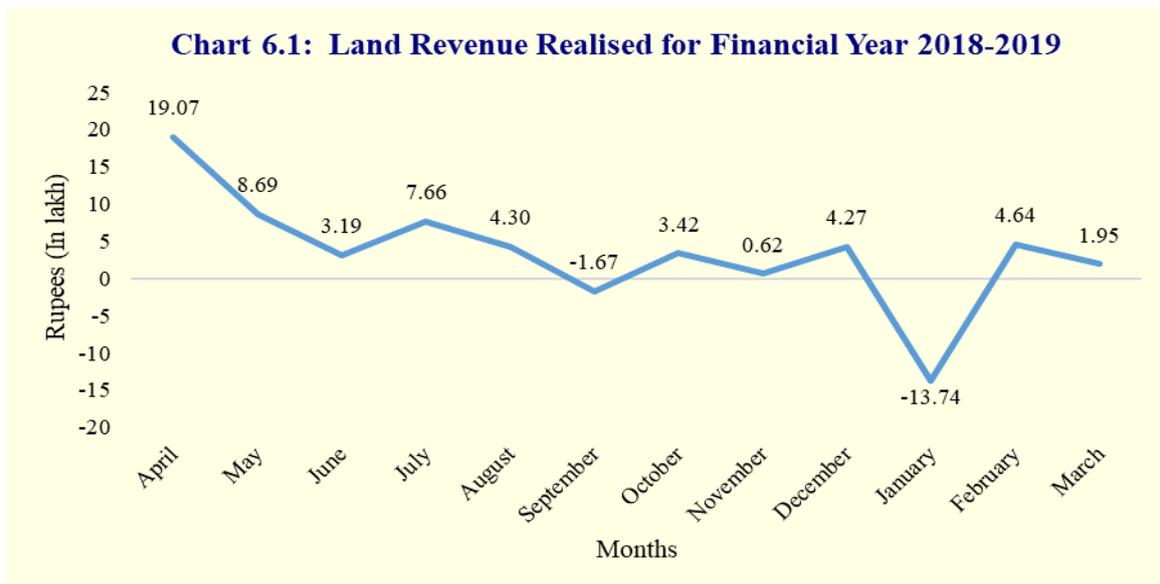
Land Revenue Department is responsible for alienation, acquisition and conversion of lands and for collecting revenue arising thereon. It is responsible for maintenance, updation and protection of land revenue records. The Department also decides on policy matters and administers several Acts and rules pertaining to land and civil administration in the State.

Principal Secretary (Revenue) is in-charge of the administration of Revenue Department. The Chief Commissioner of Land Administration (CCLA) is responsible for administration of Revenue Board's Standing Orders (BSO), The Telangana Water Tax Act, 1988, The Telangana Irrigation, Utilisation and Command Area Development Act, 1984, The Telangana Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006 and orders issued thereunder. At the district level, the Collectors of each of the 33 districts of the State are responsible for administration of land revenue. The organogram of land administration is given alongside.

Figure-6.1: Organogram



The total receipts from land revenue during 2018-19 was ₹0.42 crore.¹ There was a wide variation in the monthly receipts of land revenue during the year, as can be seen from the Chart given below.



Note: The negative figures are due to refunds

¹ Source: Finance Accounts of Government of Telangana for 2018-19.

6.2 Results of Audit

Audit of land revenue receipts was conducted through a test check of relevant records in 17 Revenue Divisional Offices (out of 68²) and 36 Tahsildar offices (out of 585³) (selected based on extent of Government land) to gain assurance that the fees are levied, collected and accounted for in accordance with the relevant Acts, Codes and Manuals, and the interests of the Government are safeguarded. Audit brought out instances of deviations/ non-compliance with the provisions of the Acts and Rules in 81 cases involving an amount of ₹7.15 crore, due to various reasons, as detailed in **Table 6.1**.

Table-6.1 Category of Audit Observations on Revenue Receipts

(₹ in crore)

Sl. No.	Category of Audit observations	No. of Audit deviations	Amount
1	Short levy of conversion tax and non-levy of penalty	63	4.24
2	Non-collection of Profession Tax from the fair price shops dealers	7	0.01
3	Short collection of regularisation amount	3	0.08
4	Other Irregularities	8	2.82
	Total	81	7.15

There are four broad categories of audit observations under Land Revenue. Similar irregularities, errors/omissions may also exist in other units not covered in the test audit. The Department may, therefore, examine all the units to ensure that taxes are levied and collected as per provisions of the Acts and Rules.

Significant cases of non-compliance with the provisions of the Acts, Rules in 22 cases amounting to ₹1.70 crore are detailed in the succeeding paragraphs.

6.3 Short levy of Conversion Tax and Non-levy of Penalty

As per Section 3(1) and 4(1) of the Telangana Agricultural Land (Conversion for Non-Agricultural Purposes) Act 2006, conversion tax at the rate of three *per cent*⁴ of market value of the land was to be levied if agricultural land in the State is put to use for non-agricultural purposes. Further, Section 6(1) and (2) provide that if agricultural land is utilised for non-agricultural purposes without prior permission, it is deemed to have been converted and attracts fine/penalty of 50 *per cent* over and above the conversion tax levied.

Audit test checked (between April 2018 and March 2019) the conversion files in 11 Revenue Divisional Offices⁵ and eight Tahsildar Offices⁶. It was noticed that in 45 cases, conversion tax was short levied due to adoption of incorrect market value of the

² Revenue divisional offices increased from 42 to 68 after re-organisation of districts.

³ Tahsildar offices increased from 465 to 585 after re-organisation of districts.

⁴ As per G.O.Ms.No.4 Revenue (Land Matters) Department dated 5 January 2016, the existing rate of conversion tax was reduced from 9 *per cent* to 3 *per cent*.

⁵ Revenue Divisional Offices - Karimnagar, Kothagudem, Nalgonda, Mahabubabad, Malkajgiri, Manthani, Nagarkurnool, Nirmal, Rajendranagar, Sangareddy and Warangal (Urban).

⁶ Tahsildar Offices - Armoor, Golconda, Miryalaguda, Mugpul, Nalgonda, Nizamabad, Qutubullapur and Sathupally.

land and penalty was not levied on deemed conversion of land. This resulted in short levy of conversion tax and non-levy of penalty amounting to ₹1.39 crore as detailed in **Table 6.2.**

Table 6.2: Non-levy of Penalty and short levy of conversion tax

(₹ in lakh)

Category	No. of cases	Conversion tax to be paid	Actual conversion tax paid	Short levy of conversion tax	Non-levy of Penalty	Short/Non-levy of Conversion tax/Penalty
Buildings existed prior to applying for conversion	11	43.28	18.68	24.60	21.64	46.24
Already converted as plots prior to applying for conversion	11	20.81	18.41	2.40	10.40	12.80
Adoption of lower market value and application of incorrect rate of conversion tax	23	161.05	81.22	79.83	0.00	79.83
Total	45	225.14	118.31	106.83	32.04	138.87

RDOs Mahabubabad, Sangareddy, Nagarkurnool and Nalgonda replied that conversion tax was collected as per the market value certificate issued by the Sub-registrars concerned. RDO, Rajendranagar replied that conversion tax was collected as per the Tahsildar report. The reply is not acceptable, as approved market value (according to Inspector General of Registration and Stamps website) is more than the value adopted by the Department. The remaining RDOs assured detailed replies. All the Tahsildars replied that the matter would be brought to the notice of higher authorities concerned for necessary action.

The matter was referred to the Department in May 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

6.4 Excess payment of ex-gratia

As per Government orders⁷ regarding land allotment policy, compensation payable to the *sivaijamedars*⁸ whose land is resumed for public purpose; who have been cultivating the land for a long period without D-form patta; whose possession is confirmed by entries in 10(1)⁹ and adangal¹⁰ accounts, may be paid *ex-gratia* without solatium (i) for occupation between 5-10 years - 50 per cent *ex-gratia* and (ii) for occupation of 10 years and above - 100 per cent *ex-gratia*, equivalent to market value.

Audit test checked the records of Revenue Divisional Office, Khammam in February 2019. The Executive Engineer, Irrigation Department, Khammam Division requested the RDO and Land Acquisition Officer (LAO), Khammam for alienation of land for

⁷ G.O.Ms.No.571 Revenue (Assignment-I), Department dated 14 September 2012.

⁸ A *sivaijamedar* (a kind of encroacher) is a local agricultural labourer, who is dependent on agriculture only and who owns no land at all except the land under occupation.

⁹ Village account which contains former wise land particulars.

¹⁰ Adangal is a record which contains details of land such as owners details, extent, assessment, water rate, soil type, nature of possession of the land, liabilities, tenancy and crops grown, etc.

construction of *ayacut* across Wyra River near Jalimudi Village, Madhira *Mandal*. During land alienation process, the Department noticed that ten residents had encroached Acres 4.24½ Guntas (Survey number 414 of Rapalli Village, Bonakal *Mandal*) of land for the past 15 years. Other 17 land encroachments of Acres 3.10½ Guntas (Survey number 116 and 63 of Brahmanapalli Village, Bonakal *Mandal*) for the past 15 years were also reported. The Department paid *ex-gratia* to those encroachers to vacate the land in the process of land alienation.

Audit noticed that *ex-gratia* of ₹42.64 lakh was paid to the encroachers instead of ₹19.01 lakh due to incorrect fixation of market value. This resulted in excess payment of *ex-gratia* of ₹23.63 lakh.

RDO, Khammam assured (February 2019) a detailed reply.

The matter was referred to the Department in May 2019 and to the Government in August 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

6.5 Short collection of regularisation amount on encroachment of Government land

Government notified¹¹ (February 2008) categories of land which could not be transferred and hence, classified as objectionable land. In respect of the rest of the land - unobjectionable land - encroachments are to be regularised on payment basis provided the prescribed terms and conditions¹² are met. The applicable rates of regularisation are as given below.

Land	Rate
Upto 250 square yards	25 per cent of the basic value ¹³
Upto 500 square yards	50 per cent of the basic value
Above 500 square yards	75 per cent of the basic value
Non-residential possessions	100 per cent basic value

During a test check (February and March 2019) of records of two Tahsildar Offices¹⁴, Audit noticed that, in six cases, the department collected an amount of ₹7.83 lakh towards regularisation of encroached Government land instead of ₹14.87 lakh due to adoption of incorrect basic value. This resulted in short collection of ₹7.04 lakh.

In response, Tahsildars assured detailed reply (February and March 2019). The matter was referred to the department in June 2019 and to the Government in August 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

¹¹ G.O.Ms.No.166 of Revenue (Assn. POT) Department dated 16 February 2008.

¹² G.O.Ms.No.59 of Revenue (Assignment-I) Department dated 30 December 2014 read with G.O.Ms.No.12 dated 30 January 2015.

¹³ Basic value is defined as the value fixed by the competent authority i.e. market value committee report which is maintained in District/Sub-Registrar's office.

¹⁴ Ramagundam and Siddipet.