

***CHAPTER-IV***  
***STAMP DUTY***



## CHAPTER IV: STAMP DUTY

### 4.1 Tax administration

Receipts from the stamp duty and registration fees are regulated under the Indian Stamp Act, 1899 (IS Act), Registration Act, 1908 (IR Act), Punjab Stamp Rules, 1934, as adopted by the Government of Haryana and the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978. The Additional Chief Secretary (ACS), Revenue and Disaster Management Department, Haryana is responsible for the administration of the registration of various documents. The overall control and superintendence over levy and collection of stamp duty and registration fees vests with the Inspector General of Registration (IGR), Haryana. The IGR is assisted by Deputy Commissioners (DCs), Tehsildars and Naib Tehsildars acting as Registrars, Sub Registrars (SRs) and Joint Sub Registrars (JSRs), respectively.

The value of property mentioned in the agreement or the market rate prescribed by the Collector, whichever is higher, is considered for levy of duty and fees on transfer of properties. Stamp Duty (SD) is leviable at the rate of five *per cent*. An addition of two *per cent* SD is leviable on properties located within Municipal limits. There is remission of two *per cent* for women. Registration Fees (RF) is leviable at different rates based on the transaction value<sup>1</sup>.

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Transaction Value (₹)	Registration Fees (₹)
1 to 50,000	100
50,001 to 1,00,000	500
1,00,001 to 5,00,000	1,000
5,00,001 to 10,00,000	5,000
10,00,001 to 20,00,000	10,000
20,00,001 to 25,00,000	12,500
25,00,001 to 30,00,000	15,000
30,00,001 to 40,00,000	20,000
40,00,001 to 50,00,000	25,000
50,00,001 to 60,00,000	30,000
60,00,001 to 70,00,000	35,000
70,00,001 to 80,00,000	40,000
80,00,001 to 90,00,000	45,000
Above 90,00,000	50,000

A Stamp Auditor is posted in each district who covers all the SR/JSR offices in the district and checks all documents/deeds in each SR/JSR of that district. This is the internal audit mechanism established by the Department.

#### 4.2 Results of audit

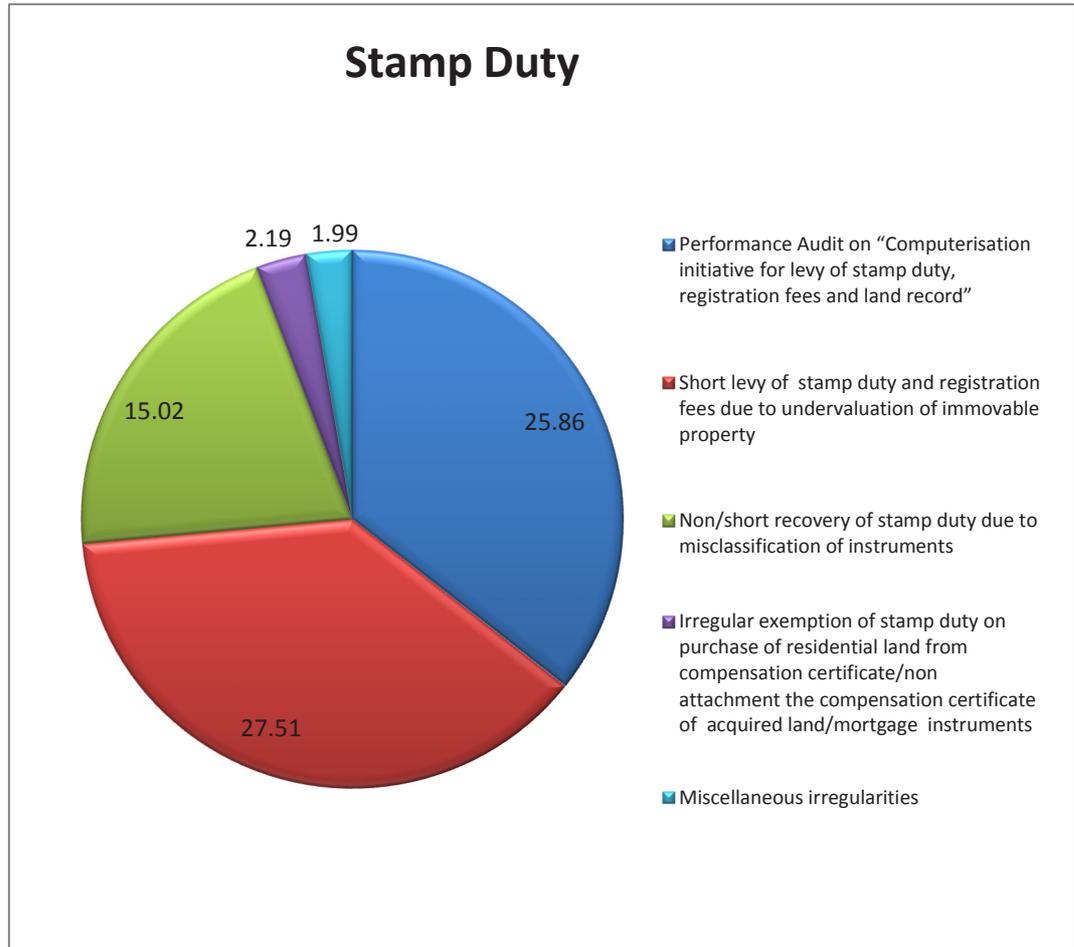
In 2018-19, test check of the records of 107 out of 143 units of Revenue Department revealed non/short levy of stamp duty and registration fees etc. and other irregularities involving ₹ 72.57 crore in 1,800 cases, which fall under following categories depicted in the **Table 4.1**.

**Table-4.1 – Result of Audit**

Revenue			
Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Performance Audit on “Computerisation initiative for levy of stamp duty, registration fees and land record”	1	25.86
2.	Short levy of stamp duty and registration fees due to undervaluation of immovable property	1,351	27.51
3.	Non/short recovery of stamp duty due to misclassification of instruments	194	15.02
4.	Irregular exemption of stamp duty on purchase of residential land from compensation certificate/non attachment the compensation certificate of acquired land/ mortgage instruments	135	2.19
5.	Miscellaneous irregularities	119	1.99
	<b>Total</b>	<b>1,800</b>	<b>72.57</b>

Chart 4.1

(₹ in crore)



During the year, the Department accepted under assessment and other deficiencies amount to ₹ 61.45 crore involved in 1,030 cases which were pointed out during the year. The Department recovered ₹ 1.59 crore involved in 100 cases out of which ₹ 0.68 crore recovered in 10 cases pertained to the year and rest to earlier years.

Significant cases involving ₹ 25.86 crore are discussed in the following paragraphs. The cases pointed out are based on the test checks conducted by audit. The Department may initiate action to examine similar cases and take necessary corrective action.

### **4.3 Computerisation initiative for levy of stamp duty, registration fees and land record**

#### **Highlights**

- The Department did not formulate Functional Requirement Specifications, Software Requirement Specifications and Change management Policy/procedure.

**(Paragraph 4.3.7.1)**

- Deficiency in mapping of business rules in the system resulted in short levy of stamp duty and registration fees of ₹ 22.56 crore.

**{Paragraphs 4.3.7.2 (a) to (d)}**

- Deficient system design and non-implementation of manual verification process in absence of automation resulted in short levy of Stamp Duty and Registration Fees of ₹ 1.54 crore.

**(Paragraph 4.3.7.3)**

- Work related to Modernisation/Computerisation of land records under National Land Records Modernisation Programme was not completed.

**(Paragraph 4.3.10.2)**

- Business continuity plan to ensure continuity of IT system in the event of disaster was not developed.

**(Paragraph 4.3.11)**

- The Department has not formulated any password policy. In absence of this, 3,981 transactions were unauthorisedly made/accessed by using the user IDs allotted to the departmental official/personnel on the day/days of their absence due to leave etc.

**(Paragraph 4.3.12)**

- Delayed implementation of revised rates of registration fees resulted in short levy of registration fees of ₹ 1.69 crore.

**(Paragraph 4.3.15)**

#### **4.3.1 Introduction**

Stamp Duty (SD) and Registration Fees (RF) in the State are regulated under the IS Act, IR Act, Punjab Stamp Rules, 1934, as adopted by the Government of Haryana with suitable amendments and the Haryana Stamp Act (Prevention of Undervaluation of Instruments) Rules, 1978.

The Department of Revenue and Disaster Management implemented the “Haryana Registration Information System (HARIS)” in the State during the year 2000-01 through National Informatics Centre Haryana State Unit (NIC-HSU). The objective of HARIS envisaged speed, accuracy, transparency, dispute resolution and online management of data. Haryana Land Records Information System (HALRIS) was also implemented (August 2003) mainly to computerise land record<sup>2</sup>. HARIS and HALRIS applications hosted on a server installed at unit level were used by the Department in a distributed environment. HARIS and HALRIS applications were replaced (April 2018) with a web-enabled workflow based integrated System namely web-HALRIS which was operational in 69 out of 142 Tehsils/Sub Tehsils (November 2019).

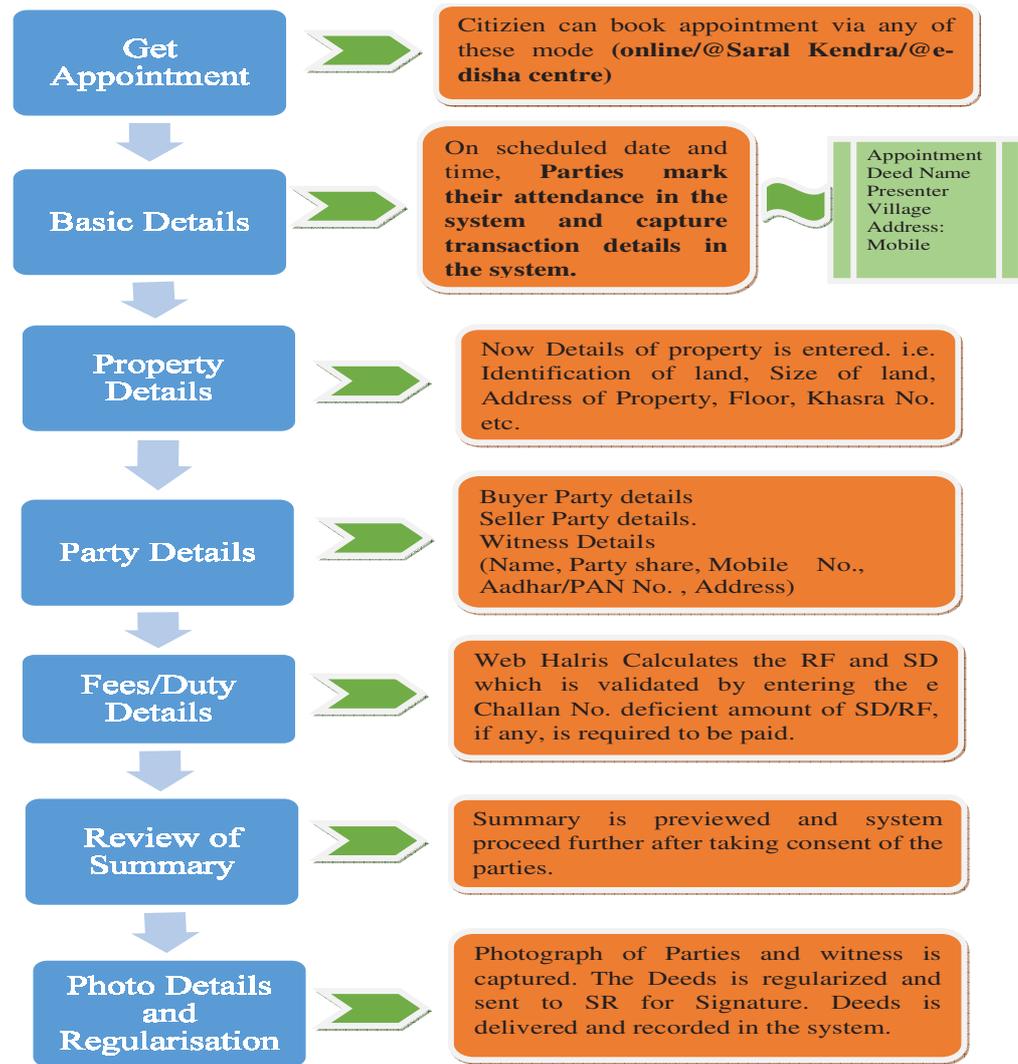
The Department also took initiatives to develop a modern, comprehensive and transparent land record management system under GOI sponsored National Land Record Modernization Programme (NLRMP) (2009) which was later renamed as Digital Indian Land Records Management Programme (DILRMP) (2014-15).

### **4.3.2 System setup**

Web-HALRIS application compatible with Window platform was designed by NIC-HSU and implemented on client/server architecture. The Front end outlining and web pages were designed by using ASP.NET and MS Visual basic. The database was hosted in Microsoft MS SQL server. The workflow in the web-HALRIS for registration of any document by the citizen is as under: -

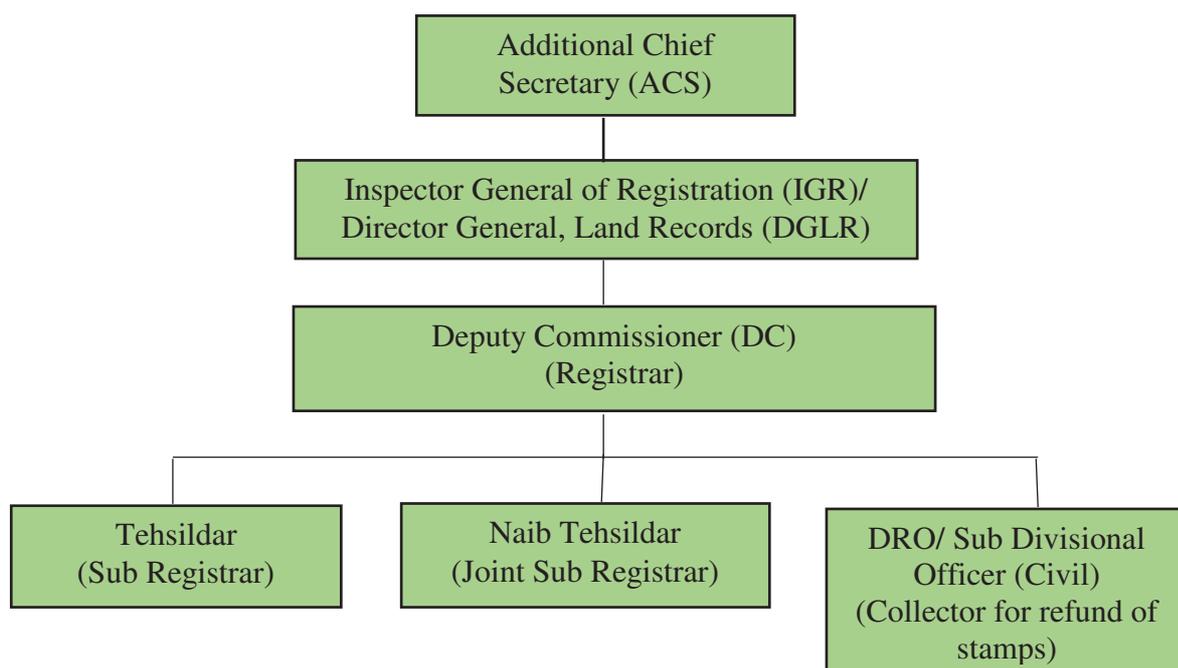
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<sup>2</sup> Khasra Girdawari data entry, Jamabandi, Mutation and Nakals.



- Appointment for registration of documents are booked through e-registration module so as to be present on appointment date.
- The information regarding basic details, property details and party details is captured through the System.
- The System itself validates the share in possession of the seller from land records.
- The System compute/calculate due amount of the Stamp duty/Registration fees payable for the registration of the document.
- The entered details of payment i.e. e-Stamp Number and e-Challan is validated by the System.
- Finally the photographs of seller, purchaser and witness is captured along with SR/JSR and after regularisation of the documents unique registration number is assigned.

### 4.3.3 Organisational set up



### 4.3.4 Audit Objectives

The performance audit was conducted to assess whether:

- Automation of registration process and levy of stamp duty was done efficiently to ensure transparency and effectiveness;
- Land records were computerised effectively to ensure timely updation of record and its utilisation; and
- IT controls were in place to ensure completeness, accuracy and reliability of data.

### 4.3.5 Scope and methodology

The audit of receipts from SD and RF and land revenue in the State is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Out of 22 districts under six revenue divisions, eight districts<sup>3</sup> were selected. Faridabad and Gurugram on highest revenue collection basis and remaining six on stratified random sampling method using IDEA application for covering the period from 2014-15 to 2018-19 during performance audit. 20 offices<sup>4</sup> of

<sup>3</sup> Faridabad, Gurugram, Hisar, Kurukshetra, Panipat, Palwal, Rewari and Sonapat.

<sup>4</sup> Dhauj, Faridabad, Gaunchhi (District-Faridabad), Gurugram, Harsaru, Wazirabad (District-Gurugram), Hisar, Narnaud, Uklana (District-Hisar), Pehowa, Thanesar (District-Kurukshetra), Hodal, Palwal (District-Palwal), Israna, Panipat (District-Panipat), Dharuhera, Manethi, Rewari (District-Rewari), Gohana and Sonapat (District-Sonapat).

SRs/JSRs out of 56 in eight selected districts were selected for detailed analysis. Further, eight out of 20 offices were selected being district headquarter and remaining 12 offices were selected by stratified random sampling method by using IDEA application. Records/data maintained in the office of ACS and DGLR/IGR were also examined as and when required.

The performance audit has been conducted between February 2019 and January 2020, covered the activities like assessing adequacy of system documentation, mapping of business rules, adequacy of application controls by analysis of data of HARIS and web-HALRIS using IDEA/Tableau. Apart from record/data/process of registration, updation of Girdawari, Jamabandi, Mutation, Field measurement book etc. were also scrutinised. An entry conference was held on 07 February 2019 with the Department of Revenue and Disaster Management, Government of Haryana in which the audit objectives, audit criteria and scope and methodology of audit were discussed.

The draft Performance Audit report was issued (March 2020) to the Government/Department and an exit conference to discuss the draft Performance Audit report was held on 28 May 2020 with the Department/Government along with National Informatics Centre (NIC). Their replies/views have been considered and suitably incorporated in this Performance Audit report.

#### **4.3.6 Audit criteria**

The audit criteria were drawn from the following sources:

- Indian Stamp Act, 1899;
- The Registration Act, 1908;
- Transfer of Property Act, 1882;
- Punjab Stamp Rules, 1934, as adopted by the Government of Haryana with suitable amendments;
- Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978;
- Guidelines of Digital Indian Land Records management programme;
- Punjab Land Record Act, 1887; and
- Notifications and instructions issued by the Government from time to time.

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**Audit findings****4.3.7 Planning and Implementation****4.3.7.1 Non preparation/Inadequate documentation**

With a citizen centric approach of improved governance, development of software application enabled systems has assumed critical importance to the Government. A structural approach divides an information system development project into distinct stages. For a seamless implementation of a system, it is essential that System/User Requirement specification (SRS), Functional Requirement Specification (FRS), System Design Document (SDD), Change Management, etc. are prepared and properly documented. A final acceptance testing of the new/upgraded system (web-HALRIS) as per FRS/SRS would be required.

Scrutiny of the records of the Department showed that there was nothing on record to suggest that any structured approach for development of the IT system/application was adopted or documented. In absence of any documentation, the Department could neither monitor the development and implementation of the system nor ensure that all the functions performed manually by the Department were incorporated in the computerized system. Thus, the Department was largely dependent on NIC for implementation and monitoring. Further, it was also noticed that no FRS, SDD and SRS document for HARIS was on record making it evident that users were not involved in the process of development of the IT System. It was observed that the SRS for HALRIS was prepared but it was not updated for the changes made in the system since 2007.

Further, Audit noticed that the Department neither formed any Committee for testing the software changes made in the System, study of gap analysis determining the need for development of web-enable application (web-HALRIS) nor documented any test data or test reports before the implementation of the computerized IT system. Moreover, changes carried out in the system were not documented to show any approval thereof prior to the implementation of these changes. The issue of non/inadequate documentation was pointed out (January 2020).

During exit conference, NIC admitted the facts of non-preparation of documents at each stage of development. In the exit conference, the Department further stated that testing of web-HALRIS was done and test reports and changes made in various development iterations would be shared with the audit, however, no such reports were made available.

In addition to non/inadequate documentation, other deficiency as detailed below was observed:-

### ***Absence of change control mechanism***

Any information system requires a sound change management procedure covering control of the ongoing maintenance of system, standard methodology for recording and performing changes in the system, which need to be authorised at an appropriate level in the administration.

Scrutiny of the record of the Department showed that the Department had not prepared and documented any policy to control changes made in the system, keeping record of such changes and impact analysis of those changes during project life cycle. In absence of the documentation, it could not be ensured whether required changes were effected timely and effectively.

During exit conference, the Department informed that the change management policy has not been formulated and documented. NIC stated that as and when Government orders is forwarded to NIC, requisite changes are made in the system at the earliest. Further, the Department intimated that change management committee would be formed.

### ***4.3.7.2 Non mapping of Business Rules***

While transforming the functions required to be performed by an organisation into IT environment, it is necessary to map<sup>5</sup> all the required function in the IT system so as to safeguard the collection of revenue and to minimise manual intervention.

Data analysis of HARIS/web HALRIS, revealed that business rules pertaining to levy of SD and RF in certain class of transaction of immovable properties was not correctly mapped. As a result, the system failed to prevent undervaluation of property resulting into short/non recovery of SD and RF as discussed below:

#### ***(a) Short levy of SD and RF due to lack of auto calculation facility of land cost on the basis of residential rates in case of area of land/share of land less than 1,000 square yards***

As per Business rules no 5097STR-1-2000/spl dated 14 January 2000 and standing order issued dated 03 September 2013 of the Department, the agricultural land sold with an area less than 1,000 square yards or in case where purchasers are more than one and the share of each purchaser is less

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<sup>5</sup> Mapping of Business rules means provisions of the applicable Act, rules made there-under and instructions issued by the Government/Department from time to time.

than 1,000 square yards, be valued at the rate fixed for the residential property of that locality for the purpose of levying SD and RF.

As per the above business rule, a check should have been incorporated in the application to validate the share of each purchaser of the agricultural land. In case, such share is less than 1,000 square yards, valuation of immovable property sold was required to be made on the basis of residential rates. There was no such provision of above business rules in the application which resulted in short levy of SD and RF as discussed in succeeding paragraphs (i to iii):-

**(i) Sale of immovable properties**

Analysis of the application and test check (December 2017 to January 2020) of the records of selected units revealed that in 18 SRs/JSRs<sup>6</sup> offices, 282 sale deeds of immovable properties (registered between August 2015 and January 2019), having area/share per purchaser less than 1,000 sq. yards were liable to be assessed for ₹ 175.18 crore based on the rates fixed for residential areas on which stamp duty ₹ 8.47 crore and registration fees of ₹ 41.25 lakh was leviable. However, the registering authorities assessed the value of immovable properties in these documents at ₹ 51.19 crore on the basis of rates fixed for agricultural land and levied stamp duty of ₹ 2.41 crore and registration fees of ₹ 22.13 lakh. This resulted in short levy of SD and RF amounting to ₹ 6.25 crore.

On this being pointed out, concerned SRs/JSRs intimated that out of 282 cases, 138 cases were sent to the collector under section 47-A of IS act for determination of the value or consideration and the proper duty payable thereon and out of above one case had been decided by the Collector but recovery was pending. Further it was intimated that remaining 144 cases would be sent to Collector for decision.

**(ii) Exchange of immovable properties**

As per Schedule 1A of the Indian Stamp Act, 1899, two parties can exchange their immovable properties and the same can be registered under category 'exchange' on which Stamp Duty will be leviable on the property having higher value.

<sup>6</sup> Dharuhera, Dhauj, Faridabad, Gaunchhi, Gohana, Gurugram, Harsaru, Hisar, Hodel, Israna, Manethi, Palwal, Panipat, Rewari, Sonapat, Thanesar, Uklana and Wazirabad.

Data analysis and test check (January 2017 to January 2020) of the 120 exchange deeds/records of selected units revealed that in 13 SRs/JSRs<sup>7</sup> offices, 32 deeds of immovable properties registered between September 2015 and January 2020 having area/share per purchaser less than 1,000 sq. yards were exchanged and so were liable to be assessed for ₹ 12.87 crore on which stamp duty of ₹ 64.17 lakh and registration fees of ₹ 4.37 lakh was leviable. However, the registering authorities assessed the value of immovable properties at ₹ 2.95 crore and levied stamp duty of ₹ 16.67 lakh and registration fees of ₹ 1.59 lakh. This resulted in short levy of SD and RF amounting to ₹ 50.28 lakh.

On this being pointed out, concerned SRs/JSRs intimated (April 2019 to January 2020) that seven cases had been sent to the Collector and remaining 25 cases would be sent to Collector for decision under Section 47-A of the Act.

### (iii) Gift of immovable properties

Analysis of data and test check (January 2017 to May 2019) of the 435 gift deeds/records of selected units revealed that in five SRs/JSRs<sup>8</sup> offices, immovable properties registered between October 2015 and February 2019 having area/share per purchaser less than 1,000 sq. yards in seven documents were gifted. These deeds were liable to be assessed for ₹ 3.41 crore based on the rates fixed for residential area on which stamp duty of ₹ 13.39 lakh (at the rate of five *per cent* in cases within MC area and three *per cent* in cases outside MC area) and registration fees of ₹ 0.95 lakh was leviable. However, the registering authorities assessed the value of these immovable properties at ₹ 72.43 lakh and levied stamp duty of ₹ 5.89 lakh and registration fees of ₹ 0.61 lakh. This resulted in short levy of SD and RF of ₹ 7.84<sup>9</sup> lakh.

<sup>7</sup> Dhauj, Faridabad, Gaunchhi, Gohana, Harsaru, Hisar, Manethi, Palwal, Pehowa, Rewari, Sonapat, Uklana and Wazirabad.

<sup>8</sup> Manethi, Palwal, Panipat, Rewari and Wazirabad.

<sup>9</sup>

No of deeds	Value liable to be assessed (₹ in crore)	SD leviable (₹ in lakh)	RF leviable (₹ in lakh)	Value assessed by the Department (₹ in lakh)	SD levied (₹ in lakh)	RF levied (₹ in lakh)	Short (₹ in lakh)
7	3.41	13.38	0.95	72.43	5.88	0.61	7.84

On this being pointed out, concerned SRs/JSRs intimated (April 2019 to November 2019) that one case relating to SR Panipat had been sent to the Collector and remaining six would be sent to Collector for decision under Section 47-A of the Act.

During exit conference, NIC and Department admitted that business rules were not mapped in the system and further stated that necessary guidelines in this regard would be provided to NIC for taking action on the recommendation of the Department.

**Non-mapping of business rule issued by the Government (November 2000) in the system led to short levy of stamp duty and registration fees of ₹ 6.83 crore in 321 cases.**

***(b) Short levy of SD and RF due to allowance of irregular exemption in release/transfer deed***

In order to validate the relationship between first and second party, application should have been designed to capture the notified inter-party relationship. It was observed that absence of provision for capturing inter-party relationship involved in the transaction of immovable property in the system resulted in short levy of SD and RF as discussed in para (i) and (ii).

***(i) Release deeds***

As per Haryana Government clarification in 2008 regarding Article 55 in schedule 1-A of the Indian Stamp Act, 1899 if an instrument of ancestral property is executed in favour of brother or sister (children of renouncer's parents) or son or daughter or father or mother or spouse or grand children or nephew or niece or co-parcener<sup>10</sup> of the renouncer, stamp duty would be levied at the rate of ₹ 15 per instrument and in any other case, the same duty will be levied as a conveyance relating to sale of immovable property for the amount equal to the market value of the share, interest, part or claim renounced.

During scrutiny of the data and test check (January 2018 to January 2020) of 2,412 release deeds/records of selected units revealed that in 16 SRs/JSRs<sup>11</sup> offices, 78 cases of immovable properties registered between April 2016 and March 2019 were released to relations other than those permitted vide notification of the Government, so were liable to be assessed for ₹ 23.55 crore on which stamp duty of ₹ 1.17 crore and registration fees of ₹ 8.20 lakh were leviable. However, the registering authority levied stamp duty of ₹ 0.09 lakh

<sup>10</sup> A person who inherited the property from the Hindu Undivided Family.

<sup>11</sup> Dharuhera, Dhauj, Faridabad, Gohana, Gurugram, Hisar, Israna, Manethi, Narnaund, Palwal, Panipat, Pehowa, Rewari, Thanesar, Uklana and Wazirabad.

and registration fees of ₹ 0.05 lakh, which resulted in short levy of SD and RF amounting to ₹ 1.25 crore.

On this being pointed out, concerned SRs/JSRs intimated (April 2019 to January 2020) that 18 cases had been sent to the Collector for decision under Section 47-A of the Act and remaining 60 cases would be sent to the Collector.

#### ***(ii) Transfer deeds***

As per Government order dated 16 June 2014, the Government may remit the stamp duty chargeable on an instrument if it pertains to transfer of immovable property by an owner during lifetime to any of the blood relations namely parents, children, grand children, brother (s), sister (s) and between spouse.

Scrutiny of the application and test check (March 2018 to December 2020) of the 16,999 transfer deeds/records of selected units revealed that in six SRs/JSRs<sup>12</sup> offices, 28 cases of immovable properties registered between January 2017 and October 2018 were transferred to relative other than blood relations, so were liable to be assessed for ₹ 10.79 crore on which stamp duty of ₹ 70.44 lakh and registration fees of ₹ 2.60 lakh was leviable. However, the registering authority levied SD and RF of ₹ 0.02 lakh which resulted in short levy of SD and RF amounting to ₹ 73.02 lakh.

On this being pointed out, concerned SRs/JSRs intimated (April to December 2019) that 16 cases had been sent to the Collector for decision under Section 47-A of the Act and remaining 12 cases would be sent to the Collector.

During exit conference, NIC admitted that inter party relationship were not being captured in the system and the Department stated that necessary guidelines in this regard would be issued to NIC for taking necessary action on the matter.

**Non mapping of permitted relation vide Government Notifications in the system, in case of transfer and release deeds resulted in short levy of stamp duty and registration fees amounting to ₹ 1.98 crore in 106 cases.**

#### ***(c) Non mapping of Khasra in the application***

##### ***(i) Prime khasras with prime rates***

Government of Haryana vide instructions (November 2000) directed all the Registration Authorities of State to identify the khasra numbers of agricultural/residential/commercial lands situated on National Highways, State Highways and link roads by District Level Evaluation Committee. Further, it

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<sup>12</sup> Gohana, Gurugram, Narnaund, Sonapat, Uklana and Wazirabad.

was also instructed (August 2018) that these khasra numbers should be entered in the System in order to ensure valuation of such khasras on prime rates fixed for those khasras for levy of stamp duty.

Scrutiny of the application and test check (February 2018 to January 2020) of the 1,02,274 deeds/records of selected units revealed that prime khasra was not linked in the system. Further, in six SRs/JSRs<sup>13</sup> offices, it was noticed that, in 24 sale deeds, the immovable property registered between April 2016 and March 2019 was situated in prime khasra so were liable to be assessed for ₹ 13.92 crore based on the higher rate fixed for prime land on which stamp duty of ₹ 59.86 lakh and registration fees of ₹ 4.40 lakh was leviable. However, due to non mapping of prime khasra in the system, the immovable property was incorrectly assessed in these documents at ₹ 10.35 crore on the basis of normal rates fixed and stamp duty of ₹ 45.24 lakh and registration fees of ₹ 3.26 lakh was levied, which resulted in short levy of SD and RF amounting to ₹ 15.76 lakh. Further, it was noticed that prime khasras were not identified in four SRs<sup>14</sup> offices.

On this being pointed out, the concerned SRs/JSRs intimated (August 2019 to January 2020) that six cases had been sent to the Collector and remaining 18 cases would be sent to Collector for decision under Section 47-A of IS Act.

During exit conference, NIC stated that reasons for non-mapping of khasra would be examined.

**(ii) Khasra of land falling within MC limits**

As per notification no 9/33/2000-5A-1 dated 11 March 2004 issued by the Government, two *per cent* additional SD is leviable in case of sale of land/property falling within MC limits.

During scrutiny of the application and test check (November 2019) of the records in the office of SR Panipat, it was noticed that in six cases, khasra number of the transacted immovable properties registered between April 2018 and May 2018 falls inside the MC. These deeds were liable to be assessed for ₹ 1.76 crore on which Stamp duty of ₹ 10.34 lakh was leviable. However, SD of ₹ 6.80 lakh was levied which resulted in short levy of SD and RF amounting to ₹ 3.54 lakh.

On this being pointed out, SR Panipat intimated (November 2019) that all the cases would be sent to Collector for decision under Section 47-A of IS Act.

<sup>13</sup> Gohana, Hisar, Hodel, Pehowa, Sonapat and Thanesar.

<sup>14</sup> Faridabad, Gaunchhi, Narnaund and Palwal.

During exit conference, it was intimated that the Department would obtain the list of Khasra number falling in MC area from the Urban Local bodies Department and the same would be incorporated in the software.

**Non mapping of prime khasra with prime rates and khasra of land falling within MC limits in the system resulted in short levy of stamp duty of ₹ 19.30 lakh in 30 cases.**

**(d) Short levy of SD and RF due to undervaluation of immovable property**

Section 27 of the Indian Stamp Act, 1899, stipulates that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of duty with which it is chargeable, should be fully or truly set forth therein. Further, Section 64 of the IS Act provides that any person who, with intent to defraud the Government, executes an instrument in which all the facts and circumstances required to be set forth in such instrument are not fully and truly set forth, is punishable with a fine which may extend to ₹ 5,000 per instrument.

Scrutiny of HARIS/web-HALRIS application and test check (December 2017 to January 2020) of the records of selected units revealed that in 18 SRs/JSRs<sup>15</sup> offices, 158 sale deeds of commercial/residential lands registered between April 2016 and March 2019 were liable to be assessed for ₹ 509.83 crore at the rates fixed for this category and SD of ₹ 20.22 crore and RF of ₹ 26.72 lakh was leviable. However, immovable property in these documents were assessed at ₹ 108.70 crore on which stamp duty of ₹ 6.73 crore and registration fees of ₹ 20.88 lakh was levied. This resulted in short levy of SD and RF amounting to ₹ 13.55<sup>16</sup> crore.

<sup>15</sup> Dharuhera, Dhauj, Faridabad, Gaunchhi, Gohana, Gurugram, Hisar, Hodel, Israna, Manethi, Palwal, Panipat, Pehowa, Rewari, Sonapat, Thanesar, Uklana and Wazirabad.

<sup>16</sup>

No. of deeds	Value liable to be assessed (₹ in crore)	SD leviable@ 3 to 7 per cent of property value (₹ in crore)	RF leviable (₹ in lakh)	Value assessed by the Department (₹ in crore)	SD levied (₹ in crore)	RF levied (₹ in lakh)	Short (₹ in crore)
158	509.83	20.22	26.72	108.70	6.73	20.88	13.55

On this being pointed out, concerned SRs/JSRs intimated (March 2019 to January 2020) that 83 cases had been sent to the Collector for decision under Section 47-A of IS Act and remaining 75 cases would be sent to the Collector.

During exit conference, the Department accepted the fact and informed that work related to digitization of cadastral maps was allotted to Survey of India in 2019 and it was under progress. After completion of the project, unique ID number would be assigned to each property and using this unique ID exact location of the property can be determined.

**Non mapping of category/type of property with registration process in the system resulted in short levy of stamp duty of ₹ 13.55 crore in 158 cases.**

#### **4.3.7.3 System Design Deficiency**

During scrutiny of HARIS/web HALRIS application and analysis of data, it was noticed that business rules pertaining to levy of SD and RF in cases of compensation, lease and exchange deeds system were designed deficient which resulted in short/non levy of stamp duty as discussed in para (i) to (iii):

##### **(i) Exemption of Stamp duty**

As per Government's order issued in January 2011, the Government exempts stamp duty and registration fees in respect of sale deeds executed by farmers whose land is acquired by Haryana Government for public purposes and who purchase agricultural land in the State within two years of the compensation received by them. The exemption will be limited to the compensation amount and the additional amount involved in the purchase of agricultural land will be liable to stamp duty and registration fees as per Rules.

During scrutiny of HARIS/web-HALRIS application, it was noticed that system was not designed to capture the above mentioned critical information to determine the admissibility of amount, validity period of compensation certificate for remission of stamp duty and to disallow the exemption in case on purchase of residential/commercial property against compensation amount. Further test check (November 2016 to January 2020) of the 1,02,274 deeds/records of selected units revealed that in 17 SRs/JSRs<sup>17</sup> offices, 32 deeds registered between April 2015 and January 2019 the land purchased from compensation amount was not as per the conditions prescribed by the Government. Following type of irregularities were found in mentioned cases:-

<sup>17</sup> Dharuhera, Dhauj, Faridabad, Gaunchhi, Gohana, Israna, Harsaru, Hisar, Narnaund, Palwal, Panipat, Pehowa, Rewari, Sonapat, Thanesar, Uklana and Wazirabad.

Cases in which Commercial/Residential land were purchased	Cases in which residential rates was leviable due to land/share of land was less than 1,000 square yards per purchaser	Cases in which certificate was either enclosed for lesser amount or deduction was less than the value of land purchased	Cases in which there was undervaluation of immovable property	Total cases
10	04	14	4	32

These deeds were liable to be assessed for ₹ 24.94 crore on which stamp duty of ₹ 1.39 crore and registration fees of ₹ 4.41 lakh was leviable. But, on these deeds, SD and RF of ₹ 14.99 lakh was levied. This resulted in short levy of SD and RF amounting to ₹ 1.28 crore. Further, it was noticed that exemption of stamp duty was allowed in another 22 deeds registered between May 2015 and January 2019, however, no compensation certificate was found on record.

On this being pointed out, concerned SRs/JSRs intimated (May 2019 to January 2020) that 13 deeds had been sent to the Collector and remaining 41 cases would be sent to Collector for decision under Section 47-A of IS Act.

During exit conference, the Department stated that in the absence of land acquisition database, the check regarding admissibility of amount of remission of stamp duty could not be performed by the software. However, in such cases applicant was required to enclose the compensation certificate issued by Land and Acquisition Officer. Reply is not tenable as neither system was adequately designed so as to disallow the exemption of stamp duty in cases where conditions as contained in Government instruction (January 2011) were not fulfilled nor any effective/robust procedure for manual verification was devised for disallowing exemption of stamp duty on such cases.

#### **(ii) Computation of Annual Average Rent for lease deeds**

Section 35 of the Indian Stamp Act, 1899, also applicable in the State of Haryana, provides that the stamp duty on lease deed is chargeable on the basis of average annual rent. The stamp duty at the rate of 1.5 per cent is charged on the lease for the period up to 5 years, 3 per cent for above 5 years and up to 10 years, 6 per cent for above 10 years and up to 20 years, 9 per cent for above 20 years and up to 30 years and 12 per cent for the period of above 30 years.

During scrutiny of HARIS/web-HALRIS application, it was noticed that system was not designed to capture the year wise/periodic increase in rent for calculation of annual average rent on which stamp duty was leviable. Further, test check (February 2018 to May 2019) of 2,821 out of 16,923 registered lease deeds of selected units revealed that in 13 SRs/JSRs<sup>18</sup> offices, 42 deeds of lease rent of immovable properties registered between May 2016 and March 2019 were liable to be assessed for ₹ 18.54 crore on the basis of annual average rent on which stamp duty ₹ 56.74 lakh and registration fees of ₹ 3.32 lakh was leviable. However, annual average rent was assessed ₹ 15.06 crore and stamp duty ₹ 30.87 lakh and registration fees of ₹ 2.83 lakh was levied. This resulted in short levy of SD and RF amounting to ₹ 26.35 lakh.

On this being pointed out, concerned SRs/JSRs intimated (February 2019 to December 2019) that four cases had been sent to the Collector for decision under Section 47-A of IS Act and remaining 38 cases would be sent to Collector.

During exit conference, the Department and NIC intimated that required provisions would be made in the software.

**(iii) Non determination of higher value of property in exchange deed**

As per Schedule 1A of Indian Stamp Act, 1899, two parties can exchange their immovable properties and the same can be registered under category “Exchange” on which SD is leviable on immovable property having higher value.

During scrutiny of HARIS/web-HALRIS application in test checked offices, it was noticed that application was not designed to capture the details of both the immovable properties intended to be exchanged so the system was unable to identify the immovable property having higher value for the purpose of levy of stamp duty.

Thus, there was a design deficiency in the system to this extent as no field was created for capturing detail of both the immovable properties intended to be exchanged.

During exit conference, the Department and NIC intimated that required provisions would be made in the software.

<sup>18</sup> Dharuhera, Gurugram, Harsaru, Hisar, Manethi, Narnaund, Palwal, Panipat, Rewari, Sonapat, Thanesar, Uklana and Wazirabad.

**Thus, deficient system design and non-implementation of manual verification process in absence of automation resulted in short levy of SD and RF of ₹ 1.54 crore in 74 cases.**

#### **4.3.8 Deficient/ineffective system/process of stamp refund**

Section 54 of Indian Stamp Act, 1899 deals with refund of stamp which provides (a) that such stamp or stamps were purchased by such person with a *bonafide* intention to use them; and (b) that he has paid the full price thereof. It was also provided in the IS Act, 1899 that Form SR-1 needs to be maintained to keep track of stages involved in stamp refund from its receipt to refund stage. Though the functions related to document registration under the provisions of IS Act and IR Act had been automated but no initiatives were taken for automation of stamp refund process. During test check of record pertaining to refund of stamp in six<sup>19</sup> test checked units, following deficiencies were noticed: -

##### **(i) Non Maintenance of prescribed Records**

During test check of records in the offices of six SDOs<sup>20</sup> (Civil), it was noticed that prescribed format (Form SR-1) to record the various stages involved in the refund process was not being used.

On this being pointed out (November 2019 to January 2020), concerned authorities stated (November 2019 to January 2020) that prescribed format would be adopted in future.

##### **(ii) Payment of refund in the bank account of person other than bonafide purchaser of stamps**

During test check of record in the office of SDO (Civil) Sonapat (2018-19) it was noticed that in two cases, refund of stamps amounting to ₹ 3.30 lakh was credited into the bank account of a person other than the bonafide purchaser of the stamp.

On this being pointed out (December 2019), SDO (Civil) Sonapat (December 2019) admitted the facts of wrong credit of refund and intimated that the matter would be examined.

During exit conference, the Department stated that payment of refund was made in the bank account given at the time of applying for refund because as per online payment gateway guidelines Government does not keep record of the account from which payment has been made by the citizen.

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<sup>19</sup> Faridabad, Gohana, Hodel, Palwal, Panipat and Sonapat.

<sup>20</sup> Faridabad, Gohana, Hodel, Palwal, Panipat and Sonapat.

However, the fact remains that refund was made in the bank accounts of person other than bonafide purchaser of stamp.

***(iii) Failure to disallow the use of already refunded stamp paper and deposited challan***

In order to check whether in built/automated mechanism existed for disallowing the use of already refunded stamp paper and deposited challan, audit along with the office of SR Panipat jointly decided (November 2019) to book a dummy appointment for registration of dummy document by using 14 already refunded e-stamp papers with dummy particulars of the party. It was observed that when detail of these 14 already refunded stamp paper were entered, System displayed “already defaced” in respect of 13 e-Stamp paper thus disallowed already refunded e-stamps but one already refunded e-Stamp paper bearing no. “Q0272017L41” valuing ₹ 25,000 was accepted by the System for payment of stamp duty.

Further, System also allowed already used Challan, GRN No. 47972435 (used for issue of license to property dealer), amounting to ₹ 25,000 for payment of registration fees in respect of registration of dummy deed. Thus, the system was not fully capable to detect /disallow the use of already refunded e-stamp paper and deposited challan.

On this being pointed out (November 2019), SR Panipat admitted (November 2019) the facts regarding failure of system as mentioned above and intimated that reasons of the same would be examined under intimation to Audit.

During exit conference, the Department and NIC stated the provision to check status of e-stamp was incorporated in the appointment module.

Reply is not tenable as in above case, system did not block already used e-stamp at the time of appointment for payment of stamp duty and e-challan for payment of registration fees. Therefore, there is a possibility of use of already refunded stamp paper and deposited challan in registration process. In audit’s opinion, automated blocking of already used/refunded e-stamp paper is absolutely vital, and even isolated instances of failure cast doubts on the robustness and integrity of the e-stamp blocking functionality.

**Deficient system/process of refund resulted in non maintenance of records in prescribed form, allowance of payment of stamp refund into bank account of person other than bonafide purchaser of stamp and allowance the use of already refunded stamp paper and deposited challan for payment of SD and RF respectively in registration of deeds.**

### **4.3.9 Inadequate application controls**

Application controls are particular to an application are used to provide assurance that all transactions are valid, authorised, complete and recorded.

#### **4.3.9.1 E-registration module**

The Department implemented (February 2015) the e-registration module with the objectives to bring transparency and hassle-free services to the citizens. The module was aimed at facilitating appointment for registration documentation implementation of the time lines prescribed in Right to service Act 2014 and removal of intermediaries from the system.

Through the system appointment can be booked by the person directly or through any other person either on-line, or Citizen Service Centre/e-disha center. For booking an appointment, it is mandatory to mention the ID No. of the appointment seeker which helps to ensure that the person who booked the appointment had actually appeared for the registration process for which the appointment is booked. This ID number is verified at the time of registration of document against an appointment to ensure that the citizen for whom the appointment was booked had actually appeared for registration of the document. The appointment slot issued is communicated by way of SMS on the mobile number provided at the time of booking an appointment.

During analysis of the data pertaining to e-registration system it was noticed that 29,67,390 appointments were booked in the State for registration of documents between the period April 2015 and June 2019. Further, analysis of the data highlighted following deficiencies: -

#### **(i) Lack of Input Controls**

Input controls are the controls which seek to minimize the risk of incorrect data entry by applying validation checks, duplicate checks and other related controls. These provide the earliest opportunity to detect and correct possible input mistakes. During scrutiny of data captured in e-registration module following observations were noticed:

- PAN and Aadhaar detail of 18,922 & 4,93,864 appointments seeker respectively were invalid.
- 1,262 phone number used for booking 1,64,074 appointments were not standardized thus invalid yet accepted by the system.
- In 119 cases, allotted date of appointment was prior to the date on which request of booking was made.
- In 6,784 documents were shown to be registered prior to the date on which appointment fixed.

- In 1,097 documents were shown to be delivered prior to the date on which registration was done.

Thus, lack of input control in e-registration system resulted in capturing and accepting of unreliable data.

During exit conference, NIC stated that provision would be made in e-registration system to validate the PAN from NSDL portal in future. As an ID, Aadhaar was not mandatory, data of e-registration was not available in public domain so this information was not encrypted. However, the application would be modified to encrypt this information at all the stages of capturing and storage of Aadhaar Number.

#### **(ii) Multiple appointments on single mobile number**

During analysis of the data pertaining to e-registration module, it was noticed that out of 28,03,316 appointments, 9,07,854 allotted appointments were booked by using 3,105 mobile numbers and each mobile number was used to book appointment ranging between fifty and 8,559 .

Further, it was also noticed that system was not able to authenticate the mobile number used for seeking appointment, by sending OTP for validation in the system, thus, transparency and removal of middle men for seeking appointment in the process could not be ensured. Thus e-registration module did not have any validation control to neither authenticate mobile number nor restrict the number of appointments booked from a single mobile.

During exit conference, NIC stated that necessary corrective measures in this regard had been taken so that only five appointments could be booked from a single mobile number and OTP was being sent on the mobile number of the citizen seeking appointment.

#### **(iii) Registration Process beyond business hours**

During scrutiny of e-registration data, it was noticed that registration process of 3,51,347 out of 25,33,686 registered documents during the period 2015-16 to July 2019 was between 07.00 PM and 08.00 AM. Further, 2,888 documents were registered on Saturdays and Sundays. So it was evident that there was no control on login access time.

During exit conference, the Department stated that registry had been restricted in web-HALRIS system after 05.00 PM by logging off the centralized server. The registry of BPL deeds was made on Saturday and Sunday as one-time exercise.

#### **4.3.9.2 Non-Capturing of PAN**

Rule 114 B of Income Tax Act, 1961 provide that providing of PAN details of seller/purchaser of immovable property valuing more than ₹ 10 lakh is mandatory.

During scrutiny of WEB-HALRIS database in 20 SRs/JSRs, it was noticed that filling of PAN details in system was not mandatory for registration process so out of 1,83,316 deeds having value more than ₹ 10 lakh registered during the period 2014-15 to 2018-19, 1,60,428 deeds were registered without mention of required PAN details of seller/purchaser.

On this being pointed out (April 2019 to January 2020), all the 20 SRs/JSRs admitted (April 2019 to January 2020) the audit observation and intimated that attributes of the PAN in the system would be made mandatory.

During exit conference, the Department and NIC stated that the software would be amended accordingly.

#### **4.3.9.3 Non validation of stamp duty realised**

The application calculates the due amount of stamp duty leviable and deficient amount of stamp duty, if any, is shown and required to be paid through e-Stamps. The system does not allow the deed to be registered without payment of due amount of SD and RF. Section 35 of Indian Stamp Act provides that no instrument chargeable with duty shall be admitted in evidence for any purpose by any person having by law or consent of parties authority to receive evidence, or shall be acted upon, registered or authenticated by any such person or by any public officer, unless such instrument is duly stamped.

During scrutiny of data (between February 2019 to January 2020) of web HALRIS and registration record in five SRs/JSRs<sup>21</sup> offices, it was noticed that in 55 sale deeds of immovable properties registered between June 2016 and February 2019, though system assessed ₹ 38.53 lakh as due amount of stamp duty to be paid but these deeds were allowed to be registered on levy of stamp duty amounting to ₹ 31.16 lakh resulting into non recovery of deficient stamp duty amounting to ₹ 7.36 lakh. Thus, application control in this regard were not adequate so as to prevent registration of documents with deficient payment of stamp duty and these documents shall not be admitted in evidence for any purpose unless such instrument is duly stamped.

On this being pointed out (February 2019 to January 2020), SR Faridabad intimated (December 2019) that deficient amount of stamp duty would be

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<sup>21</sup> Faridabad, Gaunchhi, Palwal, Panipat and Sonapat.

recovered and remaining SRs<sup>22</sup> intimated (November 2019 to January 2020) that matter would be examined.

During exit conference, the Department and NIC informed that these cases would be examined.

### **4.3.10 Computerisation of land records**

#### **4.3.10.1 Delay in sanction of Mutation**

NLRMP programme was launched in the year 2008-09 with one of its objective to speed-up the work related to land records which also included verification and sanctioning of the mutation, also mutation is required to be sanctioned within 15 days from its verification.

During analysis of the data relating to mutation in 17 offices of Tehsildar/Naib Tehsildars, it was noticed that delay in sanction of mutations during 2014-15 to 2018-19 were as under:-

Name of district	No. of total mutation	Mutation sanction with the delay less than 01 year	Mutation sanction with delay 01 to 03 years	Mutation sanction with the delay Above 03 years
Hisar	37,738	3,450	53	13
Faridabad(2)	14,693	3,153	76	50
Palwal	9,419	1,957	78	90
Panipat	70,397	9,928	176	186
Sonepat	47,426	9,050	166	56
Kurukshetra	40,787	4,110	36	05
Rewari	14,969	1,748	24	11
Gurugram (9)	51,936	9,899	203	124
<b>Total</b>	<b>2,87,365</b>	<b>43,295</b>	<b>812</b>	<b>535</b>

44,107 (15%) mutations were sanctioned with a delay up to 03 years due to which citizens were deprived of getting timely delivery of services.

On this being pointed out (October 2019), no reply was received (February 2020).

<sup>22</sup> Gaunchhi, Palwal, Panipat and Sonapat.

During exit conference, Additional Secretary stated that matter would be examined.

#### ***4.3.10.2 Non Completion of work related to modernisation/ Computerisation of land records under National Land Records Modernisation Programme***

In order to enhance the effectiveness, efficiency and transparency in the registration and land record system besides providing the easily accessible information regarding Records of Right (RoRs), National Land Records Modernization Programme (NLRMP) was launched (2009) by the Department of Land Resources (DoLR) and Ministry of Rural development Government of India. Main components of NLRMP were computerisation of land records such as Khasra Girdawari data entry, Jamabandi, Mutations and Nakals, and also included digitisation of cadastral maps and its linkage with Record of Rights, computerisation of registration, modern Record rooms/land records management centres, Training and Capacity Building etc. The work under this scheme was to be completed by 31 December 2011.

During scrutiny of the record in the office of DGLR, it was noticed that work relating to computerisation of land record such as *Khasra Girdawari data entry, Jamabandi, Mutations and Nakals* were digitised. However, other works such as digitisation of Field Measurement Book, deeds, survey/resurvey and digitisation of cadastral map was not completed even after a lapse of more than eight years since required date of completion of work.

On this being pointed out (July 2019), the Department intimated (September 2019) that vendors moved to the District Court (2016) and decision is pending with the Court. However, the Government of Haryana has signed another MOU with Survey of India on 08 March 2019 under State project (Haryana Land Record Modernization Programme) to achieve the objectives envisaged under NLRMP.

The reply shows that even after a lapse of eight years period since the intended date of completion of work ( December 2011), citizen could not take benefit of intended objective.

During exit conference, the Department admitted the above facts and informed that the work had been allotted to Survey of India and same was under progress.

#### **4.3.10.3 Non digitisation of Field Measurement Books (FMB)**

NLRMP provides for digitisation of FMB<sup>23</sup> which helps in investigation of boundary dispute, detection of encroachments etc., so that sketches of FMB are modified with higher clarity and quick delivery is ensured.

During scrutiny of land record in offices of 20 Tehsildars/Naib Tehsildars, it was noticed that Field Measurement Books was not digitised and were drawn up and maintained manually. Thus, citizens were deprived of the intended benefit of programme.

On this being pointed out (April 2019 to January 2020), all the SRs/JSRs admitted the fact of non digitisation of FMB.

During exit conference, the Department stated that work related to digitisation of field measurement book was being done as part of modern revenue record project.

#### **4.3.10.4 Non digitisation of deeds**

Para 2.3 and 2.4 (ii) of Chapter 3 of NLRMP guidelines provides for deed scanning, digital indexing of current and old deeds so as to ascertain automatic availability of details of immovable properties to the citizen.

During scrutiny of the records of scanned deeds in offices of 20 SR/JSR, it was noticed that while deeds earlier than the period 2014-15 were not scanned at all and scanning of deeds for the period thereafter till date was also not completed. Thus, citizen had to approach concerned authorities physically to obtain the detail of land.

On this being pointed out (April 2019 to January 2020), concerned SRs/JSRs admitted (April 2019 to January 2020) the fact of lack of scanning and indexing of deeds.

During exit conference, the Department stated that work related to digitisation of deeds was being done as part of modern revenue record project.

#### **4.3.11 Non existence of disaster recovery plans**

The objective of having a Business Continuity and Disaster Recovery Plan and associated controls is to ensure that in the event of an interruption or disaster leading to temporary or permanent loss of computer facilities, the organisation can still accomplish its mission and it would not loose the capability to process, retrieve and protect information maintained.

During test check of record in the office of ACS, it was noticed that neither business continuity and disaster recovery plans were drawn up nor guidelines,

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<sup>23</sup> Contains record of measurement of individual fields and subdivisions.

emergency procedures, response and recovery procedure were put in system to bring business back in the event of disaster to retain source documents so that data was reproducible and to facilitate reconstruction in case of disasters.

On this being pointed out (January 2020), the Department admitted the fact (February 2020) of non installation of Disaster recovery server.

During exit conference, the Department stated that request had been sent to IT Department to provide the DR site for web-HALRIS.

**Thus, business continuity plan to take care of IT assets in case of disasters was not developed.**

#### **4.3.12 Non-existence of Password policy**

The existence of adequate logical access security is particularly important where an organization makes use of wide area networks and global facilities such as the Internet. There must be appropriate password policies and procedures for effectiveness of passwords. Password policy and procedure must be known to all staff and adhered by them.

During test check of record in the office of SR Panipat and Faridabad, it was observed that user IDs allotted to four users each were used, in their absence due to being on leave etc. for 481 and 3,500 transactions respectively and in the office of SR Sonapat, a single user ID was used by the number of different operators working on registration process. Thus, no accountability for entered data in these cases could be ensured.

Further, it was observed that the Department had not formulated any password policy. There was neither any provision in the system to change the password by the user itself at its convenient time nor system forced the user to change its password at regular interval.

During exit conference, NIC stated that Password policy would be formulated and circulated amongst the users after the approval of the Department.

**Thus, in the absence of any comprehensive Password policy, 3,981 transactions were unauthorisedly made/accessed by using the user IDs allotted to the Departmental official/personnel on the day/days of their absence due to leave etc. Thus, system was fraught with risk of use/operation by unauthorised users.**

#### **4.3.13 Lack of Audit module in the system**

Revenue Department has internal audit arrangement in place. Manual as well as computerised internal audit system ensures that the controls are in place. It is important to embed electronic controls and digital trails at the design stage.

During scrutiny of web-HALRIS application, it was observed that audit query module was not designed to facilitate the internal auditors to conduct audit in computerised environment. This indicates that though internal audit is an essential part of a system, the requirements of audit for facilitation of audit of electronic data were not incorporated in the system.

On this being pointed out (July 2019), the Department admitted (August 2019) the fact of lack of audit module in the system.

Further, during exit conference, NIC stated that requisite module would be developed and deployed.

#### **4.3.14 Non utilisation of digital signature certificates (DSCs)**

Certified copy of land records such as Jamabandi, Mutation order, Girdawari can be obtained from Tehsil office by paying prescribed fee. However, copy of Jamabandi can be downloaded from *jamabandi.nic.in*, which serves informative purpose only and is not acceptable to any Revenue Authority, as long as digital signature are not affixed. Digital signatures can be used to identify and verify individuals and ensure the integrity of the message and help secure and safeguard the integrity of data. Digital Signature Certificates (DSCs) were to be procured with an objective to use it for various e-services such as e-stamping, e-registration, HARIS and HALRIS applications besides Domicile Certificate, Cast Certificate, Income Certificate, Resident Certificate etc. Initially valid for a period of two years, DSCs may be renewed for continuous use for the intended objectives.

During scrutiny of records relating to procurement/use of DSCs in the office of ACS, and nine SRs/JSRs<sup>24</sup>, it was noticed that an advance payment of ₹ 8.44 lakh was made (February 2017) to National Informatics Centre Services Inc. (NICSI) for procurement of 830 Digital Signature Certificates (DSCs) for use as per above objective. No logs were found in the database regarding use of these DSCs, so it was evident that DSCs were not being used for intended purpose.

On this being pointed out (November 2019 to January 2020) the SRs/JSRs of Hodel, Palwal and Sonapat stated that no DSCs were received by their office and remaining six SRs/JSRs stated that due to absence of provision in the system, DSCs could not be utilized for registration process. In the absence of digital signature on instruments/land records, security and integrity of data as well as legality of the documents could not be ensured and thus the objectives of DSCs could not be achieved. However, these DSCs were used for issuance of various types of certificates.

<sup>24</sup> Dhauj, Faridabad, Gaunchhi, Gohana, Hodel, Israna, Palwal, Panipat and Sonapat.

During exit conference, the Department/NIC accepted that DSCs were not put to use in HARIS system. They further stated that in web-HALRIS system, e-sign would be used after completion of testing.

#### **4.3.15 Other compliance issue**

##### ***Delayed implementation of revised rates of registration fees***

Governments of Haryana vide its Notification No. S.O.65/C.A.16/1908/SS.78 and 79/2018 dated 3 October 2018 revised the rates of registration fees leviable for registration of various documents. Rates of RF for registration of deeds having transaction value exceeding ₹ 30 lakh were revised/enhanced.

Scrutiny of the records of the Department and 20 SRs/JSRs, revealed that notification dated 03 October, 2018 was circulated to the field offices on 17 October 2018. Further, between 3 and 17 October 2018, 5,963 deeds of sale, gift, lease, exchange and conveyance were registered and out of these in 945 deeds (**Annexure-V**) transactions value was more than ₹ 30 lakh on which registration fees at enhanced rates was leviable from the date of notification, but the Department levied RF at the pre-revised rates. The Department had not devised any procedure to effect such changes immediately in the system so, delayed implementation of changes resulted in short levy of registration fees of ₹ 1.69 crore.

During exit conference, NIC stated that instructions in this regard were received from the Department on 16 October 2018 and changes were implemented, accordingly. Further, the Department stated that amount of short levy of registration fees would be recovered and time period for effecting changes and change management process for implementation of changes in the central server would be laid down/documentated.

#### **4.3.16 Conclusions**

Planning and implementation of the IT system was deficient and inadequate to meet the objectives of computerisation. The Department did not observe a structured approach by preparing URS/SRS (HARIS), due to which there were deficiencies in mapping of certain business rules into the system which resulted in short/non realisation of revenue, on account of undervaluation of immovable property and irregular exemption of SD. Absence of a systematic and documented change management mechanism resulted in delayed implementation of Government instructions regarding changes in rate of duties/fees. Deficient system design and non-implementation of manual verification procedure in the absence of automation resulted in short levy of SD and RF. Inadequate application controls in the e-registration system affected the objective of transparency, removal of middle men, provision of

hassle free services to citizen as envisaged in Right to Service Act. Lack of password policy rendered the system vulnerable to unauthorised access. Business continuity plan to take care of IT assets in case of disasters was not developed. There were delay in sanction of mutations and work related to modernisation/computerisation under NLRMP was not completed even after a lapse of eight years from the intended date of completion.

#### **4.3.17 Recommendations**

The Government may consider to:

- formulate and document a well-defined comprehensive IT plan and change management policy/procedure;
- ensure a systematic and documented methodology for mapping of business processes in accordance with the provisions of various Acts and Rules applicable, and there is a change control mechanism for changes thereto;
- strengthen security controls to prevent unauthorised access to the system by formulating and implementing password policy;
- draw up and implement a robust Business Continuity Plan in particular a Disaster Recovery System to obviate the high risk of loss of database in the event of natural or manmade disasters;
- complete digitisation of cadastral maps and FMB, scanning and indexing of deeds in a time bound manner; and
- implement the use of Digital signatures so as to ensure the legality of the documents.

