

**Chapter – II**  
**Compliance Audit Paragraphs**



## Panchayat Raj and Rural Development Department

### 2.1 Land Management in Panchayat Raj Institutions

#### 2.1.1 Introduction

The eleventh schedule to 73<sup>rd</sup> amendment to the Constitution of India defines the tasks in the functioning of Panchayat Raj Institutions (PRIs). In carrying out these functions, PRIs require land. PRIs are responsible for proper acquisition, effective custody, utilisation and protection of land.

#### 2.1.2 Organisational set-up

Panchayat Raj Institution (PRI) is a three-tier system of self-governance viz., Zilla Praja Parishad (ZPP) at District level, Mandal Praja Parishad (MPP) at Mandal level and Gram Panchayat (GP) at Village level.

The PRIs function under the administrative control of Principal Secretary, Panchayat Raj and Rural Development (PR&RD) at Government level. Commissioner, PR&RD is the Head of the PR&RD department. ZPP, MPP and GP are headed by Chairperson, President and Sarpanch respectively. The Chief Executive Officer (CEO), Mandal Parishad Development Officer (MPDO) and Panchayat Secretary (PS) is the executive authority of ZPP, MPP and GP respectively.

#### 2.1.3 Audit framework

Audit of land management in Panchayat Raj Institutions (PRIs) was carried out with the objective of assessing whether:

- i) acquisition/alienation/transfer of land to PRIs was properly executed as per the prescribed procedure;
- ii) alienation/transfer of land /lease of land by PRIs were effectively carried out and
- iii) adequate controls were in existence for protection of PRI land.

The criteria to assess the effectiveness of land management by PRIs were sourced from the Andhra Pradesh Panchayat Raj Act, 1994, Land Acquisition Act, 1894, Andhra Pradesh Land Encroachment Act, 1905, Andhra Pradesh Financial Code and orders issued by State Government from time to time.

Seven<sup>1</sup> out of 13 ZPPs in the State were selected for conducting compliance audit on Land Management in PRIs. Under each ZPP, five Mandals<sup>2</sup> were selected on random

<sup>1</sup> 50 per cent of ZPPs Anantapuramu, Chittoor, East Godavari, Guntur, SPSR Nellore, Srikakulam and Visakhapatnam were selected by applying random sampling method

<sup>2</sup> Out of total 660 Mandals existing in Andhra Pradesh

sampling basis. From each district, 10 GPs<sup>3</sup> were selected based on highest number of layouts<sup>4</sup> for detailed examination of records.

Compliance audit on Land Management in selected PRIs, covering the period 2014-17, was conducted between February and July 2017. Audit methodology involved scrutiny of relevant records/documents at the office of the Commissioner, PR&RD and the selected ZPPs, MPPs and GPs. Necessary data/information about land of PRIs were also obtained from Revenue Department wherever necessary.

### **Audit findings**

#### **2.1.4 Land Management**

State Government had reviewed (October 2004) the system of asset management and maintenance of registers and records in place with various Government Departments in the State. Government noticed that the records of the assets (including land) were not updated. As such, a need was felt for strengthening the asset management at various levels. Accordingly, instructions were issued (October 2004) to develop and maintain inventory of all assets.

##### **2.1.4.1 Maintenance of Asset Register**

State Government prescribed (October 2004) the format for maintaining the asset register. The register should contain the name of the asset, survey number, extent/ area, year of acquisition/transfer, present market value and present status of asset, Government/department land and location /address. Audit noticed that the test checked ZPPs held land measuring 8,653.04 acres (**Appendix- 2.1**). MPPs held land measuring 705.20 acres (**Appendix- 2.2**) as per statement of assets.

All the seven test-checked ZPPs and 35 test-checked MPPs did not maintain asset registers. Only statement of assets was maintained by the PRIs without the necessary details<sup>5</sup> and the same was not reconciled with Revenue Authorities.

State Government issued regulations (July 2011) to protect the properties of the GPs. The land belonging to GPs shall be classified into three categories<sup>6</sup>. Land inventory shall be prepared based on Field Measurement Book/Field Survey Atlas and field inspections. The land inventory shall be placed before Gram Sabha for validation and the same shall be published in District Gazette. Seventy<sup>7</sup> test-checked GPs held land measuring 544.17 acres (**Appendix-2.3**). **Out of this, 61 GPs<sup>8</sup> neither maintained**

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<sup>3</sup> Out of total 12,920 Gram Panchayats (GPs) existing in Andhra Pradesh

<sup>4</sup> Layout means the laying out a parcel of land or land into building plots with laying of roads/streets and footpaths, etc. and laying of the services such as water supply, drainage, street lighting, open spaces, avenue plantation etc.

<sup>5</sup> Details like location of the land, survey numbers, actual extent of land, cost of the land, etc.

<sup>6</sup> **Category A-** Own and acquired, **Category B-** Gifts, donations, transfer of land to GP, **Category C-** Vested (minor irrigation tanks, water bodies, grazing lands etc.) with GP

<sup>7</sup> One GP of Chittoor, four GPs of East Godavari, one GP of Guntur, four GPs of SPSR Nellore and six GPs of Visakhapatnam did not have the information on assets held

<sup>8</sup> Anantapuramu: 10, Chittoor: 10, East Godavari: 10, Guntur: 3, SPSR Nellore: 10, Srikakulam: 9, Visakhapatnam: 9

**asset register nor obtained validation by Gram Sabha.** GPs did not categorize the land.

Revenue records such as Adangal<sup>9</sup>/Re-Settlement Register<sup>10</sup>/Field Measurement Book would substantiate genuineness of assets, their safety and prevention of any misuse. PRIs did not possess copies of these essential records and hence cannot vouchsafe their claim of ownership of land. Further, the Department of PR&RD also did not maintain database of assets held by PRIs. Some instances of non-availability of valuable properties in the statement of assets are given below:

1. Under the instructions (July 2001) of District Collector, Revenue Authorities transferred (August 2001) land measuring 3.44 acres to ZPP, Visakhapatnam. The land was transferred for construction of high school and playground in Juttada village. The details of asset transferred were not recorded in the statement of assets.
2. Tehsildar, Guntur informed (January 1982) ZPP, Guntur that the properties located in 13 survey numbers<sup>11</sup> in Guntur belonged to ZPP. However, these properties did not find place in the statement of assets maintained by ZPP as of May 2017 despite lapse of 35 years. Similarly, area covering ZPP office quarters, petrol pump in the premises of ZPP Guntur also did not find place in the statement of assets.

Absence of land inventory / asset register increases risk of encroachments and loss of ownership of assets. Hence, proper controls should be put in place to ensure maintenance of asset registers with up to date entries.

State Government replied (January 2018) that instructions were issued to all the CEOs and DPOs in the State to maintain asset register as per rules. State Government also replied that CEO, ZPP, Guntur was directed to take necessary action in the matter. However, no specific reply was furnished by the State Government in respect of Visakhapatnam.

#### **2.1.4.2 Non-mutation of property**

The PRIs were in possession of land measuring 1,310.05 acres<sup>12</sup> through donations<sup>13</sup>. However, the land<sup>14</sup> was not mutated in favour of PRIs. In the absence of mutation, PRIs cannot establish their ownership in case land is encroached or claimed by the heirs of the donors. Some instances of non-mutation of property are given below:

1. Potluru villagers had donated land (6.44 acres)<sup>15</sup> to the ZPP Guntur for running ZP High School. Land donated (5.89 acres) in 1997 was recorded in Adangal with incorrect survey numbers. Land donated (0.55 acres) in 2008 was not recorded in Adangal. Villagers complained (March 2017) about encroachment of a portion of land.

<sup>9</sup> This register is maintained by Revenue Department. The Register contains the details of possessors/pattadars of land, name of the occupant, survey numbers, extent and nature of occupancy.

<sup>10</sup> Register shows particulars of survey numbers/sub-division number classification etc.

<sup>11</sup> Survey numbers 247, 281, 547, 681, 710/A, 710/B, 732, 851, 894, 949, 939, 953 and 1211

<sup>12</sup> Anantapuramu: 240.56 acres, Chittoor: 808.46 acres, East Godavari: 14.60 acres, Guntur: 75.24 acres, SPSR Nellore: 96.38 acres, Srikakulam: 69.60 acres and Visakhapatnam: 5.21 acres.

<sup>13</sup> from individuals/villagers for construction and development of schools, and other public purposes recorded in the statement of assets

<sup>14</sup> except in Kaza and Edlapadu GPs of Guntur District

<sup>15</sup> 5.89 acres registered in the year 1997 and 0.55 acres unregistered (as of 2008) in Potlur Village of Savalyapuram Mandal

ZPP Guntur replied (May 2017) that MPDO was asked to submit detailed report on encroachment. Tehsildar concerned was requested to survey the land and fix the borders to evict the encroachers.

2. Ameenpalem Villagers (Nadendla Mandal) donated (1982) 24.65 acres of land to ZPP Guntur for development of ZP High School. The donated land was neither mutated in the name of ZPP nor recorded in the statement of assets.
3. ZPP, Anantapuramu received (March 2000) donation of two acres<sup>16</sup> of land for development of playground of ZPP High School. Despite lapse of 17 years (July 2017), the donated land was neither recorded in the asset register nor mutated/taken possession by the ZPP.

ZPP replied (May 2017) that Tehsildar was asked (May 2017) to conduct survey and fix the boundaries.

4. Two individuals donated (June 1990) five acres<sup>17</sup> of land through a gift deed<sup>18</sup> in favour of ZPP, Anantapuramu for playground and garden for the high school. As the land was not mutated in favour of ZPP, Revenue Divisional Officer (RDO), Anantapuramu issued (2011) Pattadar Pass Books (PPB)<sup>19</sup> for land of 3.35 acres out of 5 acres in favour of one of the donors. The CEO, ZPP, Anantapuramu appealed (January 2011) to RDO to cancel the PPB issued in favour of the donor. Action taken by RDO was not on record.

Thus, ZPPs failed to survey the donated land and enter the details thereof in the statement of asset and take proper action for mutation/possession to establish ownership.

State Government replied (January 2018) that the Chief Executive Officers of ZPPs concerned were directed to take necessary action in the matter.

#### **2.1.4.3 Alienation/Transfer of land**

State Government issued orders (June 2001) that PRI land shall be alienated only in favour of Government departments/Government organisations<sup>20</sup>. Prior approval of Government is necessary, where cost of ZPP land exceeds rupees one lakh in respect of land alienated to Government organisations and rupees two lakh in respect of Government department.

Audit noticed seven cases of alienation of land measuring 20.34 acres valuing ₹5.90 crore without approval of Government in three test-checked districts (*Appendix- 2.4*). The cost of the alienated land was not recovered from the departments/organisations as of March 2017.

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<sup>16</sup> Survey No. 799-C in Tummala Panchayat

<sup>17</sup> Survey No. 197 in Kandukur village

<sup>18</sup> Gift deed is a legal document describing the voluntary transfer of a property from one person to another without any consideration as money or value in exchange

<sup>19</sup> Every person who holds land directly under the Government under a patta whose name is registered in land revenue.

<sup>20</sup> where Government has a share of more than 50 per cent

State Government replied (January 2018) that instructions were issued to all the Chief Executive Officers of ZPPs and DPOs in the State to strictly follow the rules in case of alienation/transfer of lands.

#### 2.1.4.4 Layouts and open spaces

State Government formulated Gram Panchayat Land Development (Layout and building) Rules 2002 to regulate or restrict the use of sites and buildings. The rules are applicable to all Gram Panchayat (GP) areas. An owner/group of owners who intend to layout their land into building plots can apply to a Gram Panchayat (GP) for layout permission by duly paying the prescribed fees. The proposal is forwarded to the District Town and Country Planning<sup>21</sup> (DTCP) for technical approval. A minimum open space<sup>22</sup> of 10 *per cent* of the total site area being developed shall be set apart in the proposed layout for playground/park /education institution or any other public purpose. Such open space should be free from all encumbrances and shall be transferred in the name of GP concerned free of cost. The following observations are made:

Sl. No	Title of the paragraph	Audit findings
i.	Shortfall in transfer of open space in authorized layouts	In 70 test-checked GPs, 1,194 layouts ( <i>Appendix- 2.5</i> ) were developed in the land measuring 6,899.62 acres during the period 1980-2016. Out of this, layout developers were to transfer 10 <i>per cent</i> open space (689.96 acres) <sup>23</sup> to the concerned Gram Panchayats. Audit noticed that open space measuring 482.33 acres only was transferred to the concerned GPs leaving a shortfall of 207.63 acres <sup>24</sup> in respect of 50 GPs. The concerned GPs did not initiate action to claim the due extent of land from the layout developers as of July 2017. Audit assessed the value of such space as ₹60.30 crore <sup>25</sup> . Thus, proper controls should be put in place to ensure receipt of legitimate share of land from layouts by GPs.  State Government replied (January 2018) that instructions were issued to all the DPOs in the State to follow the rules for approval of layouts and building permissions.
ii.	Unauthorised layouts	Rule 12 (1) & (2) of Layout Rules 2002 <sup>26</sup> envisages that the unauthorized layouts shall be regularized duly levying pro-rata charges for shortfall of open spaces. Pro-rata betterment charges shall also be levied in addition to development and improvement

<sup>21</sup> Urban Development Authority in case of GPs falling under their jurisdiction

<sup>22</sup> Means an area forming integral part of the plot, left open to sky

<sup>23</sup> Anantapuramu: 40.84 acres, Chittoor: 130.42 acres, East Godavari: 315.87 acres, Guntur: 63.88 acres, SPSR Nellore: 36.90 acres, Srikakulam: 9.03 acres and Visakhapatnam: 93.02 acres

<sup>24</sup> Anantapuramu: 18.30 acres, Chittoor: 12.24 acres, East Godavari: 84.79 acres, Guntur: 27.10 acres, SPSR Nellore: 10.77 acres, Srikakulam: 7.19 acres and Visakhapatnam: 47.24 acres

<sup>25</sup> 1 Acre = 4,840.01 Sq. yards. Value of 207.63 acres = ₹60.30 crore (207.63 x 4,840.01 x minimum rate of ₹600 per Sq. yards.)

<sup>26</sup> Read with G.O Ms.No.902 dated 31.12.2007 issued by Municipal Administration (applicable to PRIs)

of road pattern and drainage, etc. These charges were to be borne by the owners of the plots/colony.

In 70 test-checked GPs, 1,241 layouts (**Appendix- 2.5**) were developed on land measuring 4,960.39 acres un-authorisedly (without the administrative sanction of GP and technical approval of DTCP/UDA). GPs issued notices to unauthorized occupants. However, the GPs did not initiate further action to get the layouts regularized by collecting the prescribed charges. Open space of 483.54 acre<sup>27</sup> was foregone as the GPs did not prevent unauthorized layouts. Audit assessed the value of foregone open space as ₹140.42 crore<sup>28</sup>.

The Vigilance & Enforcement (V&E) Department of State had conducted inspections (2014-16) and identified 6,820.22 acres of unauthorized layouts in the State. Loss of revenue in this regard was assessed as ₹305.58 crore by the department towards open space, inspection charges, layout fee, etc. However, District Panchayat Officers (DPOs) did not initiate action either to regularize layouts or to recover the loss as of date (July 2017).

State Government replied (January 2018) that the proposal for regularization of unauthorized layouts duly levying pro-rata charges was under examination for fixation of guidelines in the matter.

## 2.1.5 Leasing of land and shops

### 2.1.5.1 Leasing of Land

ZPP or MPP may lease out land for a period of three years and no lease shall be valid if it exceeds three years. As per Rule 9<sup>29</sup>, the ZPP shall publish a notice in District Gazette if the lease exceeds ₹200 per annum of the property to be leased along with name of the lessee and rent fixed under the lease. The lease rent shall be 10 *per cent* of the prevailing market value of the land as fixed by the competent authority.

In two<sup>30</sup> out of seven test-checked ZPPs, land was leased to private parties. Following observations are made based on review of leases.

- i. The Roads and Buildings (R&B) Department mooted (October 2013) proposals for acquisition of ZPP land<sup>31</sup> measuring 1.59 acres as part of proposed four-lane Highway<sup>32</sup>. The proposal included construction of toll plaza and administrative

<sup>27</sup> Anantapuramu- 256.00 acres, Chittoor- 65.45 acres, East Godavari- 12.60 acres, Guntur- 38.51 acres, SPSR Nellore- 14.38 acres, Srikakulam- 57.74 acres and Visakhapatnam- 38.86 acres

<sup>28</sup> One acre = 4,840.01 Sq. yards. Value of 483.54 acres = ₹140.42 crore (483.54 x 4,840.01 x minimum rate of ₹600 per Sq. yard.)

<sup>29</sup> Rules relating to Acquisition and Transfer of Immovable property by Mandal Praja Parishads and Zilla Praja Parishads, issued under G.O Ms. No.492 dated 10.04.1962

<sup>30</sup> East Godavari and Guntur

<sup>31</sup> Survey number 251 in Thummalapalli Village in Piduguralla Mandal, Guntur district

<sup>32</sup> Narketpalli-Addanki-Medarametla



buildings. R&B took over the possession of the land and allowed private agency<sup>33</sup> to construct the toll plaza pending approval of the Government. R&B requested (June 2015) ZPP, Guntur to allot the land to agency on lease basis since the agency had already commenced his operations. ZPP, Guntur<sup>34</sup> worked out the rental value for the land as ₹35.71 lakh per annum to be increased by 15 *per cent* each year. However, ZPP did not make claim for an amount of ₹1.50 crore (for the period November 2013 to March 2017). Thus, ZPP Guntur allowed utilization of its land by the concessionaire without claiming the rental charges.

The ZPP replied (April 2017) that the lease amount would be collected.

- ii. District Board of Guntur<sup>35</sup> leased out (April 1949) land<sup>36</sup> in Mangalagiri town for a period of 99 years to the High School Committee<sup>37</sup> at rupee one per year. As per the terms and conditions of lease agreement, the lessee should not make any alteration or additions to the buildings without the previous consent of the lessor. The lessee shall also not assign/underlet/part with the possession of the premises or any part thereof without obtaining the written consent of the lessor or its authorized officer. As the ownership of the land lies with ZPP, the lessee had no right to construct shops and also to levy and collect the rents from shops. However, in violation of the agreement, the lessee constructed (1964) additional rooms in the school building. The lessee also constructed (1992) 29 shops by dismantling the compound wall in the leased land without the consent and approval of ZPP. The ZPP, Guntur did not initiate penal action for breach of agreement. ZPP, instead, entered into (March 2000) a fresh lease agreement with the same lessee at ₹12,000 per annum for 29 shops till completion of lease period (December 2047). Accounts Officer, ZPP Guntur assessed (March 2017) the lease charges as ₹12 lakh per annum from 29 shops. This would result in loss of revenue of ₹3.56 crore<sup>38</sup> for the next 30 years of lease. Action<sup>39</sup> was not taken in respect of unauthorized buildings. This indicated that the ZPP had shown undue favour to the lessee.
- iii. Government gave permission (September 2015) to the Collector, East Godavari for allotment of ZPP land measuring 2,000 Sq. yards<sup>40</sup> for 'Construction of NTR Trust Bhavan' on lease basis. The lease was allowed (November 2016) for a period of 99 years with a lease amount of ₹25,000 *per annum*. The Sub- Registrar assessed the value of land as ₹three crore. As such the lease rent should have been fixed at ₹30 lakh *per annum* at 10 *per cent* of prevailing market value of the land.

<sup>33</sup> Concessionaire

<sup>34</sup> Engineering wing of PRI Division

<sup>35</sup> Present Zilla Praja Parishad

<sup>36</sup> Survey number 251 and 258 in Mangalagiri

<sup>37</sup> Chinthakrindi Kanakayya High School Committee

<sup>38</sup> ₹11.88 lakh (₹12 lakh - ₹0.12 lakh) per year for 30 years

<sup>39</sup> The lessee violated agreement conditions by constructing additional buildings (shops) and leased out the shops to private parties on monthly rent. Hence, ZPP should either collect the rent from the lessee on par with present market rate or dispossess the lessee by cancelling the agreement.

<sup>40</sup> Survey No. 60/1 of Kakinada urban

Thus, non-compliance of Government orders resulted in loss of revenue of ₹29.75 lakh *per annum*.

Thus, the PRIs failed to recover due rental charges, allowed unauthorized constructions, failed to assess and levy proper lease charges and to evict the unauthorized occupation.

State Government accepted and stated (January 2018) that Chief Executive Officers of ZPPs concerned were directed to take necessary action for corrective measures.

### 2.1.5.2 Leasing of shops

As per Government Orders<sup>41</sup>, PRIs may lease shops for a period of five years. PRI can renew the lease for another term not exceeding five years at a time without conducting public auction, if the present lessee agrees to renew the lease at an amount which shall not be less than 33.33 *per cent* over the existing annual lease amount. Lease agreement shall be entered into with the lessee and lease amount shall be paid on or before the first day of each month in advance<sup>42</sup>. The lease deed is liable to be terminated in case of default of payment.

Review of the records revealed the following:

1. ZPP Visakhapatnam constructed and allotted (1973) 42 shops on rental basis to Burma Repatriates for doing business at Yellamanchili. Gram Panchayat, Yellamanchili reported (September 2010) that all the shops (except two) were being run by benamis. MPDO also confirmed (November 2015) the same and stated that two unauthorized shops were also constructed in the vacant space available at the site. However, no action was taken against the benamis.

During the period 2014-17, ZPP was levying rent at ₹100 per month per shop. Rent was proposed (May 2010) to be revised by enhancing the rent amount to ₹231 per month per shop. However, this was not implemented due to which ZPP suffered loss of ₹3.96<sup>43</sup> lakh for the period 2011-17. Further, arrears amounting to ₹5.36 lakh were also not collected as of March 2017.

The ZPP stated (March 2017) that rent could not be collected as the shops were occupied by benamis and that the matter of eviction was referred to the District Collector.

2. ZPP, Guntur leased 16 shops at Gurazala, the lease period of which expired in November 2008. ZPP neither enhanced the lease charges by 33.33 *per cent* over the existing lease rent nor resorted to fresh auction. ZPP Guntur issued (June 2014) notice for dispossession of the shops as lessees did not pay the arrears of rents. On the other hand, Writ Petitions<sup>44</sup> was filed *suo motu* by some lessees for restraining ZPP from dispossessing the shops. The Honorable High Court ordered (August 2015) that petitioners shall be permitted to continue to remain in

<sup>41</sup> G.O Ms. No.492, Planning and local administration dated 10.04.1962

<sup>42</sup> Rule 6(1)(iv) and 6 (2) of G.O Ms. No.215 dated 25.06.2001

<sup>43</sup> ₹231-₹100= ₹131 x 72 months x 42 shops

<sup>44</sup> WP No. 19320 of 2015

occupation of shops on payment of enhanced rent at 35 *per cent* on the existing rent payable. Further, on payment of all the enhanced rental amounts due, the lease holders could participate in the public auction as and when such auction was conducted. However, ZPP did not collect the revised rent as ordered by the Honorable High Court. An amount of ₹9.92 lakh for the period 2008-15 was yet to be realized. ZPP stated (May 2017) that rent at enhanced rates for the earlier period would be collected.

3. In four out of seven test-checked ZPPs, lease rent of ₹36.02 lakh<sup>45</sup> was outstanding in respect of 127 shops to the end of March 2017 as per Demand Collection and Balance Register. In four Gram Panchayats an amount of ₹17.01<sup>46</sup> lakh was outstanding in respect of 64 shops as of March 2017. Rent was not collected in advance as per Government Orders (June 2001).

Thus, there was loss of revenue to PRIs on account of non-collection/short collection/non-enhancement of lease rentals.

State Government accepted and stated (January 2018) that Chief Executive Officers of ZPPs concerned were directed to take necessary action for corrective measures.

## 2.1.6 Monitoring and Protection of land

### 2.1.6.1 Encroachments

Audit noticed in four out of seven test-checked districts that an extent of land measuring 431.98 acres<sup>47</sup>, valuing ₹125.45 crore<sup>48</sup> was under encroachment. Scrutiny of records relating to encroachments revealed the following:

- i. In Kaza GP of Guntur District, land measuring 50 acres<sup>49</sup> of Tank area was encroached and 600 houses were constructed thereon. Panchayat Secretary brought (May 2012) the matter to the notice of Revenue Authorities. The Revenue authorities did not take action to survey encroachments even though the tank area was classified as Government land belonging to GP. The land remained encroached as of July 2017.
- ii. Tehsildar, Visakhapatnam (Rural) had conducted survey and communicated (October 2008) to ZPP Visakhapatnam about encroachment of ZPP land (1.05 acres). ZPP had not taken immediate action on receipt of information from Revenue authorities to conduct survey/enquiry to evict the encroachers. Further, encroachers occupied ZPP, Visakhapatnam land (11 acres) under different survey

<sup>45</sup> East Godavari: ₹0.38 lakh (seven shops), Guntur: ₹31.26 lakh (111 shops), Srikakulam: ₹2.06 lakh (one shop) and Visakhapatnam: ₹2.32 lakh (eight shops)

<sup>46</sup> Chebrole: ₹1.03 lakh (18 shops), Payakaraopeta: ₹1.73 lakh (14 shops), Perecherla: ₹13.74 lakh (15 shops) and Uravakonda: ₹0.51 lakh (17 shops)

<sup>47</sup> East Godavari: 33.32 acres, Guntur: 327.74 acres, SPSR Nellore: 58.26 acres, Visakhapatnam: 12.66 acres

<sup>48</sup> At minimum value of ₹600 per Sq. yard.

<sup>49</sup> Survey No. 310/A and 344

numbers<sup>50</sup> situated on both the sides of Sharada River in Kotturu village<sup>51</sup> in 2006. Un-authorized buildings were also constructed on this land. Action taken to evict the encroachers was not on record.

- iii. Encroachers occupied land (4.93 acres) belonging to ZP High Schools and MPP Schools in Chittoor district, during the period between 1998 and 2015. The encroachers had constructed houses/shops and utilized the encroached land for various purposes. ZPP requested (May 1998 to March 2015) the Tehsildar of the respective Mandals to survey the land, fix boundaries and take action to evict the encroachers. However, the land remained encroached as of July 2017.
- iv. Ten encroachers occupied the Puntha/road to the extent of 4.11 acres<sup>52</sup> belonging to Payakaraopeta Gram Panchayat (Visakhapatnam District). Sub-Collector directed (November 2013) the Tehsildar, Payakaraopeta to evict the encroachers and safeguard the interests of the GP. GP did not take any necessary action. In February 2017, the Panchayat Secretary requested the Tehsildar to conduct a survey of encroachment. However, the Tehsildar had not taken any action as of July 2017. Similarly, 47 encroachers constructed structures (0.50 acres) on the banks of Thandava River under Payakaraopeta GP. Panchayat Secretary submitted names of occupants (October 2016) to Tehsildar. No action was taken for eviction of the encroachers.
- v. Encroachers occupied land measuring 0.81 acres<sup>53</sup> in ZPP Guntur. MPDO Mangalagiri reported (March 2012) cases of encroachment to ZPP, Guntur. Accounts Officer of the ZPP conducted (July 2012) an enquiry on the matter and submitted report in May 2013. The report highlighted cases of individuals occupying without documents, individuals paying Property Tax and individuals possessing B-form<sup>54</sup> documents. ZPP did not initiate action to bring cases of encroachment to the notice of Government and evict the encroachers.
- vi. Encroachers occupied the open space (0.42 acres) in Chapuram GP of Srikakulam District allotted out of authorized layouts. GP did not take action to evict the encroachers.

Thus, there was no effective mechanism available in the PRIs to protect the land and avoid encroachments. Encroachments reported were not acted upon for eviction, giving scope for continued encroachments.

State Government accepted and stated (January 2018) that all the Chief Executive Officers of ZPPs and DPOs in the State were directed to take immediate necessary action for eviction of encroachments in Government lands as per the Rules<sup>55</sup>.

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<sup>50</sup> 590/18 (3.93 acres), 583/1 (0.83 acres), 593/3 (1.50 acres), 597/1 (1.05 acres), 582/2 (0.71 acres), 584 (1.33 acres), 588/4 (1.65 acres)

<sup>51</sup> erstwhile Sabbavaram Panchayat Samithi

<sup>52</sup> Survey No. 108

<sup>53</sup> Survey No.117 in Navluru village of Mangalagiri mandal

<sup>54</sup> Patta/permission given by the Revenue Department to landless poor people for construction of house

<sup>55</sup> G.O. Ms. No.188, dated 21.07.2011

### 2.1.6.2 Avoidable litigation due to lack of monitoring

1. Land (0.27 acres)<sup>56</sup> belonging to ZP High School in Gopalapatnam village of ZPP Visakhapatnam was reported (March 2002) as encroached. The encroacher had constructed (2007) a shopping complex on the encroached land. ZPP took up the issue of eviction of the encroachment belatedly (October 2006) with the revenue department and Greater Visakhapatnam Municipal Corporation (GVMC). ZPP had also filed a case in the Honorable District Court in January 2010 for eviction. In the meantime, the encroacher filed (November 2011) a case against GVMC in the Honorable High Court, Hyderabad. The Honorable High Court ordered (March 2012) to seal the shopping complex as the same was unauthorized and did not have occupancy certificate. Further, District Court also ordered (September 2015) the encroacher to vacate the land. The Tehsildar seized the Shopping Mall (March 2012) and kept the building in possession of GVMC. However, ZPP reported (March 2017) that the encroacher continued to do the business in the shopping complex despite seizure of the building by Tehsildar. Further, the encroacher had filed for stay orders on the judgment pronounced by the District Court. Thus, ZPP failed to take timely action to prevent the encroacher from construction of shopping complex in the valuable land of ZPP. This showed lack of monitoring of land by ZPP which also resulted in continuation of business by the encroacher in violation of orders of Honorable High Court.
2. MRO Narasaraopet assigned (August 1985) ZPP land, to an extent of five acres<sup>57</sup>, to an ex-serviceman without the consent of the ZPP Guntur. As the land belonged to ZPP, Tehsildar denied mutation in favour of heirs of ex-serviceman. On denial of mutation the heirs of the ex-serviceman filed (October 2016) a petition in the Honorable High Court, Hyderabad for orders of mutation of land in their favour. The Honorable High court ordered (January 2017) the Tehsildar, Karempudi to consider the application of the petitioners for mutation in their names in the revenue records in accordance with law. The MRO Karempudi brought (February 2017) the matter to the notice of the ZPP. ZPP requested the MRO not to go ahead with mutation since the matter would be brought to the notice of the ZPP Council and also proposed to approach the Honorable High Court. However, no action was taken in this regard (April 2017). Lack of coordination between the Revenue Department and ZPP resulted in litigation.

This showed lack of monitoring of lands by ZPPs, which resulted in court cases on ownership of valuable land.

State Government accepted and stated (January 2018) that all the Chief Executive Officers of ZPPs in the State were directed to take necessary action in the matter.

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<sup>56</sup> Survey No. 10/3B at Gopalapatnam village

<sup>57</sup> Survey No. 337-3CB of Oppicherla village of Karempudi Mandal

### **2.1.6.3 Non-availability of dedicated staff for land management**

The test-checked PRIs were not having dedicated and trained staff proficient in land issues to deal with account of all land inventories, monitoring of the land held and to prevent encroachments. The staff who were maintaining land records were not trained on matters relating to land issues. Improper maintenance of land records, ineffective monitoring and failure to evict encroachers could be attributed to untrained staff.

### **2.1.6.4 Formation of Asset Protection Committees**

#### **i. Non-formation of separate cell at district level**

A separate cell at district level<sup>58</sup> in the Office of the District Panchayat Officer (DPO) was to be constituted to monitor and protect the Gram Panchayat properties from time to time. Out of seven test-checked districts, separate cells were not formed in four districts<sup>59</sup> to monitor and protect the GP properties. As such, there were instances of encroachment of land and development of unauthorized layouts.

#### **ii. Non-formation of High Power Committees at District level**

At District level, High Power Committee<sup>60</sup> shall be constituted with DPO as Member Convener to review the progress of identification and removal of encroachments. The Committee shall meet every three months and review the progress. However, in three test-checked districts<sup>61</sup>, no such committees were formed to review the progress of identification and removal of encroachments.

#### **iii. Non-formation of Vigilance and Enforcement wing**

At Commissionerate level, a Vigilance and Enforcement wing<sup>62</sup> shall be constituted with Additional Commissioner/Deputy Commissioner to protect the GP properties and to monitor the activities of district level cells. However, no records were maintained in support of formation of a separate wing and its functioning at Commissionerate level.

### **2.1.6.5 Periodical reporting not done**

The GoAP issued orders<sup>63</sup> that the Heads of Departments (HoDs) shall compile all assets of all Subordinate offices and agencies, including State level offices. After compilation of all assets, HoDs shall report (in hard and soft formats) the asset inventory of lands, buildings, etc., information by 31<sup>st</sup> December every year for all the existing assets of Government to their administrative departments of Secretariat. The Administrative Departments of Secretariat, in turn, shall furnish the asset information to the Finance Department by 15<sup>th</sup> January every year, for all the asset inventory information of previous calendar year. However, no such procedure was followed by

<sup>58</sup> Para 5 of G.O Ms. No.188 dated 21.07.2011

<sup>59</sup> Anantapuramu, Chittoor, Srikakulam and Visakhapatnam

<sup>60</sup> Para 7 of G.O Ms. No.188 dated 21.07.2011

<sup>61</sup> Chittoor, Srikakulam and Visakhapatnam

<sup>62</sup> Para 8 of G.O Ms. No.188 dated 21.07.2011

<sup>63</sup> G.O Ms.No.667 dated 11.10.2004 guidelines on Asset Management and Maintenance of Registers and Records issued by Finance Department

the test-checked PRIs and Panchayat Raj and Rural Development Department as land inventory was not prepared by PRIs.

### 2.1.7 Conclusion

The PRIs did not maintain Asset Register despite specific orders of the Government. Donated land was not surveyed/taken to inventory and also not mutated to establish ownership. The PRI land was alienated without the approval of the Government and recovery of cost of the land. Unauthorised layouts were allowed and open space due from authorised layouts was not transferred to PRIs causing loss of property. Rules on leasing of land and shops were not adhered to resulting in loss of revenue and unauthorised constructions. Monitoring mechanism was not found to be effective.

## 2.2 Avoidable additional charges of ₹65.77 lakh

**Failure of the Zilla Parishads to ensure payment of electricity bills within the due dates resulted in avoidable payment of additional charges of ₹65.77 lakh**

State Government entrusted (December 2012) the responsibility of Operations and Maintenance (O&M) of all Rural Water Supply (RWS) Schemes to the local bodies. The O&M activities include making payments of power supply charges of the schemes for which funds are allocated from Finance Commission grants. Zilla Parishads are authorised to incur expenditure from any available grant, in case of delay in release of funds by Government subject to reimbursement. As per Electricity Supply Code of Andhra Pradesh Electricity Regulatory Commission (APERC) in case the consumers do not pay the bills by due date, additional charges for delayed payment of bills shall apply as per tariff orders.

Scrutiny of the records of five Zilla Parishads for the period 2011-17 showed that payment of electricity charges was not being made in time. An amount of ₹65.77 lakh (*Appendix- 2.6*) was paid, during the period, as additional charges for delayed payment of electricity bills for O&M activities of Water Supply schemes. Zilla Parishads attributed delayed payment to Finance Commission grants not being received in time and lack of sufficient funds. Reply is not acceptable as Zilla Parishads are authorised to utilize any available funds in cases of delays.

Thus, failure of the Zilla Parishads to ensure payment of electricity bills within the due dates resulted in avoidable payment of additional charges of ₹65.77 lakh.

State Government accepted (January 2018) the audit observation and replied that power supply companies were requested for taking a generous view for waiver of penalties in delayed payment of electricity bills.

