

CHAPTER – 6
LAND REVENUE

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6.1 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 and is assisted by one or more sub-divisional officers in the rank of Assistant Collectors/Deputy Collectors/Joint Collectors as the case may be. 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), 51 Districts (each headed by a Collector) and 335 *tahsils* in the State.

As per provisions of Sections 58, 59 and 60 of the Madhya Pradesh Land Revenue Code, 1959, all land is liable to the payment of revenue to the State Government notwithstanding that such revenue may be described as premium⁸³, rent⁸⁴ or lease money⁸⁵. When agricultural land is diverted to residential/commercial purposes, diversion rent and premium are assessed and collected by the Sub Divisional Officers (SDO) and respective *Tahsildars*. *Nazul*⁸⁶/Government land are allotted on permanent and temporary lease on payment of premium and ground rent. *Panchayat upkar* (cess) is also levied on land revenue in respect of land situated in *panchayat areas*.

Land Revenue is regulated under the following Acts and Rules and notifications issued thereunder:

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

6.2 Trend of Receipts

The trend of receipt of land revenue for the period 2013-14 to 2017-18 is given in **Table 6.1** below:

⁸³ Premium is lump sum amount payable for diversion of land use and for allotment of Government land on lease basis.

⁸⁴ Rent means whatever is paid or is payable in money or in kind - (i) by an occupancy tenant to his *bhumiswami*, or (ii) by a Government lessee to the Government.

⁸⁵ Lease money is the money given to the lessor by the lessee as per terms of the lease.

⁸⁶ *Nazul* land is Government land which is used for the purpose of construction of public utilities, viz. *bazaars* or entertainment places.

Table 6.1
Trend of receipts of Land Revenue

(₹ in crore)

Year	Budget estimates	Actual receipts	Percentage of variation
2013-14	572.00	366.23	(-) 35.97
2014-15	700.10	243.10	(-) 65.28
2015-16	500.00	276.86	(-) 44.63
2016-17	500.00	406.65	(-) 18.67
2017-18	700.00	490.99	(-) 29.86

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

It can be seen from the above Table that budget estimates prepared by the Department for the year 2017-18 were not achieved and fell short by 29.86 per cent. The Department intimated (December 2018) that in the F.Y. 2017-18, the budget target set by the Finance Department was on the higher side and it was further stated that revenue receipts of year 2017-18 was 20.74 per cent more as compared to receipts of the year 2016-17. However, no specific reasons for decrease in revenue receipt during 2014-15 and 2015-16 were intimated by the Department.

6.3 Internal Audit

The Department informed (December 2018) that there was no separate Internal Audit Wing (IAW) at PRC office. The Divisional Commissioner and Collector perform inspection of Land Revenue Wing, including follow up of Inspection Reports. Further, higher authorities constitute inspection teams for inspection of District offices, review the Inspection Reports submitted, and issue directions for corrective actions. Further, the inspection programmes and inspection notes uploaded by the inspection staff on RCMS (Revenue Case Management System) software, were being monitored at the PRC office and necessary instructions were being issued by the higher authorities to the subordinates.

Audit scrutiny (December 2018) of the Inspection Reports relating to inspections conducted by Divisional Commissioner, Narmadapuram, Hoshangabad in two *Tahsil*⁸⁷ offices, Divisional Commissioner, Bhopal in *Tahsil* Sehore and Collector, Hoshangabad in eight *Tahsil*⁸⁸ offices revealed that observations on Revenue Recovery Certificates cases, penalty cases and recovery of arrears were made during the inspection by the Divisional Commissioners and Collectors. However, observations like undervaluation of market value of land resulting in less realisation of diversion rent and premium, and levy of cess on premium and ground rent existed in these offices which were not pointed out during inspections.

During the Exit Conference (April 2019), the Department stated that it was due to their focus being more on court cases, public service deliveries and land records related enquiry.

⁸⁷ Babai and Itarsi.

⁸⁸ Babai, Bankhedi, Dolariya, Hoshangabad, Itarsi, Pipariya, Seoni-Malwa and Sohagpur.

However, the core issues affecting the revenue collection should have been taken up during inspection.

6.4 Results of Audit

During 2017-18, audit test-checked, the records of 49 units (13 out of 51 Collectorates, 34 out of 335 *Tahsildar* offices, one office of the Principal Revenue Commissioner, Bhopal and one unit of Commissioner Land Records, Gwalior) out of 388 units relating to land revenue. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 406.65 crore out of which, the audited units collected ₹ 51.98 crore (12.78 per cent). Audit observed under-assessment of revenue and other irregularities involving ₹ 325.67 crore in 18,687 cases which included arrears of Land Revenue of previous years. It was seen that the Department had still not taken appropriate action for their recovery. These observations fall under the following categories, as mentioned in **Table 6.2** below:

Table 6.2
Results of Audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Revenue recovery certificates not instituted	4	35.79
2.	Incorrect application of rates resulting in loss of premium and ground rent and non-levy of <i>panchayat upkar</i> (cess) on premium or ground rent	280	29.10
3.	Lease not executed or renewed	172	21.99
4.	Process expense not levied/realised	2	6.06
5.	Lease in respect of <i>Nazul</i> land not renewed resulting in revenue loss to the Government	276	5.45
6.	Failure to raise demands of diversion rent/premium and penalty	2881	3.52
7.	Land revenue and <i>panchayat upkar</i> not deposited in the major head of accounts	145	2.55
8.	Non-registration of leases of <i>Nazul</i> land	4	2.38
9.	Underassessment of diversion rent/premium	70	0.78
10.	Exemptions in land revenue without reasons	26	0.59
11.	Other observations (penalty not imposed on account of encroachment and unauthorised construction on agricultural land without diversion, inadequate action to recover arrears of land revenue after issue of RRCs)	14,827	217.46
Total		18,687	325.67

All observations were communicated to the Department between May 2017 and February 2018. The Department accepted under-assessment in irregularities of ₹ 26.59 crore in 1,217 cases and assured to review 1,736 cases involving ₹ 3.21 crore. However, no recovery has been intimated by the Department till date (September 2019).

6.5 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 264.92 crore in 39 paragraphs, against which the Department has recovered only ₹ 13.19 crore

so far (May 2019). Out of these 39 paragraphs, 28 paragraphs⁸⁹ were selected by the Public Accounts Committee (PAC) between March 2015 and May 2017 for discussion, out of which, one paragraph has been discussed so far. Reply of the Department in respect of 33 paragraphs have since been received through PAC. The PAC has already given its recommendations on similar paragraphs of ARs prior to 2012-13, compliance of which has still not been made by the Department as neither the time limit has been fixed for recovery in pending cases nor was persistence of such irregularities checked.

A few illustrative cases involving loss of Government revenue of ₹ 2.01 crore are mentioned in the following paragraphs.

6.6 Under-assessment of diversion rent and premium and non-imposition of penalty

There was under-assessment of diversion rent and premium and non-imposition of penalty amounting to ₹ 1.17 crore in 197 cases due to incorrect application of rates.

As per Section 59 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. This is to be done from the date of such diversion and at rates fixed from time to time by the Government/Department. Further, under Section 143, if any instalment of land revenue is not paid within one month of the prescribed date, then penalty not exceeding 10 *per cent* of the amount not paid would be leviable.

Audit observed (between April 2017 and December 2017) during test-check of diversion cases in six Collectorates⁹⁰ and 13 *Tahsil* Offices⁹¹, that there was under-assessment of diversion rent and premium, and non-imposition of penalty in 197 out of 1,596 test-checked cases of diversion decided between October 2009 and September 2017. Out of 197 cases, in 55 cases market value of the entire land was assessed on the rates applicable to agricultural land, in 122 cases value was not assessed for the purpose for which the land was diverted and in 20 cases penalty was not recovered on unauthorised diversion. This resulted in short realisation of diversion rent of ₹ 19.25 lakh, premium of ₹ 59.30 lakh and penalty of ₹ 38.06 lakh during the period 2009-17. Total revenue loss to the Government comes to ₹ 1.17 crore (**Appendix XXVI**). The Collectors and *Tahsildars* concerned failed to levy correct rate of diversion rent and premium and also did not impose penalty on willful defaulters.

During the Exit Conference (April 2019), the PRC stated that some offices were recovering the rest of the rent, premium and penalty. However, some offices in districts like Damoh, Narsinghpur, etc. had stated that valuation of land had been done as per Government orders. It was further added that matter would be looked into and final action would be intimated to audit.

⁸⁹ 2012-13 (01), 2013-14 (02), 2014-15 (24) and 2015-16 (01).

⁹⁰ Anuppur, Damoh, Dindori, Ratlam, Umaria and Vidisha.

⁹¹ Alirajpur, Alot, Ashta, Dewas, Gadarwara, Harda, Ichhawar, Jawad (Neemuch), Kasrawad, Malhargarh, Mandla, Moman Badodiya and Pushprajgarh.

Audit reported the matter to the Government (between December 2017 and June 2018), but reply is awaited (September 2019).

6.7 Penalty for unauthorised possession of land not recovered

In 962 cases of unauthorised possession of land, penalty of ₹ 84.06 lakh was not found levied.

Under Section 248 of The Madhya Pradesh Land Revenue Code, 1959, any person who unauthorisedly takes or remains in possession of any unoccupied land, service land or any other which has been set apart for any special purpose under Section 237 may be summarily ejected by order of the *Tahsildar* and any crop which may be standing on the land and any building or other work which he may have constructed thereon, if not removed by him within such time as the *Tahsildar* may fix shall be liable to forfeiture. Such person shall also be liable, at the discretion of the *Tahsildar*, to pay a fine which may extend to 20 per cent of the market value of such encroached land. Under Section 248(2-A) if any person continues in unauthorised occupation or possession of land for more than seven days after the date of order of ejection, then without prejudice to the find, the *Tahsildar* shall cause him to be apprehended and send him with a warrant to be confined in a civil prison for a period of 15 days/six months. An arrear of land revenue payable to the Government (or *Gram Sabha*) may be recovered by a *Tahsildar* by attachment and sale of movable property.

Audit scrutinised (between October 2016 and April 2017) the basic land record⁹² in five *tahsil* offices⁹³ and observed that in 962 cases out of 1,145 cases test-checked, fine arising out of unauthorised possession, amounting to ₹ 84.06 lakh⁹⁴ during the period October 2007 to September 2016, was not realised (**Appendix XXVII**). Revenue Order Sheets were issued by the *Tahsildar* Gwalior and Pushprajgarh in nine and eight cases respectively but in other cases no order was found to have been issued by the *Tahsildars* and only entries were made in the penalty registers concerned. Thus, the *Tahsildars* failed to recover the penalty and enforce the provision of the act in checking unauthorised occupation or possession of Government land.

During the Exit Conference (April 2019), the PRC assured to provide detailed reply along with supported documents after compiling the information from districts concerned. However, a recovery of ₹ 1.06 lakh in 31 cases were intimated by the *Tahsildars* to audit.

Audit reported the matter to the Government (between April 2017 and June 2018), but reply is awaited (September 2019).

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year.

⁹² *Daira Panji* (Revenue Case Register), Encroachments (A-68) etc., *Arthdand Panji* (Penalty Register), Demand Register and individual case files.

⁹³ Baldevgarh (Tikamgarh), Gaurihar (Chhatarpur), Gwalior, Pushprajgarh (Anuppur) and Suwasara (Mandsaur).

⁹⁴ Penalty not recovered by *Tahsildar* Gwalior (₹ 18.60 lakh), *Tahsildar* Baldevgarh (₹ 9.04 lakh), *Tahsildar* Gaurihar (₹ 2.55 lakh), *Tahsildar* Suwasara (₹ 4.81 lakh) and *Tahsildar* Pushprajgarh (₹ 49.06 lakh).

The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.