

CHAPTER – VIII

LAND REVENUE

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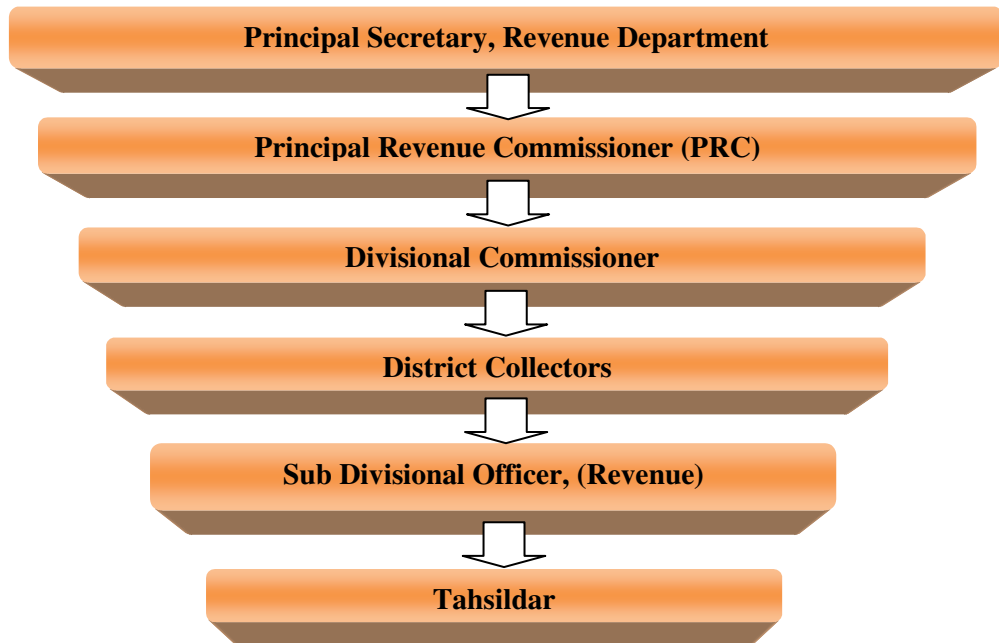


8.1 Tax Administration

The Revenue Department is headed by the Principal Secretary at the Government level. The Principal Revenue Commissioner (PRC) is the Head of the Department and is assisted by the Commissioner, Settlement and Land Records (CSLR). Commissioners of Divisions exercise administrative and fiscal control over the districts included in the Division. In each district, the Collector administers the activities of the Department. It is entrusted upon the Collector of a district to place one or more Assistant Collector(s) or Joint Collector(s) or Deputy Collector(s) in charge of a sub-division of a district. The officers so placed in charge of a sub-division are called Sub Divisional Officers (SDO). They have to exercise such powers of the Collector as are directed by the State Government by notification. Superintendents/Assistant Superintendents, Land Records (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. *Tahsildars*/Additional *Tahsildars* are deployed in the *tahsils* as representatives of the Revenue Department. There are 10 revenue divisions (each headed by a Commissioner), 50 districts (each headed by a Collector) and 341 *tahsils* in the State.

The Organisational Chart of the Department is as under:

Chart 8.1: Organisational Setup



All land, to whatever purpose applied and wherever situated, is liable to pay revenue to the State Government, except such land as has been wholly exempted from such liability by State Government or under the provisions of any law or rule for the time being in force. Such revenue is called “Land Revenue” and that term includes all moneys payable to the State Government for land, notwithstanding that such moneys may be described as premium or rent. When agricultural land is diverted to residential/commercial purposes, diversion rent and premium are assessed by the Sub Divisional Officers (SDO). Ground rent, premium and interest are levied on the *Nazul*¹/Government land allotted on permanent and temporary lease in the State. *Panchayat upkar* is also levied on land revenue in respect of land situated in *panchayat areas*. Section 74 of *Panchayat Raj Adhiniyam*, 1993 provides for the levy of cess in *Gram Panchayat* areas on diversion rent and premium thereon. *Panchayat* and *Gramin Vikas Vibhag* under Government of Madhya Pradesh is the administrator and user of this fund. The fund is utilised for developmental work of *panchayat*. During the period 2011-12 to 2015-16, the Revenue Department had collected *panchayat upkar* amounting to ₹ 69.40 crore.

Receipts from Land Revenue are regulated under the provisions of the following Acts and Rules and notifications issued thereunder:

- Madhya Pradesh Land Revenue Code (MPLRC), 1959;
- Madhya Pradesh *Panchayat Raj Adhiniyam* (MPPRA), 1993;
- Madhya Pradesh *Upkar Adhiniyam*, 1982;
- Madhya Pradesh *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhiniyam* (MPLA), 1987; and
- Revenue Book Circular (RBC).

¹ *Nazul* land is Government land which is used for construction or public utility purpose viz *bazar* or entertainment places.

8.2 Internal Audit

Internal Audit is an important mechanism to ensure that the departmental operations are carried out in accordance with the applicable laws, regulations and approved procedures in an economical, efficient and effective manner, subordinate offices are maintaining various records, registers/account books properly and accurately, and adequate safeguards are being taken against revenue not collected/short collected or evasion of revenue.

The Department has informed (August 2016) that as of now, Internal Audit Wing (IAW) has not been formed. However, proposal for establishment of IAW has been forwarded to Administration Department for administrative approval.

In absence of internal audit, many irregularities persisted year after year and officials were adopting different approach on certain provisions of the MP Land Revenue Code.

8.3 Results of Audit

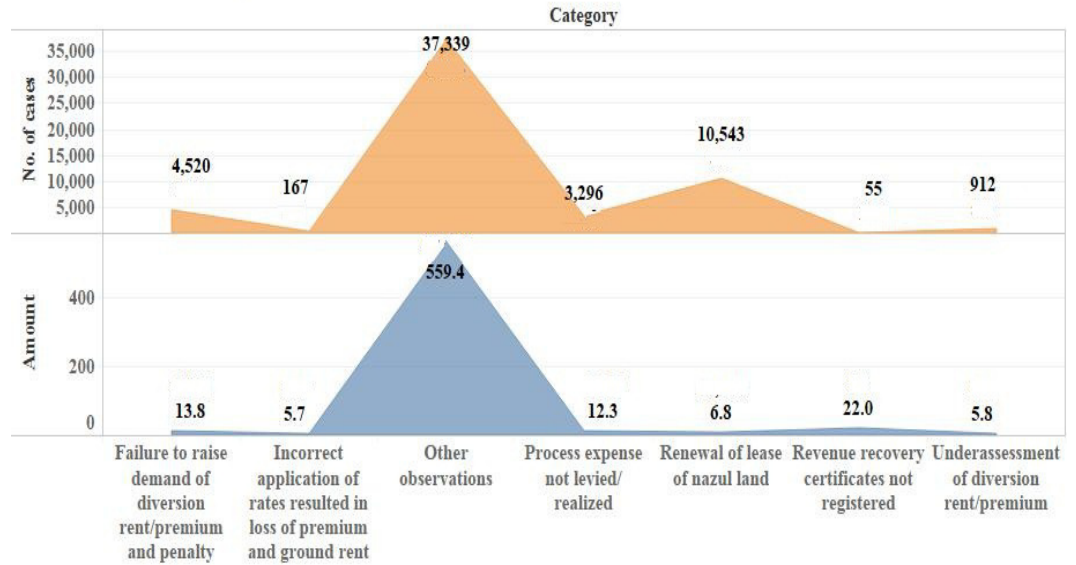
We test checked records of 79 units (26 Collectorates and 53 Offices of *Tahsildar*) out of 384 units relating to land revenue during the year 2015-16 and found underassessment of revenue and other irregularities involving ₹ 625.73 crore in 56,832 cases which fall under the following categories as mentioned in the **Table 8.1**:

Table 8.1
Results of Audit

Sl. No.	Categories	(₹ in crore)	
		No. of Cases	Amount
1.	Incorrect application of rates resulted in loss of premium and ground rent	167	5.67
2.	Renewal of lease of <i>nazul</i> land	10,543	6.80
3.	Underassessment of diversion rent/premium	912	5.80
4.	Failure to raise demands of diversion rent/premium and penalty	4,520	13.81
5.	Process expense not levied/ realised	3,296	12.30
6.	Revenue recovery certificates not registered	55	21.98
7.	Other observations (recovery process not initiated in arrears of land revenue, recovery against Revenue Recovery Certificates not effected and maintenance of list of defaulters not maintained in Form B-7)	37,339	559.37
Total		56,832	625.73

Chart 8.2

Results of Audit (Amount involved is ₹ 625.73 crore in 56,832 cases)



The audit observations were forwarded to the Government and the Department. The Department accepted underassessment and other irregularities of ₹ 167.27 crore in 10,194 cases, which were pointed out in audit during the year 2015-16 and an amount of ₹ 70 lakh was realised in 6,308 cases by the Department.

The replies given by the Department during a meeting (September 2016) have been included in respective paragraphs.

A few illustrative cases involving loss of Government revenue of ₹ 3.86 crore are mentioned in the following paragraphs:

8.4 Panchayat upkar on diversion rent and premium not levied

In 473 cases related to diversion of land situated in gram panchayat areas, the Collectorates and Tahsil Offices did not levy and demand panchayat upkar on diversion rent and premium depriving the Government of revenue of ₹ 2.48 crore.

Panchayat Raj Adhiniyam, 1993 provides that *panchayat upkar* is leviable for each revenue year on every land holder and the Government lessee in respect of land held by him in the *Gram Panchayat* area at the rate of 50 *paisa* per rupee of land revenue or/and rent assessed for each piece of land. The *upkar* is leviable in addition to the land revenue or/and rent. Under Section 58(2) of Madhya Pradesh Land Revenue Code, premium is included in the definition of land revenue; hence *panchayat upkar* is leviable on premium rent also.

We observed during test check of diversion cases in nine Collectorates² and 12 *Tahsil* offices³ between July 2015 and April 2016 that out of 1,040 cases test

² Agar malwa, Annupur, Ashok Nagar, Burhanpur, Chhatarpur, Dewas, Jabalpur, Raisen and Sagar

checked, in 473 cases of diversion of land, *panchayat upkar* of ₹ 2.48 crore on diversion rent and premium was not levied (between 2009-10 and 2015-16) though the land was situated in *Gram Panchayat* area.

Tahsildar Ratlam (November 2015) and Shahpura (March 2016) did not agree with the audit objection and stated that there is no provision of recovery of *panchayat upkar* on premium, Collector Annupur (April 2016) stated that *panchayat upkar* would be assessed and intimated to the audit, while Collectors and *Tahsildars* of remaining offices replied (between July 2015 and March 2016) that *panchayat upkar* would be assessed and recovered after verification.

The replies of *Tahsildar* Ratlam and Shahpura were not acceptable as Section 58(2) of the Madhya Pradesh Land Revenue Code clearly stipulate that premium is included in the definition of land revenue; thus *Panchayat upkar* is leviable on premium also.

We reported the matter to the Department and Government (May 2016 and June 2016). The Department stated during a meeting (September 2016) that, directives from the Government would be obtained regarding levy of *panchayat upkar* on premium and rent.

8.5 Process expenses not recovered

The Department did not recover process expenses of ₹ 1.14 crore on the amount of ₹ 40.22 crore recovered against Revenue Recovery Certificates during the period 2007-08 to 2015-16.

The MP *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhinyam*, 1987 (MPLA) and Madhya Pradesh Land Revenue Code (MPLRC) provided that the recovery officer will register the revenue case in the Revenue Recovery Certificate (RRC) Register after receipt of the Revenue Recovery Certificate and issue the demand notice within 15 days. The demand notices include principal amount with cost of proceedings and interest on the sum due at the rate specified in the agreement, upto the date of recovery. The *Adhinyam* and rules made thereunder stipulated that process expenses at the rate of three *per cent* of the principal amount is also leviable in RRC cases.

The rules made under aforesaid *Adhinyam* stipulate that all the recoveries effected under this *Adhinyam* should be recorded in a recovery register – Form - II in which details of the person, amount of recovery as shown in recovery certificate, process fees recovered and total amount recovered with dates should be maintained. Respective branches of the bank should also forward monthly statement in Form – IV, in which the amount deposited by its client directly in branches against RRCs recovered by the Department and details of amount of process fees deposited in treasury should be recorded.

³ Ashta (Sehore), Ashok Nagar, Bhanpura (Mandsour), Dewas, Kasrawad, Huzur (Bhopal), Lavkush Nagar (Chhatarpur), Ratlam, Sanver (Indore), Shahpura (Dindori) Ujjain and Vijaypur

We observed (between April 2015 and July 2016) during test check of the statements of recovery of four Collector Offices⁴ and 17 *Tahsil* Offices⁵, that process expenses of ₹ 1.14 crore was recoverable on the amount of ₹ 40.22 crore recovered against RRCs during the period 2007-08 to 2015-16. However, the amount remained unrecovered as the system prescribed for monitoring of amounts recovered by the Department against RRCs and process expenses thereon were not followed and prescribed registers were not maintained by the *Tahsildar* offices. Monthly statement by Banks in Form - IV were also not being submitted by their respective branches. Thus an amount of ₹ 1.14 crore remained unrealised due to the absence of a system for monitoring the recovery of process expenses (**Appendix XXIII**).

We reported the matter to the Department and the Government between May 2015 and July 2016. The District Collector, Shivpuri has reported (September 2016) recovery of process expense of ₹ 2.87 lakh against outstanding amount of ₹ 7.32 lakh. The Department stated (September 2016) that demand notices have been issued to the Banks to deposit process expenses.

8.6 Under assessment of diversion rent and premium.

There was under assessment of diversion rent and premium amounting to ₹ 23.98 lakh in 31 cases due to incorrect application of rates.

As per Section 59 and 172 of the Madhya Pradesh Land Revenue Code 1959, if land assessed for one purpose is diverted for any other purpose, the land revenue (premium and diversion rent) payable on such land shall be revised and reassessed in accordance with the purpose for which it was diverted from the date of such diversion at the rates fixed from time to time by the Department/Government.

We observed during test check of diversion cases in two Collectorates of Chhindwara and Ratlam and four *Tahsil* Offices of Alirajpur, Dabra, Pipariya and Kurwai between May 2015 and January 2016, that there was underassessment of diversion rent and premium in 31 cases, out of 296 cases, of diversion decided (between April 2014 and November 2015). Underassessment was mainly due to application of old rates of tax. This resulted in short realisation of diversion rent ₹ 4.62 lakh and premium of ₹ 19.36 lakh during the period 2013-14 to 2014-15 as mentioned in **Appendix XXIV**.

⁴ Agar Malwa, Dindori, Raisen and Ratlam

⁵ Ashok Nagar, Betul, Bhanpura, Dewas, Gulana, Guna, Mandsaur, Mohan Bododiya, Neemuch, Niwari, Panna, Pansemal, Pathriya, Shivpuri, Shujalpur, Sonkatchh and Suwasara

We reported the matter to the Government and Department between April 2016 and May 2016. The Department stated (September 2016) that detailed reply would be submitted separately, after getting the status from the units involved.



Bhopal
The 21 December 2016

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Accountant General
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Madhya Pradesh

Countersigned



New Delhi
The 23 December 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India