

Government of Odisha
Finance Department

No. 31479 /F.,
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Date 3-9-12

From

Shri J. K. Mohapatra, I.A.S.
Principal Secretary to Government.

To

The Principal Secretary to Government.
Revenue & Disaster Management Department

Sub:- **Unauthorized retention of advance land acquisition compensation,
establishment contingencies and interest accrued thereon
in Bank Accounts.**

Sir,

I am directed to say that the Comptroller and Auditor General of India in his report for the year 2010-11 (Civil) has observed that large sums of money pertaining to Land Acquisition compensation and establishment charges are being kept in Bank Account, instead of Civil Deposits, in violation of Government instructions issued in this regard. Instances of short deposit of establishment charges, diversion and mis-utilisation of Land Acquisition Contingencies have also been brought out in the said report. It has also engaged the attention of the Public Accounts Committee.

2. Such unauthorized retention of funds in Bank Accounts which are required to be kept in the Public Account of the State Government has a cost implication for the exchequer because of the negative carry i.e. less return on the Savings Bank/Current Account Deposits. It is a case of imprudent cash management. Besides, funds kept in the Bank Account without regard to the approved accounting procedure is not only fraught with the risk of diversion and mis-utilisation but also causes financial indiscipline.

3. In terms of the Accounting Procedure Rules for land acquisition contingencies circulated in the erstwhile Revenue & Excise Department Letter No.15618/R. dated 20.3.1998; only 5% of the establishment contingencies is to be retained by the Collectors/Special Land Acquisition Officers in Bank Account and to be spent for the purposes specified in the guidelines given in the said rules.

4. Except for the above amount, the advance received towards land acquisition compensation and the balance amount from the establishment contingencies (15%/5% as the case may be) received from the requisitioning authorities are to be deposited in the Government Account under the following heads as specified in the then Revenue & Excise Department Letter No.32177/R dated 25.5.1989 and reiterated in Letter No.46568/R., dated 8.9.1998 (copy enclosed) –

Sl. No.	Item	Head of Account
1.	The advance of compensation amount received from public bodies, companies or private individuals financially independent of Govt.	“8443-Civil Deposits-117-Deposits for work done for Public Bodies or Private Individuals-0026-Deposits made by other Organisation-37106-Land Acquisition Compensation”.
2.	The advance of compensation amount received from Government Departments including the Departments of Government of India	“8443-Civil Deposits-111-Other Departmental Deposits”-0106-Other Deposits- 37106-Land Acquisition Compensation”
3.	The balance 15% (5% in case of Special Land Acquisition Establishments) of land acquisition contingencies	“0029-Land Revenue-800-Other Receipts-0097-Miscellaneous Receipts-01003-Collection of Payments for service rendered”

5. There is an impression that withdrawal of compensation money from the aforesaid heads would require approval of Government and that it will take time to prepare cheques for payment to the land losers. In this connection, it is clarified that withdrawal of funds kept under the Head of Account at Sl. No.1 & 2 of the table above does not require approval of Government or concurrence of Finance Department. In these cases, the officer in whose favour the deposit is made is entitled to withdraw the deposit from the Treasury after observing the usual procedure. Further, while withdrawing funds from the deposits made towards payment of compensation to the land losers, the Treasury linked banks may be requested to remit the funds to the payees’ account either through NEFT/RTGS or CBS network (if the payee has account with any branch of the Treasury linked bank) through the Current Account of the Drawing & Disbursing Officers of the LAO establishment of the Collectorate/Special LAO establishment.

6. It is, therefore, clarified that any amount received towards advance of compensation and establishment charges received from requisitioning authorities, kept in Bank Accounts (except for the 5% establishment contingencies to be retained by the concerned Collectors/Special Land Acquisition Officers) is to be immediately withdrawn and deposited