

CHAPTER IV
STAMPS & REGISTRATION
DEPARTMENT



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4.1 Administration

The Stamps & Registration Department is responsible for collection of revenue under the Indian Stamps Act, 1899 and the Indian Stamps (Meghalaya Amendment) Act, 1993.

The Additional Chief Secretary to the Government of Meghalaya, Excise, Registration, Taxation & Stamps (ERTS) Department is in overall charge of the Stamps & Registration Department at the Government level. The Inspector General of Stamps is the administrative head of the Department. There are District Registrars/ Sub-registrars at the district level for levy and collection of stamp duty and registration fee.

4.2 Results of Audit

Test-check of records of two units during 2022-23 revealed short collection of revenue, loss of revenue, and other irregularities in eight cases involving an amount of ₹ 0.86 crore, which fall under the following categories:

Table 4.2.1: Results of Audit conducted during 2022-23

(₹ in crore)			
Sl. No.	Category	No. of Cases	Amount
1.	Short collection of taxes	4	0.25
2.	Non-levy of revenue	1	0.37
3.	Other irregularities	3	0.24
Total		8	0.86

The Department is yet to convey its acceptance of the aforementioned cases and initiate action for the recovery of the amounts kept under audit objection.

An illustrative case with financial impact of ₹ 0.34 crore has arisen due to the Department's failure to register two mining leases and the incorrect application of provisions as per the Indian Stamp Act in an additional two cases is elaborated upon in the following paragraph.

4.3 Irregularities in registration of Mining Leases

Irregularities in registration of mining leases by the District Registrar, Tura resulted in evasion of stamp duty and registration fee to the tune of ₹ 0.34 crore.

[The District Registrar, Stamps & Registration, Tura; August 2022]

Under Rule 5 of the Meghalaya Minor Minerals Concession Rules (MMMCR), 2016, the Principal Chief Conservator & Head of Forest Force or the Competent Officer shall grant mining lease and quarry permit in respect of minor minerals for uses other than

industries. Rule 21 of the MMMCR 2016 further stipulates that where a mining lease is granted or renewed, a lease deed in Form E shall be executed within three months of the order of grant of the lease and if the lease is not executed within the aforesaid period, the order granting the lease shall be deemed to have been revoked.

Section 26 of the Indian Stamp Act, 1899, provides that in case of lease of a mine in which royalty is received as rent, such royalty shall be considered for computing stamp duty. Clause 35 of the Indian Stamp (Meghalaya Amendment) Act, 1993 lays down calculation of stamp duty on lease depending on the term of the lease.

Further, Section 17 of the Indian Registration Act, 1908 provides for compulsory registration of leases of any immovable property for any term exceeding one year, or receiving a yearly rent. The Stamps & Registration Department, Government of Meghalaya fixed (June 2011) the fees for registration of documents at ₹ 26 for the value up to ₹ 1000 and ₹ 15 per thousand for every additional value of ₹ 1000⁴².

Scrutiny of records of the District Registrar, Stamps & Registration Department, West Garo Hills, Tura, conducted in August 2022, it was seen that the Forest & Environment Department, GoM, through the Divisional Forest Officer (DFO), Tura, granted 19 mining leases. The DFO, Tura communicated to the District Registrar, Tura on 09 October 2020, indicating that the registration for these mining leases was overdue as of 30 September 2020. The DFO extended the registration deadline to 31 October 2020, stipulating that failure to register by this date would result in the suspension of the mining leases. In light of these findings, the Audit noticed the following.

4.3.1 Evasion of stamp duty and registration fee to the tune of ₹ 32.90 lakh

The District Registrar, Tura failed to register two⁴³ mining leases till date of audit (August 2022) which led to evasion of stamp duty and registration fee amounting to ₹ 32.90 lakh as detailed in **Table 4.3.1**.

Table 4.3.1: Results of Audit conducted during 2022-23

(Amount in ₹)

Sl. No.	Name of mining lease holder	Date of granting of mining lease	Period of lease	Anticipated average annual royalty	Stamp Duty payable	Registration fee payable
1	Shri Diwan B. Marak	27.08.2019	10 years	30,88,320	3,05,744 ⁴⁴	46,336 ⁴⁵
2	Shri Manoranjan Sangma	25.09.2019	20 years	1,37,90,893	27,30,597 ⁴⁶	2,06,874 ⁴⁷
Total					30,36,341	2,53,210

The case was reported to the District Registrar, Tura in November 2022 and intimated to the Government of Meghalaya in July 2023.

⁴² Upto ₹1,000 registration fee is ₹26; above ₹1,000, registration fee is ₹15 per thousand, for every additional ₹1,000 plus ₹26

⁴³ (i) Shri Diwan B. Marak and, (ii) Shri Manoranjan Sangma

⁴⁴ Stamp Duty = ₹30,88,320 x (99/1,000) x 1 = ₹3,05,744

⁴⁵ Registration Fee = {(₹30,88,320 – ₹1,000) x (15/1,000)} + ₹26 = ₹46,336

⁴⁶ Stamp Duty = ₹1,37,90,893 x (99/1,000) x 2 = ₹27,30,597

⁴⁷ Registration Fee = {(₹1,37,90,893 – ₹1,000) x (15/1,000)} + ₹26 = ₹2,06,874

In reply, the District Registrar forwarded (October 2023) a copy of the replies received from DFO, Tura (September 2023) where it was stated that no notice was received from the District Registrar, Tura about the registration status of Shri Diwan B. Marak's mining lease. After Shri Diwan B. Marak's passing (28 January 2020), his son, Shri Kember B. Marak, applied to transfer the Mining Lease to his name, but this transfer remained incomplete due to an incomplete application form. As a result, the Mining Lease is currently in de facto suspension. In respect of Shri Manoranjan Sangma, the lease was transferred to Smti Jenmi Marak on 16 November 2022 post his death on 31 October 2020. Despite this, the mining lease has not been registered; hence, a show-cause notice was issued to Smti Jenmi Marak by DFO Tura on 25 September 2023.

From the reply it is understood that the District Registrar, Tura had failed to take any *suo moto* action on the DFO's intimation letter dated 09 October 2020. It was only when the lapse was pointed out in Audit that the District Registrar replied to DFO, Tura (July 2023) that the two mining leases had not been registered till date and requested immediate suspension of the mining leases.

Additionally, replies received from Forests and Environment Department in February 2024 and Excise, Registration, Taxation & Stamps Department in April 2024, confirmed the facts as stated by DFO, Tura in the reply (September 2020).

The reply from Forests & Environment Department also stated that due to non-finalisation of the transfer of the mining lease to Shri. Kember B. Marak and non-registration of mining lease by Smti. Jenmi Marak despite successful transfer of mining lease, in both cases, no mining activities have been conducted, and no lifting orders or transport challans have been issued.

Reply of the Department is not tenable. From the records of the two leaseholders such as monthly reports, royalty disbursements and transport challans issued in the name of Shri Diwan B. Marak and Shri Manoranjan Sangma (**Appendix 4.1**), it was evident that the leaseholders were operating the mines without lease registration and payment of stamp duty in contravention of Rule 21 of MMMCR, 2016 and Section 17 of the Indian Registration Act, 1908. Audit also observed that following the demise of the primary lease holders, Form H booklets (transport challans) were issued to both of them. Further, monthly returns were furnished in the name of Shri Manoranjan Sangma and royalty disbursements were made in the name of Shri Diwan B. Marak, in spite of the leases remaining unregistered.

4.3.2 Short levy of stamp duty and registration fees to the tune of ₹ 1.34 lakh

Short levy of stamp duty and registration fees has been observed (July 2022) in the case of two mining lease holders, *viz.*, (i) Shri Prisbar K. Sangma, and (ii) Shri Nansing Ch. Marak. After the demise of Shri Nansing Ch. Marak, the mining lease has been transferred to Smti Simchi Marak, wife of Shri Nansing Ch. Marak *vide* DFO letter No. B/16/VII/744 dated 14 March 2022 on the same terms and conditions of the original lease agreement.

On the above-mentioned cases, the District Registrar failed to correctly compute the stamp duty and registration fees applicable according to the projected average annual royalty determined by the Divisional Forest Officer (Territorial), Tura. Against the applicable stamp duty of ₹ 5.03 lakh and registration fees of ₹ 1.24 lakh leviable on the two mining leases, stamp duty of only ₹ 3.72 lakh and registration fees of only ₹ 1.20 lakh was imposed. This resulted in short levy of stamp duty and registration fee amounting to ₹ 1.34 lakh (**Appendix 4.2**). The case was intimated to the Government of Meghalaya in July 2023.

The Excise, Registration, Taxation & Stamps Department has provided a response in April 2024, confirming the registration of mining leases for Shri Prisbar K. Sangma in April 2022 and Shri Nansing Ch. Marak in March 2022. However, the response did not address the issue of short-levy of stamp duty and registration fees from these lessees.

Hence, failure of the District Registrar, Tura to register two mining leases and incorrect application of the Indian Stamp Act provisions in respect of two other mining leases resulted in evasion of Stamp Duty and Registration Fee amounting to ₹ 34.24 lakh (₹ 31.67 lakh in stamp duty and ₹ 2.57 lakh in registration fees). Further, failure of the DFO, Tura to ensure registration of the mining leases as per statutory requirement and to discontinue mining leases, resulted in mining activities being allowed on unregistered lease deeds.

Risk of similar loss of stamp duty and registration fees due to non-registration of mining leases being operated under the jurisdiction of other District Registrars and Divisional Forest Officers cannot be ruled out.

Recommendation: *Stamp and Registration Department and Forests & Environment Department should obtain complete information on mining leases from all the Divisional Forest Officers in the State and enforce registration of all non-registered lease deeds to minimise loss of revenue.*