

CHAPTER V STAMP DUTY AND REGISTRATION FEES

5.1 Tax administration of Stamp Duty and Registration Fees

Stamp Duty and Registration Fee are levied in the State on all the sales/gifts or transfer of land/property within the jurisdiction of the State, in consideration of the value of land/property involved, at the rates prescribed by the State under various Acts in force from time to time. The levy of Stamp Duty and Registration Fee in the State is regulated under the J&K, Stamp Act *Samvat* 1977 (1920 AD) and J&K, Registration Act SVT 1977 (1920 AD) and also the executive instructions, amendments, notifications, SROs issued on the subject by the State Government.

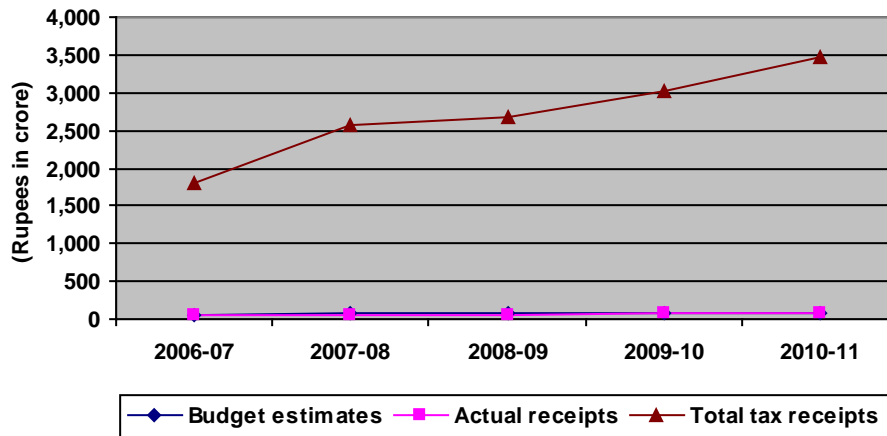
The State Government appoints an officer as Inspector General of Registrations for the State as a whole. In the State, the Chief Justice, High Court, J&K has been conferred the powers and duties of Inspector General of Registrations. The Principal District and Session Judges act as District Registrars at the District level who are assisted by Sub-Registrars (Sub-Judges, *Munsiffs* and Judicial Magistrates etc.) at the District and the tehsil levels. The overall administrative control lies with the State Law Department under Commissioner Secretary, Law.

The purchase and sale of stamps in the State fall under the jurisdiction of the Commissioner, Commercial Taxes who also acts as Commissioner Stamps and is assisted by two Deputy Commissioners (DC) Stamps, one each at Srinagar and Jammu. The DC Stamps, Jammu looks after the purchase aspects and distributes stamps to the Jammu-based treasuries and to the DC Stamps Srinagar (for distribution to Kashmir-based treasuries) on the basis of indents.

5.2 Trend of receipts

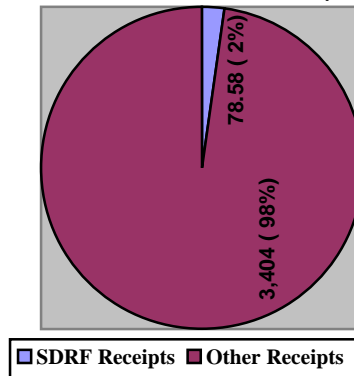
Actual receipts from Stamp Duty and Registration Fees (SDRF) during the years 2006-07 to 2010-11 along with the total tax receipts during the same period is exhibited in the following table and graph:

(₹ in crore)						
Year	Budget estimates	Actual receipts	Variation excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts
2006-07	47.35	56.93	9.58	20	1798.97	3.16
2007-08	66.70	65.63	(-) 1.07	(-) 2	2558.18	2.57
2008-09	79.17	57.14	(-) 22.03	(-) 28	2682.96	2.13
2009-10	82.61	69.51	(-) 13.10	(-) 16	3027.32	2.30
2010-11	67.23	78.58	11.35	17	3482.58	2.26



(₹ in crore)

Share of SDRF in Total Taxes (2010-11)



5.3 Cost of collection

The figures of gross collection in respect of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2008-09, 2009-10 and 2010-11 along with the relevant all India average percentage of expenditure on collection to gross collection for the previous year are mentioned below:

(₹ in crore)					
Head of revenue	Year	Gross collection	Expenditure on collection of revenue	Percentage of cost of collection to gross collection	All India average percentage for the previous year
Stamp duty and registration fees	2008-09	57.14	6.04	10.57	3.44
	2009-10	69.51	7.80	11.22	2.77
	2010-11	78.58	12.68	16.14	2.47

The expenditure on collection in Stamp Duty and Registration Fee was more than the all India average during the years 2008-11 and hence the Government needs to look into this aspect.

5.4 Results of Audit

5.4.1 Recovery at the instance of Audit

our test check of the Registration Authorities pointed out non/ short levy of ₹ 1.62 crore on account of Stamp Duty levied short and ₹ 5.46 lakh on account of short levy of Registration Fee during the period from 1996 to 2010. However, no recovery of Stamp Duty and Registration Fee was made by Registration Authorities.

5.4.2 Stamp Duty and Registration Fee

During 2010-11, out of 148 auditable units, 35 units were planned for audit and 24 units audited which is 16 *per cent* of the total auditable units.

Test-check of the records of 24 audited units revealed underassessment/short levy/loss of revenue aggregating ₹ 14 crore in 63 cases, which fall under the following categories:

(₹ in crore)

Sl.No	Category	No.of cases	Amount
1	Performance Audit on “ Assessment and levy of stamp duty and Registration fee”	1	8.77
2	Short levy of Stamp Duty and Registration Fees	43	5.12
3	Other irregularities	19	0.11
Total		63	14.00

A Performance Audit on “Assessment and levy of stamp duty and Registration fee” is mentioned in the succeeding paragraph.

5.5 Performance Audit on “Assessment and Levy of Stamp Duty and Registration Fee”

Highlights

Our scrutiny revealed that the Department had neither prepared any Departmental Manual for Registrations of Instruments nor any compendium of instructions/amendments/clarifications issued by Government from time to time. Administrative inspection of the Sub Registrars/*Munsiffs* was never conducted by the Principal and District Session Judges who are the Administrative heads of the Registering offices.

(Paragraphs 5.5.10.1 and 5.5.10.2)

We noticed one instance of embezzlement due to weak internal controls in the office of the Sub-Judge (Sub Registrar), Jammu where the registration fee of ₹ 0.20 lakh collected by a cashier (*Nazir*) in May/June 2007 had not been remitted into Treasury.

(Paragraph 5.5.10.3.1)

As required under Registration Act, no certificate on registers pertaining to various Deeds was recorded and intimated to Controlling Authority by the Registering Authorities. There was no mechanism in the Department to keep watch over the number of Deeds executed by a Registering Authority at District, Division & State Level.

(Paragraph 5.5.10.4)

We found that the relevant records of the Department had not been computerised for an efficient and effective administration of Stamp Duty and Registration Fee including an effective control over the leakage of revenue.

(Paragraph 5.5.10.5)

We found that the entries regarding the value of stamps used with the number of stamps and denomination had not been made in the prescribed records.

(Paragraph 5.5.10.6)

We found in nine Sub-registrars, that the Registering Authorities had charged Stamp Duty on instruments relating to lease deeds of over three years, executed between April 2007 and June 2010, at lower rates applicable under conveyance No.14, applicable to the lease of less than three years, than prescribed under conveyance No. 20, resulting in short-levy of ₹ 62.72 lakh involving 134 cases.

(Paragraph 5.5.11)

We found in 22 instruments of Sales of immovable properties that these were treated as cases of sale agreements and consequently attracted lesser rates than those prescribed

under conveyance No. 20, resulting in short levy of Stamp Duty and Registration Fees of ₹ 10.86 lakh.

(Paragraph No. 5.5.11.1)

We found that 17 Registering authorities had not charged Stamp Duty and Registration Fee in 971 cases at the revised market rates on instruments of sale/gift deeds registered during the period from January to March 2011, resulting in short levy of Stamp Duty of ₹ 4.60 crore and Registration Fee of ₹ 70.71 lakh

(Paragraph No. 5.5.11.2)

We found that rates of Stamp Duty and Registration Fee applicable to urban areas since 2003, based on notifications issued by the Urban Development Department, had not been applied while registering Instruments relating to properties situated in the areas within the Municipal limits, resulting in non-recovery of ₹ 2.73 crore .

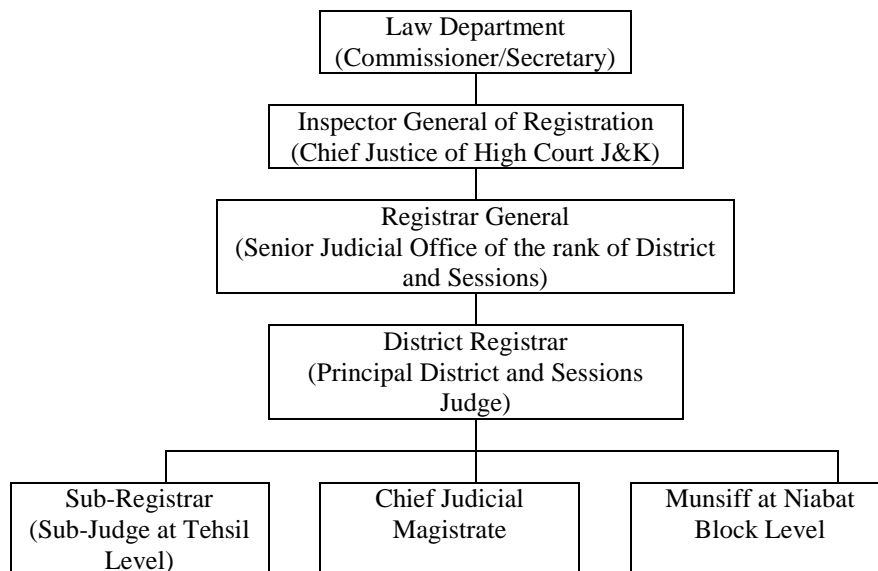
(Paragraph No.5.5.12)

5.5.1 Introduction

Stamp Duty and Registration Fee are levied in the State on all the sales/gifts or transfer of land/property within the jurisdiction of the State, in consideration of the value of land/property involved, at the rates prescribed by the State under various Acts in force from time to time. The levy of Stamp Duty and Registration Fee in the State is regulated under the J&K, Stamp Act *Samvat* 1977 (1920 AD) and J&K, Registration Act SVT 1977 (1920 AD) and also the executive instructions, amendments, notifications, SROs issued on the subject by the State Government.

5.5.2 Organisational set up

The organisational set-up of the Department is as under:



The State Government appoints an officer as Inspector General of Registrations for the State as a whole. In the State, the Chief Justice, High Court, J&K has been conferred the powers and duties of Inspector General of Registrations. The Principal District and Session Judges act as District Registrars at the District level who are assisted by Sub-Registrars (Sub-Judges, *Munsiffs* and Judicial Magistrates etc.) at the District and the tehsil levels. The overall administrative control lies with the State Law Department under Commissioner Secretary, Law.

The purchase and sale of stamps in the State fall under the jurisdiction of the Commissioner Commercial Taxes who also acts as Commissioner Stamps and is assisted by two Deputy Commissioners (DC) Stamps, one each at Srinagar and Jammu. The DC Stamps, Jammu looks after the purchase aspects and distributes stamps to the Jammu-based treasuries and to the DC stamps Srinagar (for distribution to Kashmir-based treasuries) on the basis of indents.

5.5.3 Audit Objective

The Performance Audit was conducted to assess whether:

- declared public offices discharged their functions in regard to levy of Stamp Duty and Registration Fees in accordance with the prescribed Rules and procedures;
- the Rules framed under various Acts were enforced effectively; and
- suitable internal control mechanism existed to ensure proper assessment and realisation of Stamp Duty and Registration Fee.

5.5.4 Audit Criteria

The levy of Stamp Duty and Registration Fee in the state is based on and regulated by the following Acts:

- J&K Stamp Act *Samvat* 1977 (1920 AD);
- J&K Taxation Laws (Amendment Act 2000);
- J&K Stamp and Registration Act *Samvat* 1977 (1920-AD); and
- J&K Statutes containing Notifications/SROs issued by the State Government from time to time.

5.5.5 Scope of Audit and Methodology

The Performance Audit of the system of assessment and levy of Stamp Duty and Registration Fee for the period from 2006-07 to 2010-11 was conducted from January 2011 to May 2011 by test check of records of 42 of 135 Sub Registrars (registering authorities). The selection of Sub Registry was based on the quantum of revenue

collected by the registering authorities while the selection of cases for test-check of each Sub Registrar was done through random sampling method.

5.5.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges cooperation of the Law Department for providing necessary information and records for audit check. An Entry Conference was held (February 2011) with the Secretary, Law Department, J&K Government wherein the audit objectives were discussed. The deficiencies noticed in the system of Assessment and Levy of Registration Fee and Stamp Duty as a result of audit were discussed with the Sub Registrars/*Munsiffs* of the courts of each test-checked unit and their replies incorporated at appropriate places.

Findings of audit were, however, discussed with the Secretary to the Government, Jammu and Kashmir, and Law Department who, while accepting the audit contention, assured that remedial action would be taken.

5.5.7 Trend of Revenue

The position of budget estimates and the actual receipts of Stamp Duty and Registration Fee during the years 2006-07 to 2010-11 was as follows.

(₹ in crore)

Year	Budget Estimate	Actual realisation	Percentage increase /decrease over budget estimate	Percentage increase/decrease over previous year
2006-07	47.35	56.93	(+) 20	(+) 22.61
2007-08	66.70	65.63	(-) 2	(+) 15.28
2008-09	79.17	57.14	(-) 28	(-) 12.93
2009-10	82.61	69.51	(-) 16	(+) 21.65
2010-11	67.23	78.57	(+) 17	(+) 13.03

The actual realisation of Stamp Duty and Registration Fee during the period 2007-08 to 2009-10 ranged between 72 and 98 *per cent* and was less than the budget estimates, which did not seem to be based on either the previous years' collections or the notifications issued by the Government which entailed increase in revenue in a particular year. This can be gauged from the fact that despite increase in the rates of payment of Stamp Duty and Registration Fee applicable from 1 January 2011, the revenue estimates had come down from ₹ 82.61 crore in 2009-10 to ₹ 67.23 crore in 2010-11. The reasons therefor, though called for (June 2011), were not furnished.

5.5.8 Procurement and distribution of stamps

To meet its requirements, the State Government projects its demand to the Indian Security Press (ISP), Nasik and receives stamps in its Central Stores at Jammu. The position of indents placed with the ISP, the supplies received there against, those issued

to treasuries and balances lying with the Central Store Jammu for the last five years are depicted in the table.

(₹ in crore)

Year	OB	Indents placed	Supply received	Stamps issued to treasury	Closing Balance
2006-07	69.70	53.85	56.30	55.70	70.30
2007-08	70.30	64.06	48.88	56.62	62.56
2008-09	62.56	48.46	36.55	55.08	44.03
2009-10	44.03	45.67	58.46	61.62	40.87
2010-11	40.87	60.61	87.57	76.60	51.84

Source: Data furnished by the D.C Stamps, Jammu

It can be seen that the basis of the assessment of the requirement was not known as the annual indents did not take into account the closing stock and the consumption of stamp papers of the previous years. The Government orders issued from time to time for indent of stamp paper were not kept in view while placing demand for the stamp paper. Details collected from DC Stamps showed that damaged, obsolete and unserviceable stamps valued at ₹ 1.83 crore were lying in the stores which had not been destroyed or written off as of March 2011. The amount included stamps valued at ₹ 0.46 lakh relating to court fee and non-judicial stamps of different denominations. The Department had not taken action to destroy the stamps and write off the value thereof from the books (September 2011).

5.5.9 Audit findings

Our test check of records revealed a number of system and compliance deficiencies. These are mentioned in the following paragraphs:

System deficiencies

5.5.10 Lack of Internal controls in levy and collection of Stamp duty and Registration fee

Internal control mechanism in a Department is meant to ensure that its activities are carried out according to the prescribed rules and regulations in an economical, efficient and effective manner. The control mechanism in the Department should be guided by Act, Rules, Manuals and Compendium of instructions etc. to protect the resources of the Government and to ensure that revenue is correctly levied and timely realised by the Government. Our scrutiny revealed lapses while adhering to these rules as discussed in the following paragraphs.

5.5.10.1 Manuals and compendium of Instructions not prepared

We found that Department had not prepared any Manual prescribing the procedures necessary for conducting office work relating to Registration of Instruments. Besides it

had not prepared any Compendium of Instructions in absence of which the Sub registrar offices did not apply revised rates of Stamp Duty resulting in short realisation of revenue.

5.5.10.2 Administrative Inspections not carried out

As per the J&K State Budget Manual, Administrative inspection of the subordinate offices is required to be conducted periodically by the next higher Authority so as to exercise necessary checks and controls over the resources and functions of office/division.

Administrative inspection of the Sub Registrars/*Munsiffs* was never conducted by the Principal and District Session Judges although the same had been pointed out by us repeatedly. Had the Administrative inspection been conducted, various deviations noticed by us would have come to the attention of the supervisory authorities in time and loss to the public ex-chequer could have been avoided.

We recommend that the Government may consider instructing the Department for preparing a Departmental Manual indicating the procedure and responsibilities of the persons responsible for registering the documents.

5.5.10.3 Absence of Internal Audit Wing (IAW)

Internal Audit is a control of controls. It helps the executive and the top management to know the strengths and weaknesses in the system. As such, it is imperative on the part of Department to have an IAW.

We found that there was no IAW for conducting internal audit of registering offices and audit was also not conducted by the Director, Audit Inspection (Finance Department), J&K. In absence of the wing a number of discrepancies remained undetected. An illustrative case indicating the need for an IAW is mentioned in the following paragraphs:

5.5.10.3.1 Embezzlement of Government money

Rule 2.2 of the J&K State Financial Code provides that money received by any State officer in his official capacity be remitted in full to the nearest treasury immediately without any deduction whatsoever.

We noticed that four Sub-registrars deposited their revenue proceeds in the treasuries belatedly without any justification, with delays ranging from one day to 26 days. The retention of money for longer periods than justified, besides being in violation of rules, is prone to embezzlement/misappropriation of Government money.

We noticed one such instance of embezzlement resulting from failure of internal controls in the office of the Sub-Judge (Sub Registrar), Jammu where registration fee of ₹ 0.20 lakh collected from 12 April 2007 to 9 May 2007 by a cashier (Nazir) had not been remitted into treasury.

After we pointed this out, ₹ 19,300 were recovered from the cashier. The progress of recovery of balance amount was awaited as on April 2011. Action taken against the defaulting official, though called for, was not intimated.

We recommend that Government may consider setting up of an IAW to watch the correctness of levy and collection of revenue and its timely remittance to Government account, in view of the substantial revenues collected by these offices.

5.5.10.4 Non Reporting of Deeds executed

Every Registering Authority under Rule 30 of Registration Act, Samvat 1977 is required to certify, after the last entry of each current volume, the number of entries made in that volume during the year at the close of each year.

However, we found that no such certificate on registers pertaining to various deeds is recorded and intimated to Controlling Authority by the Registering Authorities. There was no mechanism in the Department to keep watch over the number of Deeds executed by a Registering Authority at District, Division & State Level.

5.5.10.5 Computerisation of the Registration records

For an efficient and effective administration of Stamp Duty and Registration Fee, including an effective control over the leakage of revenue, computerisation of data and records is an essential prerequisite. However, the relevant records of the Department had not been computerised yet.

The Secretary, Law Department stated (April 2011) that computerisation of courts was being conducted under National e-courting programme and the State courts were being covered under 1st phase to be completed by the year 2011-12.

5.5.10.6 Incomplete maintenance of records

Section 69 under Rule 60 of the Registration Act related to 'copying of documents into register' provides that when a document has been admitted to registration and the necessary endorsements have been recorded, it should be made over to the registration *moharir* to be copied into its appropriate book and the registration officer should see that no unnecessary delay occurs and that documents are always entered in the book in the order of their admission. In the first column of the register should be entered the value of stamps (if any) and the number of stamps used, duly authenticated by the registering officer daily.

Notwithstanding the Rule, check of registers 'A' and 'B' and *Dakhla Vasaik* registers showed that the entries regarding the value of stamps used, with the number of stamps and denomination had not been made therein.

After this being pointed out, the Registering Authorities stated that the records would be maintained in future.

We recommend that the Department may consider implementation of computerisation of the registering offices, e-stamping for registration deeds and proper maintenance of records.

Compliance deficiencies

Scrutiny of records of various registration offices showed cases of non-compliance of the provisions of the Stamp and Registration Acts which came into force in the State from time to time. The cases discussed in the succeeding paragraphs are based on the test-check of records carried out by us.

5.5.11 Short realisation of Stamp Duty and Registration Fee due to application of incorrect rates on lease deeds of over three years

The Stamp Duty Act 1977 provides that in the cases where the lease purports to be for a period in excess of three years, the Stamp Duty shall be the same as is applicable to the conveyance (No. 20) for a consideration equal to the amount of the value of the average annual rent reserved (₹ 216 per thousand) within Municipal limits and ₹ 72 per thousand for the locations outside the Municipal areas.

Test check of records of nine sub-registrars showed that the Registering Authorities had charged Stamp Duty on instruments relating to lease deeds of over three years, executed between April 2007 and June 2010, at lower rates applicable under conveyance No.14, applicable to the lease of less than three years, than prescribed under conveyance No. 20, which had resulted in short-levy of ₹ 62.72 lakh involving 134 cases.

After we pointed out the mistake three Sub Registrars while accepting the audit observation stated that the amount would be recovered. Four Sub Registrars did not reply to the audit observation. The Sub Registrar, Kulgam, however, directed (August 2011) the Collector to recover the amount of ₹ 17.32 lakh levied short as the concerned parties had not responded to the notices issued to them on this behalf.

5.5.11.1 Incorrect classification of sale deed as sale agreement

The Jammu and Kashmir Stamp Duty Act 1977 provides that when the possession of an immovable property is handed over by the vendor to the vendee in lieu of the consideration fixed and received by the vendor in full or part thereof, the deal/transaction is deemed to be a sale and is chargeable with Stamp Duty and Registration Fee as per conveyance 20 of the Act.

We found that though in 22 instruments of Sales of immoveable properties, (between June 2007 and February 2010), consideration had been paid in full by the vendee and the vendor had ceased to hold any right over the transferred properties, yet four Sub

Registrars had classified the cases of sale as sale agreements, which therefore attracted lesser Stamp Duty and Registration Fee than those applicable to conveyance 20 of the Act. Due to application of lesser rates on account of nomenclature of the Deed being changed by the Sub Registrars, there was short levy of Stamp Duty and Registration Fee of ₹ 10.86 lakh.

After we pointed this out (March 2011), the Sub Registrars stated that the cases would be re-examined and recovery effected accordingly.

5.5.11.2 Non-levy of Stamp Duty and Registration Fee at the market value of land

In exercise of the powers vested under J&K Stamps (Determination of Market value of property) Rules, 2006, the Divisional Commissioner, Jammu notified (December 2010) market rates of land situated in urban and rural areas of Jammu division applicable for the calendar year 2011, effective from 1st January 2011. By virtue of the order, the Registering Authorities were required to consider these market rates of land for levy of Stamp Duty and Registration Fee at 10 and 7 *per cent* of the market value of the land prescribed for urban and rural areas, respectively while registering the sale/gift deeds.

Test check of records of 17 (out of 42) Sub Registrars showed that the Registering authorities had not charged Stamp Duty and Registration Fee in 971 cases at the revised market rates on instruments of sale/gift deeds registered during the period from January to March 2011 resulting in short levy of Stamp Duty (₹ 4.60 crore) and Registration Fee (₹ 70.71 lakh). We found that there was delay in forwarding the orders at all the levels viz. Divisional Commissioner (14 days), Registrar General (15 days) and the Principal, District and Sessions Judge (6 days). This resulted in short realisation of the Government dues.

After we pointed this out, the Registering authorities accepted (January to April 2011) the fact that the duty could not be levied correctly due to late receipt of the order and the matter would be looked into and the duty short-levied would be got recovered from the concerned. Further action in the matter was awaited (May 2011). The reply of the Registering authorities, on verification, was found to be correct. Reasons for delay in issuance of orders at these levels which had led to loss to the Government, though called for, were awaited.

5.5.12 Non-levy of Stamp Duty and Registration Fee at applicable rates

Under the Jammu and Kashmir Municipal Act 2000, a conveyance of immovable property situated within a Municipality, Town Area or such other areas as the Government may from time to time notify, shall be chargeable with the Stamp Duty at three times the rates hereinbefore provided in a Municipality and at double the rates in Town Area or Notified area or other areas notified by the Government. By virtue of this, the Stamp Duty was to be levied at ₹ 216 per thousand of the amount of consideration on

each sale/gift deed in respect of immovable property situated in these areas against the rate of ₹ 72 per thousand applicable before the issuance of the orders.

Our scrutiny of records also showed that rates of Stamp Duty and Registration Fee applicable to urban areas had not been applied in the Instruments relating to properties in the areas within the Municipal limits, resulting in non-recovery of ₹ 2.73 crore as brought out in the following paragraphs.

5.5.12.1 Short charging of Stamp Duty and Registration Fee in Municipal Areas

5.5.12.1.1 Housing and Urban Development Department *vide* notification dated 18 February 2003 formed 78 Municipal Committees and six Municipal Councils by upgradation/reorganisation of Town Area Committees/ Notified Area Committees in the State.

As Per the notification dated April 2000 instruments falling under the Municipal areas presented for registration attracted Stamp Duty and Registration Fee at the rate of ₹ 216 per thousand i.e. three times the rate applicable mentioned in Article 20 of Schedule 1 of the Act.

We noticed that 938 instruments registered between April 2004 and December 2010 in 16 registries fell within the areas of Municipal Committees and six Municipal Councils Corporation in the State. As such the Stamp Duty should have been charged at the rate of ₹ 216 per thousand in terms of the above notification. However, we found that the stamp duty in these cases had been levied at the rate of ₹ 72 per thousand. This resulted in short charging of stamp duty of ₹ 1.57 crore. We had pointed such lapses/ irregularity from time to time through our Local Audit Inspection Reports but no action was taken by the registering authorities till date.

5.5.12.1.2 In Jammu, Housing and Urban Development Department *vide* notification dated September 2003 and December 2003 included some areas/ *Mohallas* under the limits of Municipal Corporation Jammu.

We found that 160 sale/gift instrument of the land/property registered in five Sub Registries between February 2006 and November 2010 fell within the municipal area of Municipal Corporation Jammu. However the Registering authorities had charged stamp duty at the rate ₹ 72 per thousand applicable to rural areas instead of ₹ 216 per thousand applicable to Municipal areas. This resulted in short charging of stamp duty of ₹ 63.22 lakh.

After we pointed this out the Sub Registrar, Sub-Judge, Jammu stated (February 2011) that the matter would be taken up with the Deputy Commissioner, Jammu for circulation of the notifications mentioned above. The reply is not correct as the notifications had already been published in J&K State and the registering authorities should have taken cognizance of the notifications while levying the stamp duty. Besides, application of

incorrect rates for such a long period is itself an indicative of the fact that proper mechanism of updating the working of the Registering Authorities does not exist in the Department.

We recommend that the Department put in place a system for updating the norms on the basis of which stamp duty is being levied.

Registers called register 'A' and *Dakhla Vasaik Register* are maintained in each registry. Revenue received on account of stamp duty is entered in these Registers. Besides, the amount of Stamp Duty and Registration Fee levied is mentioned at counter file¹ of the Sale Deed.

However we found in the office of Sub-Judge, Jammu that in four instruments registered (September and October 2009), amount of stamp duty was neither mentioned in the 'Register 'A' nor was the same depicted in the counter file of the Sale Deeds. The stamp duty involved was ₹ 31.97 lakh. We further noticed that in eight cases Stamp Duty had been levied at lesser rates resulting in short levy of ₹ 20.72 lakh. The reasons for the short levy were not found on record.

We recommend that the Government may consider instructing the Department for strictly adhering to the provisions of the Act and Rules made there under and ensure that correct rates as notified by the Government from time to time are applied.

5.5.13 Conclusion

We noticed short/non-levy of Stamp Duty and Registration Fees at all the levels due to several systems and compliance deficiencies in working of the Law Department which is responsible for levy and collection of Stamp Duty and Registration Fees. We found that the Department had neither prepared any Manual for Registrations of Instruments nor had it prepared any compendium of instructions stipulating the rates as prescribed by the Government from time to time relating to Stamp Duty. Administrative inspections of the Sub Registrars/*Munsiffs* had never been conducted by the Principal and District Session Judges. Lack of internal controls alongwith absence of Internal Audit resulted in embezzlement of ₹ 0.20 lakh. We also found that the Registering Authorities charged Stamp Duty on instruments at lesser rates applicable to properties situated in urban areas, despite notifications having been issued by the Urban Development Department. There were cases of Mis-classification of Deeds and consequent short levy of Stamp Duty which needs to be recovered.

¹ It is a copy of the deed kept for office records in the registry.

5.5.14 Recommendations

In view of the above we recommend that the Government may consider:

- instructing the Department for preparing a Departmental Manual indicating the procedure and responsibilities of the persons responsible for registering the documents;
- setting up of an IAW to watch the correctness of levy and collection of revenue and its timely remittance to Government Account, in view of the substantial revenues collected by these offices;
- implementing Computerisation of Registering offices, e-stamping for registration deeds and proper maintenance of records; and
- instructing the Department for strictly adhering to the provisions of the Act and Rules made there under and ensure that correct rates as notified by the Government from time to time are applied.

**Srinagar/Jammu
The**

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The**

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