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## Sustainable Development Goals through Human Resources Management: Managing Pakistan's Land Revenue Resources with Challenges and Opportunities

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### **Abstract:**

*The paper has been developed in background of proposed sustainable development conference held in mid of July 2015 at Idris Ababa (Africa) with cooperation of the international community. The theme of conference was "Finance for Development" and focused to mobilize available resources and to invest in agriculture, energy, communication, health environment and human resource development.*

*The best possible use of available resources particularly tax resources for investments and further development is need of the hour. There is different potential of economies but it is concluded by the experts that in developing countries like Pakistan tax revenue can be increased from 2 to 5 percent of GDP so that we must work together with international community to generate the resources needed for the transformative vision of the proposed sustainable development Goals.*

*Pakistan like other emerging economies are facing unsustainable fiscal deficits due to increasing non development expenditure every year, difficulties in payment debt service charges due to leakages in revenue collection, and declining conditional external assistance of developed countries due to mismanagement in available resources. The main objectives of the study are to review the current strategies of resources mobilization through introducing best tax policies that should be fair, equitable and create minimal disincentives for economic efficiency, and initiate tax administrative reforms. This study fulfills the need of a separate study on land revenue system of Pakistan and is net addition in economics literature at national / international level. The study also suggests dynamic policy insights to increase in national pool of resources. The improvement in prevailing revenue system and increasing revenue receipts will be helpful in economic growth and development.*

**Keywords:** SDGs, Growth, Development, Resources, Revenue, Human Resource Management

### **1. Introduction**

The provincial's governments in Pakistan are dependent on the federal government for meeting their financial needs ever. They have three common resources to run the affairs of their government and regions, federal transfer through NFC, their own generated local sources and external loans /assistances.

The provincial receipts provided for 20% to 30% of its requirements, while for the remaining 70% to 80% of its resource requirements relied on the federal transfers through NFC award and PSDP for development expenditure schemes occurred by federal government and external loans /assistances are only 5 to 10%.

This is a general perception that regional governments with help of federal government should focus on significance of a strategic framework and integrated policies on provincial resource mobilization in the specific context of provincial development expenditure and revenue expense budgets.

There is a growing need for a mechanism through which evidence-based policy deliberation and the decision process on taxation strategy in particular and resource mobilization in general, is formalized and strengthened through a comprehensive study on the vast subject.

The tax policy is an important component of fiscal policy within the framework of overall economic goals of the governments in entire world particularly in developing economies. This is also the general perception that provincial governments' capacity for financial administration, particularly resource mobilization, is significantly restrained.

Developing evidence-based policy directions and conducting systematic analyses of existing and potential taxes are considered pivotal in redressing. There is a general consensus among the students of economics and financial literature and intellectuals of the region that provincial receipts have the potential to increase phenomenally even without depending on a corresponding increase in the tax rate.

A detailed review of the land revenue system of Pakistan and provinces with existing reliable data of four provinces of land tax is essential for meaningful reforms, both at the levels of fiscal policy and organizational hierarchy to ensure their efficiency, equity at all level and efficacy of land revenue system is needed in the context of its existence potentials and deficit financings of the provinces for further economic development and institutional growth in the region.

Keeping in view of the above discussions it is need of the hour to study the land revenue system of Pakistan with great enthusiasm, which is centuries old and time barred now but having potential to increase more with greater emphasis on improving the efficiency and effectiveness of the revenue administration, strengthening the institutional framework, selection of others provincial taxes and relevant duties which are economically feasible for country and economy. It has been suggested in the recommendations section of the study to develop a vibrant resource mobilization policy that can improve land revenues system of the provinces as a more sustainable solution of their financial problems in the cutting age of globalization.

## 2. Methodology

The qualitative strategy has been employed while sort out major obstacles in collection of land revenue system in Sindh-Pakistan by evaluation of most important /dependent variables. The authors are also a progressive farmer of central and upper cropping zone of Sindh. So the qualitative section of the study reflects field experiences and real assumptions. In this section of the study; personal observations of the author, outcome of specific and targets groups, strengthen the hypothesis with more emphasis to make the document a fine one and very close to realities.

The qualitative approach of research has been used in this section, mainly depending on 20 years secondary data of land revenue receipts of Pakistan and provinces to make the study a unique policy document in all respects. The data of 20 years has been analyzed in three phase's i.e. before decentralization, during decentralization and after its closing. The available data set of Pakistan agricultural statistics of Pakistan has been analyzed with help of E-Views for more valid results and evidences.

## 3. Discussions & Results

Land revenue refers to all of the income earned from the agricultural land. This generally involves crops being grown on the property and sold, the importance of Land revenue to a business is, it shows how much money goes into the business & also if you subtract if from costs then it shows how much profit has been made. Land revenue in Pakistan has remained a most difficult, inflexible, unresolved and complex issue for centuries. Non-payment of land revenue is considered as a rebellion till today. It is interesting to mention here that the revenue department is operating on the same age old British lines even in the age of globalization. Therefore there is need to develop human resources who can adopt emerging changes in the land revenue domain.

When we analyze the land revenue system of the sub content in historical contest we found that the ancestral period evidences prove that lands were the collective property of cultivators in Pakistan. They worked together in production process, offering a fixed share in production to the state through the head of village. In the pre-Muslims period, each conquering chief ruled over a certain allotted area of a country and was sub-ordinate to a greater Raja who was paid a tribute through some portion of crop production as land revenue mostly price of one fifth of total production earned from land .

The Muslims made use of this existing structure in 8<sup>th</sup> century and out of it grew the system of Zamindars. The same practice had been done by Sultan Altamash, Sultan Allauiddin and Mughal rulers from 1200 to 1700 AD. "The feudalistic or Jagirdari system was first introduced in Islamic states during the period of Banu Myyad, when they distributed large tracks of land among their family members, loyal associates and other influential persons free of cost" (Philip K. Hitte (1960,pp.232).

Another scholar, S.N Zahid concludes that "In our region during the rule of Abbasi Khalifa named Al-Muta Wakal (847-861), an Arab ruler had been given Jagirs to his army officers for expenditures of their armies". (S.N ZAHID 1982,p.21).

Present Pakistan became a part of the Mughal Empire in the days of Akbar (1592 AD) during his period; land was the property of king only. In the mid of 17<sup>th</sup> century, about 8,000 nobles, who managed large armies to serve the Mughal Empire in difficult times were given large tracts of lands (Jagirs) in appreciation of their services and loyalty with king. The collection of revenue from peasants for the state was their extra responsibility.

Jagirdars or nobles appointed Zamindars (Local Lords) who served as revenue collectors on behalf of the Jagirdars in their locality/area. "In the last days of Mughals, Jagirdars and Zamindars grew strong in power. They made their claims on vast tracts of the land and brought peasants under their control, in a sense marking the beginning of feudalism". S. Akbar Zaidi. (1999, pp.03)

After the fall of Moguls in sub contents the British government of India introduced one of three land revenue systems in the region. "First Landlord based system, which is also known as *zamindari* or *malguzari* revenue collection systems, second organized on the

basis of individual cultivators, also known as *raiyyatwari* revenue collection system and third Village-based revenue collection systems, also known as *mahalwari* system of revenue imposed by the British authorities” (Natasha Shahid,2015).

### 3.1. The Land Loard/ Zamindari System

The Zamindari system was introduced by the British in the Eastern provinces of India i.e Bengal, Bihar and Orissa. In this system of land regulation, the landlord – the person who was awarded a piece of land by the British – was solely in charge of revenue collection. There were no direct dealings with the cultivating peasants and the landlords were in effect given all property rights, though, in later years with some measures for protecting the rights of tenants and sub-proprietors.

### 3.2. The Ownership/ Ryotwari System

The *Ryotwari* system was introduced mainly in the South Indian region, in modern Indian states like in Maharashtra, Karnataka, etc. In this system, the British awarded peasants with ownership of their land, making this is a system of peasant-proprietorship and all land revenue collection was made directly from the peasants who owned the land cultivated by them.

### 3.3. The Village Elite/Mahalwari System

In the western region nowadays Pakistan *Mahalwari* system was introduced. In this system, the British developed groups of the prominent people and assigned to them the task of collecting land revenue from all the farmers that was birth of feudalism promoted by British government, and their hiers are still strong and dominated in present political economy of Pakistan.

In British period (1843-1947) Deputy Collector and collector was high official of revenue department and India act of 1919 and 1935 was the basic significant document and still validate guide for revenue officer to manage the affairs of daily business.

After creation of Pakistan Deputy Commissioner at district level was the main revenue collecting authority till 2001. Divisional Commissioner at regional level and Senior Member Board of Revenue at provincial level are also heads of the organization, but role of Deputy Commissioner at district level and Tapedar at lowest level is significant for land revenue collection.

During regime of decentralizations (2001 to 2009), two terms of four years District Coordination Officer (D.C.O) was in authority of revenue system. Executive District Officer (D.O), revenue is next to him and D.O is next to EDO. Assistant commissioner/ Deputy District Officer have the charge of subdivision and Mukhtiarkar work as Taluka Revenue Officer and Assistant Mukhtiarkar work as his deputy/assistant. Circle Supervisor has two to five Tapedars working directly under him. From 2013 to date old system of deputy commissioner was reinforced again in three provinces except Punjab.

The tapedar is among the lowest revenue officials and in charge of more than 5000 to 8,000 acres land (Deh) for revenue collection. (See in detail organization chart in figure 1) He is among the lowest officials to collect revenue with the help of Cottar (his Office Attendant). There is an important point to mention here that the above organizational

The organization chart of revenue department shows that two officers are very important in the system i.e. D.C.O. at district level and Tapedar at Deh (area) level. At this lowest level, both are decision makers first at higher level and second at lowest level as revenue collector Tapedar is said to a backbone to revenue system since long as shown in figure 1 and 2 also.

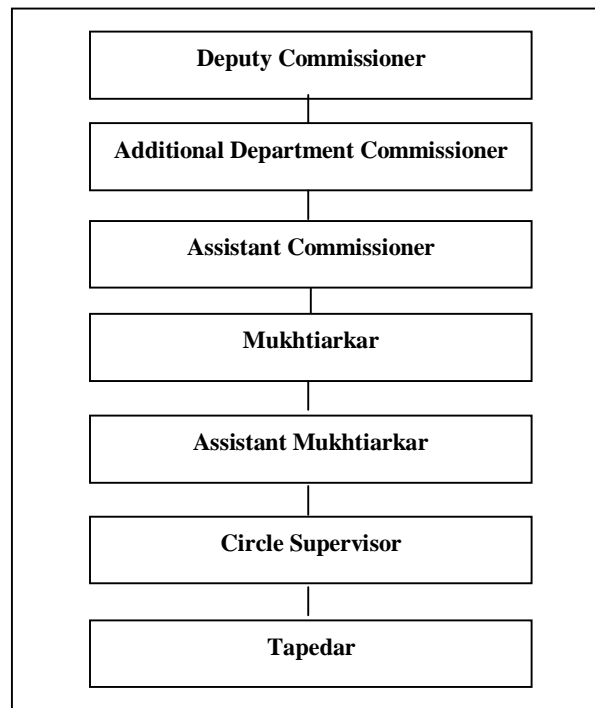


Figure 1: Oregano gram of Land Revenue Department in Sindh at District Level.

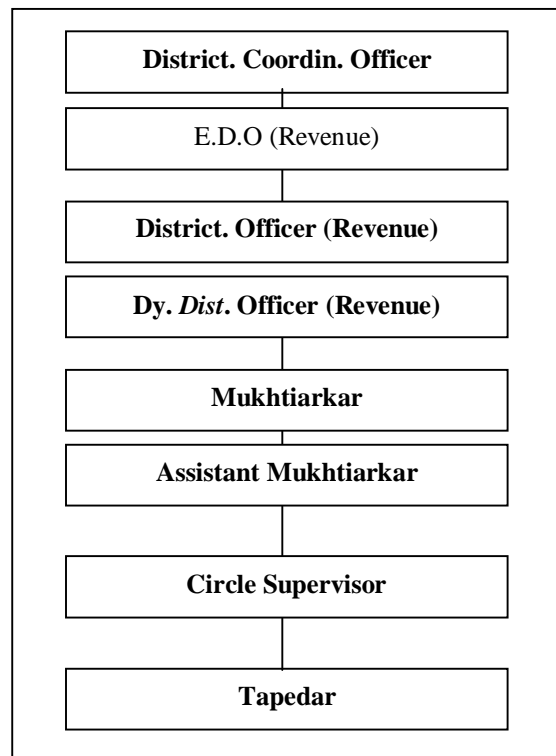


Figure 2: Organogram of Land Revenue Department in Sindh at District Level during decentralizations period (2001-2009)

Tapedar enjoys enormous power and respect among rural masses. Following unlimited powers testify to his influence/ importance because of manual collection system of revenue earned from land. He keeps/maintains revenue record of all growers of Deh (area). Tapedar assesses various categories of land, various kinds of crops and imposes/determines land revenue tax criterion in view of fertility/production and crop. This tax rates vary from area to area, land to land and crop to crop. A category charges more than B and high rates are imposed on fruit farms as compared to wheat or sugarcane or fodder crop.

His assessment power increases his importance in decision making, and makes him more corrupt, creating a web of complexities and confusion for illiterate growers. He collects land revenue and issues receipts on behalf of Sindh Government. He works as a coordinator also between growers and revenue officers, making him a main pillar of revenue department. With no provision in the given budget, he affords all expenses of high level official gatherings, visits and even meetings of ministers, and other top ranking official's. This is what earns him an important place in the good books of district administration. His infinite powers and influence strengthen his grip in a rural society/setup where majority of rural masses are illiterate, backward and powerless.

Feudalistic culture in our country increases political and socio economic power of big feudal specially in rural areas and in the power corridors due to their presence in provincial assemblies, national assembly, senate and provincial and federal cabinet. After the creation of Pakistan, they increased/strengthened their political/financial clout and completely dominated on bureaucratic hierarchy, getting their family members favorites/ cronies on key positions and getting their opponents eliminated/subjugated. Tapedar, a revenue official on the one hand cooks up the actual taxation records showing fertile land of feudal/powerful elements as low category, barren or uncultivated, incurring a loss of billions of rupees on national exchequer every year. And on the other, due to government pressure for tax collection, he shifts the tax burden of influential landlords/feudal/powerful elements (mainly in the wake of devolution process in Pakistan since 2001-2009) to small growers and shows a sufficient amount in recovery. This is due to lack of skilled human resources and poor management system.

#### 3.4. Decentralizations and Declining Trends in Land Revenue

During the empirical work in the fields on specific/target groups, it has been found that shift of tax varies from time to time and about 30 to 50% tax incidence gets shifted to small growers and peasants. Of above tax incidence, small progressive growers afford 30% to 50 and peasants afford the rest, these little small, poor and less influential growers bear the incidence of all the agricultural taxes. So it is clear that agricultural tax system of the Sindh and also country finds it hard to serve as an instrument of social justice and leads to policy failure.

The rich/powerful elements have to be taxed and the proceeds have to be spent on the welfare of the poor but above system accelerate more poverty and injustice in the rural areas of the region.

A serious question arises here that is it linked with agriculture development and can we improve the system of agricultural-tax collection? In the development sense, incidence of tax on poor growers reduces/affects their re-investment power and spreads poverty. Re-investment importance cannot be overlooked for acceleration of development process. The answer of the second part of question is too easy in this global village that deliberately no attention has been paid to improve the agricultural-taxation system due

to mutual benefits of big landlords and bureaucracy who favour the status quo and time barred feudalism system. People who bear the incidence of agricultural-tax think that their voice can not reach assemblies and other power corridors so they always remain at the mercy of Tapedar, a lowest revenue official. More interestingly, all revenue officials operate directly under the Taulka and district nazims who mostly represent feudal/ politically influential families in Pakistan. There seems lack of sub-division of duties and horizontal hierarchy.

The decline in land revenue system in Sindh particularly shown in table 1 as 144 million to 105 in first year and remain low up to 124 million from 2001-02 to 2007-08. See details of data in table 1 and figure 1 also the overall all declining trends in 08 years of decentralizations. Only the Punjab province performs better in the decentralization period and then KPK as shown in n the table/graph we can see that from the all provinces Punjab lead to generate more revenue from land.

In the same period Punjab collection was increased more than 100% from 1993.7 to 4849.10 million and lose 141.2 to 105.4, up to 39 million in first year of decentralization only increase has been observed in the last year of decentralization as 250 million in the year of 2008-09. This could be over come with strong monitoring using skilled human resources.

The small province of KPK and Balochistan also perform best since 2005-06 in land revenue collection in comparison of Sindh province which has great potential to increase the revenue up to thrice with taking simple efforts as proposed in policy recommendation in the last section of the study.

S.NO	Year	Sindh	Punjab	KPK	Balochistan	Total (Rs. In Million)
1	1992-93	44.5	672.5	65.0	8.7	790.7
2	1993-94	43.4	898.7	77.8	10.5	1030.4
3	1994-95	54.9	957.4	70.0	12.6	1094.9
4	1995-96	70.6	1061.1	121.2	12.6	1265.5
5	1996-97	73.6	1285.0	200.0	17.0	1575.6
6	1997-98	83.9	1300.0	317.7	19.2	1720.8
7	1998-99	130.0	1906.5	150.0	21.3	2207.8
8	1999-00	130.0	1910.0	180.0	66.4	2286.4
9	2000-01	144.2	1910.0	200.0	30.5	2284.7
10	2001-02	105.4	1993.7	200.0	32.9	2332.0
11	2002-03	113.1	2009.2	200.0	35.2	2357.5
12	2003-04	118.2	2166.7	220.0	48.3	2553.2
13	2004-05	108.3	3001.5	275.0	100.3	3485.1
14	2005-06	110.0	3391.7	330.0	58.5	3890.2
15	2006-07	110.0	4046.3	380.0	224.1	4760.4
16	2007-08	124.0	4849.9	600.0	76.3	5650.2
17	2008-09	250.0	4600.0	758.1	98.4	5706.5
18	2009-10	250.0	5060.0	758.1	98.9	6167.0
19	2010-11	250.0	6900.9	758.0	98.9	8007.8
20	2011-12	450.0	9968.0	758.0	98.9	11274.9

*Table 1: Land Revenue Receipts of the Provincial Governments in Pakistan*



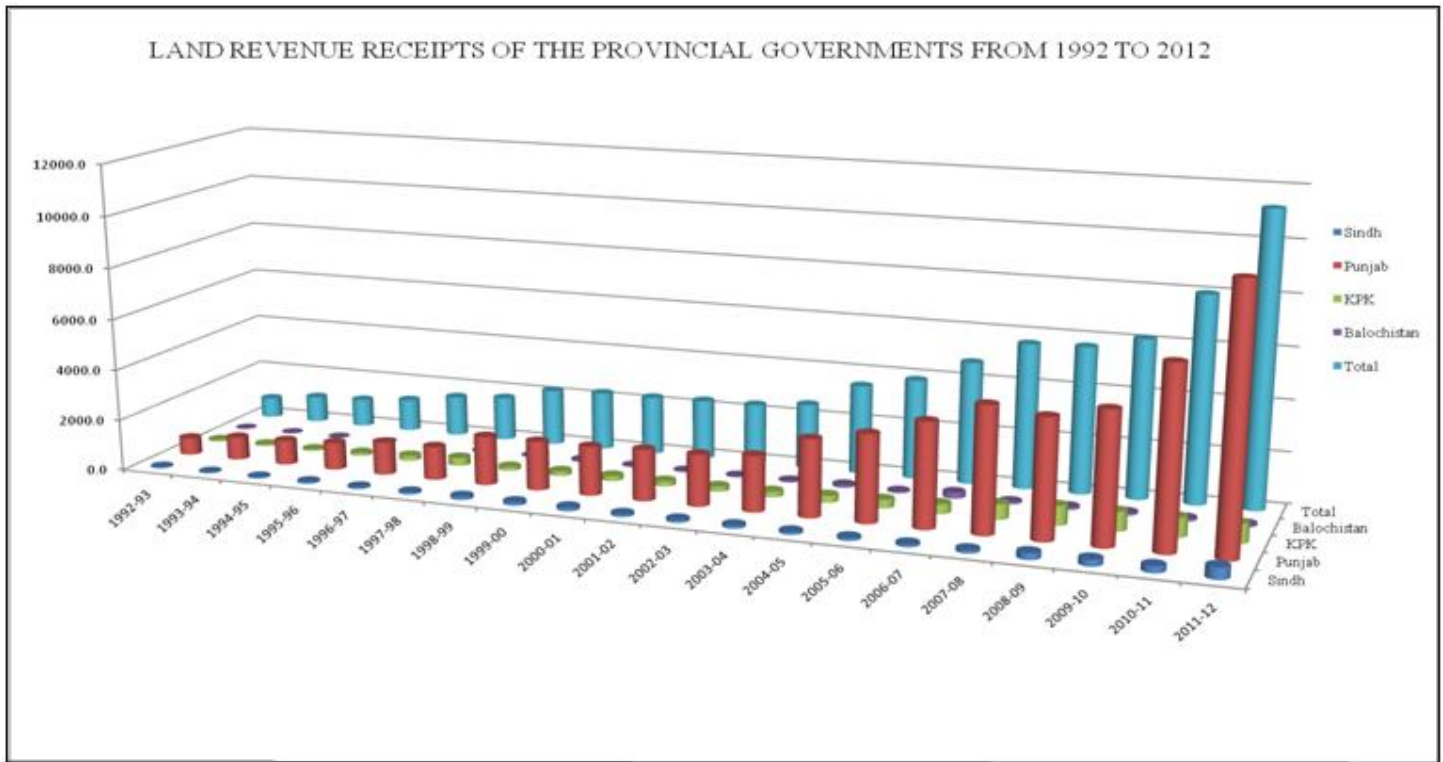


Figure 1

#### 4. Conclusion and Policy Recommendation

The land revenue system of the provincial governments urgently needs to be updated in terms of collection and the obsolete British system done away. There are, on the one hand, multiple taxes on agricultural sector on various inputs just like fertilizer, seed, pesticides, tractors, tube wells, water and use of land. And on the other, on output agricultural income tax, sugar cess, direct abyan, wealth tax, local cess on rice, cotton, drainage tax, mosque tax, indirect central excise duty on sugar, sales tax on cotton, cotton seed. The tax collected is neither documented & reported. And by developing competent human resources who can manage and control through latest management strategies.

The poor, illiterate small & less influential growers bear the brunt of incidence of all the agricultural taxes, estimated 25 to 40 percent annually. The influential feudal lords easily manage to evade such taxes due to their socio economic/political influence. The inflexible, unsolved and complex system of taxation imposed by bureaucracy deliberately for ages test the patience of growers and causes considerable loss to national exchequer. The existing system is working totally against the basic taxation cannons.

It also reduces allocation for infrastructure development in rural areas, leads to poverty in growers and hampers re-investment in agrosector. There is a need of uniformity, transparency and adoption of modern methods of collection and implementation of other cannon of taxation suggested by renowned economists. The provincial revenue department should be given assignments for the statistics purpose. A complete and up-to-date web-site, comprising all this information should be launched & in addition to it, a booklet comprising basic information on land, taxes & levies, cost of production and support price should be published for all growers and distributed among growers in local languages annually with the announcement of budget of the province.

It is proposed that a flat rate of tax based on three categories of production i.e. first, second and third should be levied. The records of rights needs to be updated and computerized bills be introduced for payment. Bills should be issued to landowners from the computerized 'Record of Right'. These bills should be payable in Banks, which will go direct in the treasury department.

The bills should be given in the first quarter of the year for government to ascertain its revenue statistics for the financial year. These bills should be given to landowners at least one month beforehand. This step will not only ease up farmers but also boost revenue department and its official's credibility and documentation will encourage farmers to pay taxes without facing bureaucratic hindrances leading to reduce corruption, inequality and incidence of tax on poor. There is a need to revisit the issues of agricultural income tax and capital gain tax at institutional level using participatory approach with true spirit and consultations of all stake holders

The following measures may also prove to be helpful for improvements in the system of collection. Of late, local revenue and relevant officials to provincial authorities have stated providing information on estimate basis and eventually passed on to federal statistics division and compilers of annual accounts. Land records, which are presently handled manually and are available at district level, should be computerized and be made available at even provincial and federal level. This may help to create a database and find out the individual, family and benami (unnamed) land holdings through out the country. The level of tax exemptions should be raised for small land holders, who hold less than 40% of land in the region. The big landholders, orchards, commercial crop and livestock farms, land taken on contract or lease particularly absentee landlords should be adequately taxed at large.

A task force comprising sub-committee of revenue officials at national / provincial and district levels should be constituted to examine afresh the issue of agriculture in general and tax in particular with a time frame of 10-12 months and with sufficient resources at their disposal. Present provincial agriculture income tax law is also general in nature and should be tailored accordingly. The task force after preparation of the report should circulate it for comments to all stakeholders and put it before a countrywide scientific session for the final discussion.

The Federal Board of Revenue and other relevant federal institutions may work as an agency and assist local revenue department in enforcement of the writ of the agriculture income tax law to reduce the implementation gap, to increase the tax base and to bring the positive change for further development in agriculture sector of Sindh in particular and economic development of the country in general.

Next to the issue of land revenue, the issue of agricultural income tax is also complicated and needs due attention of policy makers. In the past, a taxation committee in 1990 was formed and decided in favour of tax on agricultural incomes but no progress was made due to of lack of constitutional authority in this regard. Prior to this, at least three committees i.e. National Taxation Reform Commission, (1986) National Commission on Agriculture (1988) and Committee of experts on taxation of agricultural incomes (1989) were also discussed in detail at federal level to sort out the issue. These committees did not find favour with the very idea of tax on agricultural incomes due to a number of reasons discussed in this reports.

In provinces, agricultural income tax ordinance was promulgated in 2000; the law is essentially identical particularly in terms of definition of agriculture income, changing section and method of assessment etc. It was amended in 2001; this provincial legislation declared it as taxable but it is yet to be implemented in letter and spirit due to dismal interest of feudal/ legislators in the parliament and their influence on executives. There is also a wide scope of capital gain tax to enhance the capacity of revenue generation at local level but it is also neglected due to political ill will of feudal who wield considerable clout in the parliament

It is in the common interest of the country economy and its development to review preset strategies of resources mobilization through introducing best tax policies that should be fair, equitable and create minimal disincentives for economic efficiency, and initiate tax administrative reforms to simplify and rationalize the centuries old tax structure of land revenue and also to focus on agricultural tax collection on the same cannon of taxation suggested by classical and modern economists of the international repute. This revised strategy can bring the country on right path of economic development and growth in long run and increase in revenue collection in the short run to overcome the deficit problem of the country. This is the need of time to formulate strong policies which are only possible to develop competent human resources and better management policies.

The total receipt of land revenue in Pakistan is up to 11 billion annually as per above referred data but if above suggested policy recommendation will be implemented in letter and spirit it can be increased up to 20 billion in short run and with comprehensive strategy receipt can be increased up to thrice in long run particularly emphasized should be on Sindh and Baluchistan province.

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