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) –

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

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
in the Government Account under the Head of Account indicated in the table above and the respective Bank Accounts be closed.

7. However, the amount of interest earned in the said Bank Accounts is to be credited to the Head of Account – 0075 – Miscellaneous General Services – 800 – Other Receipts – 0097 – Misc. Receipts – 02082 – Miscellaneous Other Receipts”.

8. Copy of the Treasury Chalan(s) in token of deposit of money in Government Account towards the original deposit and interest accrued thereon, after withdrawal from the Bank Account is to be forwarded to the Revenue & Disaster Management Department.

9. The Collectors are to ensure compliance to these instructions in respect of their own Land Acquisition Establishment and that of the Special Land Acquisition Officers of the District.

10. The Collector of the District will be personally held responsible, in case it is detected in future that the advance of compensation amount and balance establishment contingencies creditable to the Government Account are un-authorized kept in any Bank Account.

11. I would, therefore request you to put in place a suitable monitoring mechanism to guard against unauthorized retention of funds in Bank Account and issue necessary instructions to the concerned officers to adhere to the instructions issued earlier for deposit of Land Acquisition Compensation and Establishment Charges received from requisitioning authorities and ensure that the money kept in Bank Account along with interest accrued thereon is brought back to Government Account.

Yours faithfully,

Principal Secretary to Govt.
Memo No. 31480 [1]

Copy along-with copy of enclosure forwarded to Principal Secretaries/Commissioner-cum-Secretaries /Secretaries to all Departments of Government for favour of information.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31481 [6]

Copy along-with copy of enclosure forwarded to all Collectors/All Special Land Acquisition Officers for information and necessary action.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31482 [4]

Copy along-with copy of enclosure forwarded to the Principal Accountant General (A & E) Odisha/ Accountant General(G&SSA)/Accountant General(ERSA) for favour of information.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31483 /F..

Copy along-with copy of enclosure forwarded to the Director of Treasuries & Inspection, Odisha for information.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31484 [170]

Copy along-with copy of enclosure forwarded to all Treasury Officers/Sub Treasury Officers for information & necessary action.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31485 [95]

Copy along-with copy of enclosure forwarded to all Officers/Branches of Finance Department for information.

Dt. 3-9-12

Joint Secretary to Govt.

Memo No. 31486 /F..

Copy along-with copy of enclosure forwarded to the Head Portal Group, Secretariat with a request to host the Circular in the web-site of Finance Department.

Dt. 3-9-12

Joint Secretary to Govt.
GOVERNMENT OF ORISSA
REVENUE AND EXCISE DEPARTMENT

No. 22174-R., Dtd. 25-8-89

From:
Sri S. Samal, C.A.S.,
Deputy Secretary to Govt.

To:
All Collectors.

Sub:
Realisation of establishment and contingent charges in cases of acquisition of land for companies — Head of Account to deposit.

Sir,

I am directed to say that according to S.I. No.185 when land is acquired at the cost of any fund controlled or managed by a local authority or a company, the charge of and incidental to the acquisition shall be defrayed from such fund or by such company.

In this Deptt. Notification No.L.R. 17/88 Misc. 26648/R., dated 26.4.88, in cases of the Deptt. of Govt., Companies, n Projects, Corporations, local bodies etc., the charges have been fixed at 20% of the estimated compensation amount of the land to be acquired and in case of land requiring organisations, projects which bear the expenses of Estl. Land Acquisition establishment at 10% of the estimated compensation amount of land to be acquired.

Further as per S.I. No.186 these public bodies and companies on whose behalf land is acquired by State Govt., are expected to deposit the estimated cost of acquisition including compensation capitalised value of land revenue and all charges on account of establishment (including leave and pension contribution for permanent gazetted and other staff) and contingencies to the credit of Govt., in advance on such date and in such instalments as the State Govt., may direct. The total amount of such advances received from the public bodies and companies who are financially independent from Govt. are initially creditable under minor head "117 Deposits for work done for Public Bodies or Private Individuals sub-ordinate to major head 8443-Civil Deposits". This minor head is intended to cover seem received in advance.
from Municipalities and other bodies financially independent from Govt., for payment of compensation for land acquired for such bodies vide note 10 below Major Head "3445 Civil Deposits" of the Revised classification of Accounts. Therefore, when the public body or the company deposits an account of establishment and contingencies etc., as a consolidated amount in advance, the amount will have to be initially credited to the above deposit major head and the amount towards establishment including leave and pension contribution etc., and contingencies as are incurred and recoverable from the party will have to be transferred from the above deposit major head to the credit of receipt head "0029-Land Revenue 800-Other Receipts (C) Collection of payments for services rendered" - The compensation etc., paid to persons whose lands are acquired will have to be directly debited to the deposit major head as indicated above. Where however the public body or company deposits in advance the charges on account of establishment and contingencies separately, there is no necessity to take these credits to the deposit major head as it can directly be credited to the State Government Account under 0029-Land Revenue etc., indicated above.

The above instructions may therefore be brought to the notice of all concerned so that different procedures are not followed in crediting these recoveries to different Head of accounts.

This supercedes the circular instruction issued earlier in this Deptt., letter No.51600/R., dtd 7.8.82.

Yours faithfully,

[Signature]

DEPUTY SECRETARY TO GOVERNMENT.

Memo No. 32118 /R., Dtd. 25-5-89

Copy forwarded to all Dephts of Govt./Secretary, Board of Revenue, Orissa, Cuttuck/ All Revenue Divisional Commissioners/All Spl. L.A.O's/ All L.A.O's/ All L.A. Branches/F.A. Cell/Budget(A) Branch, for information and necessary action.
From:
Sri J. K. Mohapatra, IAS,
Commissioner-cum-Secretary to Government.

To
All Collectors
All Special Land Acquisition Officers.

Sub: Deposit of compensation money and establishment contingencies in land acquisition cases.

Sir,

I am directed to say that instances of deposit of huge amount of money received by the Collectors for different purposes in bank account have come to the notice of Govt. A major part of such deposits relates to advances received on account of compensation and establishment contingencies of land acquisition cases. It has also been noticed that for opening of such bank account, Govt. approval has not been obtained.

2. Instructions were issued in this Deptt. letter No. 32177/R. dated 25.5.89 specifying therein the head of account under which the amount of advance received from public bodies and companies who are financially independent from Govt. is to be initially deposited. Again, instructions were issued in this Deptt. letter No. 3162/R. dated 19.1.96 indicating therein the head of account under which the entire amount of establishment contingencies is to be deposited. Recently in letter No. 15618/R. dated 20.3.98 an Accounting Procedure Rules for land acquisition contingencies has been communicated to all concerned. These rules provide that out of 20% establishment contingencies (10% in case of special Land Acquisition Establishments) to be received, 5% therefrom may be retained by the Collectors/Special Land Acquisition Officers and kept in bank account to meet contingent expenditures specified therein ancillary to land acquisition proceedings. The balance 15% (5% in case of Special Land Acquisition Establishment) of the establishment charges is to be deposited under the departmental receipt head specified in letter No. 20279/R. dated 21.4.98.

3. In spite of all these instructions, land acquisition contingencies and compensation money is still kept in bank account. This is highly irregular. It is, therefore, impressed upon all the Collectors and Special Land Acquisition Officers that the practice of depositing the land acquisition compensation and contingency money in bank accounts be discontinued forthwith and the following modalities be strictly observed without deviation.
4. Establishment charges received from the requisitioning authorities may be retained by the Collectors/Special Land Acquisition Officers as per the Accounting Procedure Rules and be kept in bank account.

(b) The balance 15% (5% in case of Special Land Acquisition Establishments) of land acquisition contingencies should be credited to the Head "0029-Land Revenue-800-Other Receipts". A copy of such chalan be furnished to Govt. for information alongwith the report to be furnished as prescribed in the Accounting Procedure Rules.

(c) The advance of compensation amount received from public bodies, companies or private individuals financially independent of Govt. be credited to the head "8443-Civil Deposits-117-Deposits for work done for Public Bodies or Private Individuals".

(d) The advance of compensation amount received from Govt. Departments including the Departments of Govt. of India be deposited under the Head "8443-Civil Deposits-111-Other Departmental Deposits".

5. Compensation amount, when required to be paid, may be paid by withdrawing the same from the above heads of accounts. The 5% land acquisition contingencies retained by the concerned authorities may be spent in accordance with the guidelines given in the Accounting Procedure Rules.

6. Details of accounts of the amount received and payments made be maintained properly and the prescribed reports and returns furnished periodically in time. All deposits into Treasury be verified in the next month with the Treasury Schedules to be received from the Treasury concerned and the certificate of verification be recorded on the Register of Receipts/Cash Book.

7. These instructions should be scrupulously followed. The receipt of this letter may please be acknowledged.

Yours faithfully,

[Signature]

Commissioner-cum-Secretary to Government.

Memo No. 16569 /R. Dated. 30-9-98

Copy forwarded to the Member, Board of Revenue/All R.D.Cs./All Land Acquisition Officers for information and necessary action.

[Signature]

Deputy Secretary to Government.