

## CHAPTER V: OTHER TAX RECEIPTS

### 5.1 Results of audit

Test check of the records of the departmental offices relating to State excise, entertainment duty and show tax, purchase tax on sugarcane, taxes and duties on electricity and land revenue conducted in audit during the year 2007-08 revealed non/short recovery of tax, duty, fees and penalty etc. amounting to Rs. 46.06 crore in 32,096 cases which fall under the following categories:

(Rupees in crore)

Sr. No.	Category	Number of cases	Amount
<b>A: Excise and Taxation Department (State excise)</b>			
1.	Non-imposition of penalty	121	2.42
2.	Non/late deposit of licence fees and loss of interest	263	1.80
3.	Non-recovery of penalty on illicit liquor	253	1.11
4.	Miscellaneous irregularities	189	36.50
<b>Total</b>		<b>826</b>	<b>41.83</b>
<b>B: Excise and Taxation Department (Entertainment duty and show tax)</b>			
	Non-recovery of entertainment duty	1	0.01
<b>C: Agriculture Department (Purchase tax)</b>			
	Non-deposit of purchase tax and interest	25	2.60
<b>D: Power Department (Taxes and duties on electricity)</b>			
	Miscellaneous irregularities	148	1.35
<b>E: Revenue Department (Land revenue)</b>			
1.	<b>Computerisation of land records (A review)</b>	1	Nil
2.	Miscellaneous irregularities	31,095	0.27
<b>Total</b>		<b>31,096</b>	<b>0.27</b>
<b>Grand total</b>		<b>32,096</b>	<b>46.06</b>

During the year 2007-08, the departments accepted underassessments and other deficiencies of Rs. 6.10 crore involved in 350 cases of which 316 cases involving Rs. 4.55 crore had been pointed out during the year 2007-08 and the remaining in the earlier years. The departments recovered Rs. 1.69 crore in 136 cases of which Rs. 14 lakh related to the year 2007-08 and balance to the earlier years.

A few illustrative cases involving Rs. 1.23 crore and an IT review of “**Computerisation of land records**” are mentioned in the succeeding paragraphs.

## REVENUE DEPARTMENT

### 5.2 Computerisation of land records

#### Highlights

- Due to incomplete and inaccurate data, absence/inadequacy of validation checks in the HALRIS and HARIS database, discrepancies (like *salam khasra* existed more than once in 3,833 cases, owner's share of land was not equal to total land in 1,302 cases, cultivator's share of land was not equal to total land in 65 cases etc.) existed leading to compromising the integrity and reliability of the data.

(Paragraph 5.2.6)

- The system lacked controls viz. access controls, password policy, etc., which exposed it to the risk of unauthorised use.

(Paragraph 5.2.7)

- Incorrect classification of deeds of agreement because of lack of provision of capturing complete details of agreements i.e. type of agreement, price paid or promised or part paid or part promised, developer's share of land and its value etc. resulted in short levy of stamp duty and registration fee of Rs. 12.50 crore.

(Paragraph 5.2.8.8)

- Difference between the amount of stamp duty of Rs. 90.68 lakh endorsed on sale deeds and amount of stamp duty of Rs. 13.44 lakh actually levied/collected resulted in non-accounting of stamp duty of Rs. 77.24 lakh shown in the computerised bill book.

(Paragraph 5.2.8.9)

#### 5.2.1 Introduction

The Government of India (GOI), Ministry of Rural Development, Department of Land Resources, initiated (1990-91) a scheme for the 'Computerisation of Land Records' (CLR) through Revenue departments of the State Governments in view of the inherent problems in the manual system of maintenance and updation of land records and considering the benefits of implementing the computerised land records system. The scheme was fully sponsored by the GOI. In Haryana, it was to commence with a pilot project in Rewari district which was to be extended later to the rest of the districts. The scheme envisaged speed, accuracy, transparency, dispute resolution and on-line management of land records. The computerisation was intended to store and retrieve land related data with very little processing involved. Two software packages named Haryana Land Records Information System (HALRIS) and Haryana Registration Information System (HARIS) were developed by National Informatics Centre – Haryana State Unit (NIC – HSU) for the purpose. A client server model application was developed with 'Visual Basic' at the front end and SQL server at the back end which was designed to work

on a 'Windows' platform. The CLR, which commenced in 1990, was to be completed within a period of three years; however, it was still under implementation after incurring an expenditure of Rs. 11.94 crore upto June 2008. Despite the expenditure incurred and the fact that it was under implementation for over 18 years, the scheme was yet to reach a stage where the intended benefits of computerisation could be made available to the general public or even to the department.

### **5.2.2 Organisational set up**

The Financial Commissioner cum Principal Secretary, Revenue and Disaster Management Department is the administrative head in the Government of Haryana. He/she is responsible for formulation of policies, programmes and their implementation by the department. The Director, Land Records and Consolidation, Haryana exercises general superintendence over the functioning and implementation of the CLR scheme. The work of the scheme in 20 districts and 67 tehsils is being looked after by the Deputy Commissioners and District Revenue Officers at the district level and Tehsildars, Naib Tehsildars, *Kanungos* and *Patwaris* at the tehsil and village levels.

### **5.2.3 Audit objectives**

The review was conducted with a view to assess whether:

- objectives of CLR in the state were achieved;
- IT controls in place were adequate and effective thereby ensuring data completeness, accuracy and reliability; and
- the design of the computerised system was such so that the business rules and procedures, as stipulated by various Acts, statutes and departmental manuals, were correctly mapped on to the computerised system.

### **5.2.4 Scope of audit and methodology**

The database maintained by the HALRIS and HARIS packages was analysed (November 2007 to March 2008) in six districts<sup>1</sup>, selected out of 20 districts by using circular systematic sampling method, using 'Computer Assisted Audit Techniques'. The processes involved in the computerised operations were evaluated to ascertain compliance with the provisions of various related Acts, statutes and departmental manuals. Records maintained in the office of the Director, Land Records & Consolidation, Government of Haryana were scrutinised to evaluate the procedures followed in implementation of the CLR scheme against best practices of 'IT governance' and various rules, regulations and guidelines framed by the Government in this regard. The documents relating to the purchase of computer hardware and its peripherals at Haryana State Electronic Development Corporation Limited (HARTRON) were also examined as procurement worth Rs. 1.32 crore was made through this intermediate agency.

<sup>1</sup> Bhiwani, Faridabad, Gurgaon, Jind, Kurukshetra and Rewari.

An entry conference was held with the department in February 2008 to discuss the audit objectives, scope and methodology.

### **Audit findings**

#### **5.2.5 General controls**

General controls create the environment in which IT applications and the related controls operate. Scrutiny of the records of CLR revealed the following deficiencies due to deficient implementation of such controls.

**5.2.5.1** It was noticed that the operations and maintenance of database of HARIS and HALRIS software was being managed by NIC - HSU and departmental officials were not involved. No monitoring of data maintenance was being carried out by the departmental officers. Besides, there was no control of physical distribution of reports generated through HARIS and HALRIS software.

**5.2.5.2** Different versions of HARIS and HALRIS were in use in the offices of the Sub-Registrars (SRs), Faridabad, Jind, Kurukshetra and Rewari (HARIS version 3.0.37 to 3.0.50 and HALRIS version 1.0.78 to 1.0.80). The uniformity of versions of software being used needs to be maintained.

After the case was pointed out, the Director, Land Records stated (July 2008) that it was due to non-incorporation of patches by the Junior Programmers/District Informatics Officers in the particular systems.

**5.2.5.3** No documentation was shown to audit for day to day changes proposed by the department in the HARIS and HALRIS software. All the changes proposed in the software should have been got approved from the competent authority and proper record of the changes proposed/made should have been maintained.

**5.2.5.4** System Design Document (SDD) was not provided by the NIC - HSU/Director, Land Records. It was stated by a member of the software design team of NIC - HSU that the SDD had not been prepared. Reasons for non-preparation of SDD were called for but the reply has not been received (June 2008).

**5.2.5.5** Internal audit has an important role in protecting the IT system and detecting deviations from the prescribed procedure, identifying threats to information system and safeguards for timely rectification. However, no internal audit staff was involved in the system development process. No training of IT system, software and new methodology of audit was provided to internal audit personnel.

**5.2.5.6** According to the rules, all material received should be entered in the stock register.

It was noticed that no inventory for IT assets was maintained. Further, no records relating to the movement of equipment for repair, periodical maintenance and call details etc. were maintained. Annual physical verification of IT assets had not been carried out since the installation of the

hardware items. Absence of these checks exposed the assets to the risk of pilferage or misuse.

After the case was pointed out, the SRs stated (April 2008) that the provisions would be followed in future.

**5.2.5.7** No safety and security of data and IT assets with respect to environmental hazards like fire, flood, theft, etc., existed. No fire-fighting equipments had been installed in the computer centres of the districts test checked.

## **5.2.6 Inadequacy of input controls & validation checks**

Input controls ensure that the data received for processing is genuine, complete, valid, accurate and properly authorised and the data entry is done accurately and without duplication. Validation checks in software ensure that the data entered into the database is validated.

Analysis of data of HALRIS and HARIS package revealed various instances of inadequacies of input controls and absence of validation checks as discussed in the succeeding paragraphs.

### **5.2.6.1 Incomplete and inaccurate data in the HALRIS database**

The data pertaining to land contained in the database like '*khasra number*', '*ownership*', '*nature of land*' etc., was compared with that contained in the manual *jamabandi* records of two to three villages in each SR's office and a few discrepancies were noticed.

After the cases were pointed out, it was informed that the initial capture of past data from the manual *jamabandis* was entrusted to manpower deployed on contract basis who were not familiar with the departmental records. To ensure correctness of data, hardcopies/printouts of computerised data of *jamabandis*<sup>2</sup> was sent to the village *patwaris* for checking. However, despite checking by village *patwaris* the discrepancies existed which rendered the data unreliable. This undermined the objective of issuing accurate copy of record of rights (RORs) to the land owners. There was no system for authorisation of data against an authenticated document maintained for this purpose.

### **5.2.6.2 Discrepancies due to absence/inadequacy of validation checks**

The stamp duty is collected on the basis of the cost of land plus structure cost or transaction value whichever is higher. It was noticed that in 98<sup>3</sup> cases, the '*structure cost*' was shown as negative in the HARIS database. Due to negative structure cost, the possibility of short levy of stamp duty could not be ruled out. A validation check to ensure that negative value of structure cost is rejected by the system was absent.

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<sup>2</sup> Record of rights.

<sup>3</sup> Ballabgarh : 25, Bhiwani : 2, Charkhi Dadri : 2, Faridabad : 25, Gurgaon : 1, Jind : 36, Narwana : 2, Rewari : 3 and Sohna : 2.

After the cases were pointed out, the Director, Land Records stated (July 2008) that structure value was coming in negative due to wrong entry by the operators and this problem would be rectified in the latest release of HARIS software.

Data Consistency Reports generated by HALRIS database were analysed and the following discrepancies were noticed:

- In 3,833<sup>4</sup> cases, the ‘*salam khasra*<sup>5</sup>’ existed more than once. In the absence of unique *khasra*<sup>6</sup> number, real owner of these *khasras* could not be established.

After the cases were pointed out, the Director, Land Record stated (July 2008) that controls were there initially to check the presence of duplicate ‘*salam khasra*’ but due to presence of such cases in manual *jamabandis* and on the request of the field revenue officers like Tehsildars, these controls were relaxed. The reply of the department was not tenable as instead of relaxing these controls manual records should have been got rectified.

- In 4,470<sup>7</sup> cases, the ‘*majrua khasra*<sup>8</sup>’ was entered but no source of irrigation was shown. In the absence of this information, the type of land could not be established.

After the cases were pointed out, the Director, Land Records stated (July 2008) that controls were there initially to make the source of irrigation a mandatory field for *majrua khasra*, but in the manual *jamabandis* there existed a few *majrua khasra* that had no source of irrigation. To accommodate such *khasras* these controls were relaxed. The reply was not tenable as instead of relaxing these controls manual records should have been got rectified.

- The sum of all the owners’ share of land was not equal to the total land in 1,302<sup>9</sup> cases. This showed that the owner’s share was not depicted properly in the *jamabandi* which could result in litigation at any later stage.

After the cases were pointed out, the Director, Land Records in his reply admitted (July 2008) the inconsistencies.

- Likewise, sum of all the cultivators’ share of land was not equal to the total land in 65<sup>10</sup> cases. This showed that the cultivator’s share was not depicted properly in the *jamabandi* which could result in litigation later on.

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<sup>4</sup> Bhiwani : 240, Dharuhera : 63, Gurgaon : 110, Jind : 240, Narwana : 411, Rewari : 2,649, Shahbad : 28, Sohna : 92

<sup>5</sup> Complete field number.

<sup>6</sup> List of fields, field register.

<sup>7</sup> Bhiwani : 353, Dharuhera : 152, Gurgaon : 3,423, Jind : 179, Narwana : 36, Rewari : 48, and Sohna : 279

<sup>8</sup> Allotted to land that can be cultivated either through man made irrigation sources or through rain water.

<sup>9</sup> Bhiwani : 377, Dharuhera : 55, Jind : 83, Narwana : 33, Rewari : 742, and Shahbad : 12

<sup>10</sup> Dharuhera : 10 and Jind : 55

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After the cases were pointed out, the Director, Land Records admitted (July 2008) the inconsistencies.

- Both *salam*<sup>11</sup> and *min*<sup>12</sup> *khasra* were appearing in the same *mustil*<sup>13</sup> number or in one *khasra* in 197<sup>14</sup> cases which was not correct because either *salam* or *min khasra* could only appear in same *mustil* number. This discrepancy could result in litigation.

After the cases were pointed out, the Director, Land Records stated (July 2008) that *salam* and *min khasra* were present in the same *mustil* in the manual *jamabandis*. The data entry operator could not correct it on their own, as there was a well defined procedure to correct the wrong entries in the *jamabandis*. The reply was not tenable as records of *jamabandis* should have been got rectified.

- It was noticed that no action was being taken on the discrepancies pointed out by Data Consistency Reports as generated by the software. As a result, inconsistent data was maintained by the department.

### **5.2.7 Data safety/security**

It was observed that the back up of data was neither being stored off site nor was periodically tested for restoration.

After the cases were pointed out, the Director, Land Records stated (July 2008) that NIC had submitted the BASE (Backup, Archival & Security) framework proposal to State Information Technology Department, Haryana. Further report has not been received (August 2008).

#### **5.2.7.1 Physical access control**

It was noticed that there was no physical access controls in the HALRIS/HARIS computer centre. No separate server enclosure had been provided and access to the server room was not restricted.

#### **5.2.7.2 Logical access control**

Duties and responsibilities of the Database Administrator, supervisors and operators working on the systems were not defined. It was observed that all the operators were using login ID of an administrator. No separate IDs had been generated for operators and administrators for their day to day operations. There was no password policy in vogue.

After the cases were pointed out, the Director, Land Records stated (July 2008) that directions to this effect had been issued to all Deputy Commissioners in the State to ensure that no computer operator was working on the HALRIS system without his own user ID and password.

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<sup>11</sup> Completely.

<sup>12</sup> Position/partially.

<sup>13</sup> Rectangle.

<sup>14</sup> Bhiwani : 99, Dharuhera : 8, Jind : 15, Rewari : 74 and Sohna :1

### **5.2.8 Non/erroneous mapping of business rules**

The objective of the scheme was to computerise all the land records so as to create an effective land information system and database for effective land reforms and revenue administration.

It was noticed that the work of computerising *shajra-nasb* (pedigree table of a family), which is a part of the *jamabandi* was yet to be initiated. Apart from this, the *khasra girdawari* registers, *field books* and other revenue records were yet to be computerised. The absence of many key features in the software undermined the computerisation of records of rights as brought out in the succeeding paragraphs.

#### **5.2.8.1 Absence of provision for recording of multiple mortgages**

During test check, it was noticed that provision of recording of third and fourth mortgage i.e. 'soim'<sup>15</sup>, and 'chorm'<sup>16</sup>, was not available in the *khatauni*<sup>17</sup> in HALRIS software and option for recording sale of mortgaged land to the mortgagee i.e. by *Bai-Baihifz Rahan*<sup>18</sup> was also not available in the system. Further, it was noticed that no option existed for recording 'Gair-Hazir'<sup>19</sup>, and 'Gair-Kabiz'<sup>20</sup>, as well as entering 'Baya'<sup>21</sup> *Mushtari*<sup>22</sup>, in column of possession in HALRIS software.

After the cases were pointed out, the Director, Land Records stated (July 2008) that the details of such cases would be provided to NIC for amending the HALRIS software.

#### **5.2.8.2 Absence of provision for automatic generation of mutation notice and nakal**

As per target laid down by the department, HARIS software would link registration with mutations so that mutation notice could be generated immediately after the registration of documents. But in actual practice the record of mutation was not updated and the notice was not being generated on registration of document through the software. Registered documents were manually entered in the *jamabandi* register in red ink by the *patwari* and then the data was fed in the computer by the operator in HALRIS database. Besides, the *nakal* (copy of ROR) generated through computers was being issued after verification of original record by the *patwaris*. Thus, the main objective of integration of HARIS and HALRIS software and issue of mutation notice immediately on registration of deed as well as issue of online *nakal* could not be achieved.

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<sup>15</sup> Provision of 3<sup>rd</sup> mortgage.

<sup>16</sup> Provision of 4<sup>th</sup> mortgage.

<sup>17</sup> Holding slips prepared at re-measurement.

<sup>18</sup> Sale of mortgage land to the mortgagee.

<sup>19</sup> Absent.

<sup>20</sup> Not having possession of land.

<sup>21</sup> Seller of land.

<sup>22</sup> Purchaser of land.



After the cases were pointed out, the Director, Land Records stated (July 2008) that HARIS and HALRIS software can be linked only for those villages that had no mutation backlog and hence the primary requirement of integration was that the *jamabandi* data of the village must be online. HARIS software was capable of generating the mutation<sup>23</sup> notices and the mutations entry for online villages. It was further stated that efforts were being made to make all the villages online soon.

### **5.2.8.3 Absence of provision for entry of various types of *intakals* (mutations)**

It was noticed that the option did not exist in the HALRIS software for making entries of *intakals* (mutations) of restoration of mortgaged land, consolidation of two or more *khewat*<sup>24</sup>/*khataunis*, exchange of land of one village with the land of another village, *rahan dar rahan*<sup>25</sup>, cases where the owner has a *murthan*<sup>26</sup> but the *takseem*<sup>27</sup> *murthan* does not go with the owner on new position and registration of land purchased on account of receipt of compensation. In the absence of the above provisions, these cases were being recorded manually.

After the cases were pointed out, the Director Land Records stated (July 2008) that the software would be amended in consultation with the revenue experts.

### **5.2.8.4 Disputed lands and properties**

During test check of the records of HARIS software, it was observed that there were 98 cases of disputed lands/properties (Gurgaon-91, Rewari-1 and Sohna-6). It was noticed that while registering a sale deed of land/property in any village having disputed land, the system alerted the user by showing the list of disputed lands/properties in that village. But the system allowed the data entry operator to register the sale deed of such disputed lands/properties. Modifications in the software are needed so that the registration of such disputed lands/properties may be carried out by the Administrator level user only.

After the cases were pointed out, the Director Land Records stated (July 2008) that technically it was not possible to stop the registration of these properties because there was no unique number to identify the properties. The reply was not tenable as the data of disputed lands and properties was already available in the database and the access to this data could be restricted to the administrator.

### **5.2.8.5 Exchange deeds**

As per the provisions contained in the Indian Stamp Act, 1899, in case of exchange deeds the stamp duty is to be levied on the higher value of the two lands/properties which are to be exchanged by the parties.

<sup>23</sup> An act of making changes in the ownership of land in ROR.

<sup>24</sup> A list of owner holdings.

<sup>25</sup> Mortgage.

<sup>26</sup> In whose favour the land is mortgaged.

<sup>27</sup> Mutation of partition.

During test check of the records of exchange deeds in the office of SR, Faridabad, it was noticed that there was no provision in the software for showing/storing cost of land/properties of both the parties separately. Without this information, the correctness of stamp duty levied in such cases could not be ascertained. Modification in the software is needed for making provisions in the software for storing/showing the cost of land/properties of both the parties.

After the cases were pointed out, the Director Land Records stated (July 2008) that the provision to enter the value of both the properties in case of exchange deed would be provided in the next release of HARIS.

#### **5.2.8.6 Non-allotment of unique ID number to land owner/cultivator**

As per the project plan, every owner and cultivator of land was to be assigned a unique ID number irrespective of *khewat* and *khataunis* but this feature was not implemented in the software. In the absence of unique ID number, total holding of individual farmer could not be ascertained for disbursement of relief under the various Government schemes.

After the cases were pointed out, the Director, Land Records stated (July 2008) that it was not possible to uniquely identify a particular owner or cultivator in the village due to the absence of *shajra nasb*. He further stated that the department would plan to generate the *shajra nasb* from the existing *jamabandi* data for making it possible to assign the unique IDs to owners and cultivators.

#### **5.2.8.7 Absence of provision in HARIS to capture serial number of stamp papers**

During test check of the records, it was noticed that deeds registered in the office of the District Revenue Officer, Ambala, Bhiwani and Jind were having stamp papers of Rs. 5,000 and Rs. 50 denominations which did not bear any serial numbers. The matter relating to issue of stamp papers without serial numbers was taken up (November 2007 and March 2008) with the concerned treasury officers.

The Treasury Officer, Ambala and Bhiwani stated (November 2007 and March 2008) that stamp papers of Rs. 5,000 and Rs. 50 denominations were received in their treasury without serial number from the nodal office at Faridabad. Out of total stamp papers of Rs. 5,000 denomination valuing Rs. 94.58 crore and Rs. 50 denomination valuing Rs. 1.74 crore received in these three treasuries without serial numbers, stamp papers of Rs. 5,000 denomination valuing Rs. 42.96 crore and Rs. 50 denomination valuing Rs. 73.33 lakh were still to be issued. Since this could result in malpractice, stamp papers without serial numbers lying in various treasuries should be got machine numbered by the Nodal Office.

It was further noticed that there was no provision in the software for entry of serial number of the stamp papers received in the Nodal Office from Nasik, in the absence of which the authenticity of stamp papers received with the document for registration of a deed could not be checked. The feasibility of making provision in HARIS software of capturing serial numbers of all stamp

papers received/issued by treasury in master table may be examined so that on receipt of stamp papers for registration of the deed, the serial number of stamp papers are checked for authenticity.

After the cases were pointed out, the Director Land Records stated (July 2008) that HARIS software could be enhanced to capture the serial number of the stamp papers, but it would not be possible to validate these serial number with serial number of the stamp papers issued by the local treasury as a person could purchase the stamp papers from any treasury. The reply was not tenable as the data about stamp papers' serial number series can be provided to all locations by the Nodal Office and captured in HARIS at various locations so as to ensure authenticity of the stamp papers issued.

**5.2.8.8 Short levy of stamp duty and registration fee due to incorrect classification of agreements**

Section 2(10) of the Indian Stamp Act, provides that conveyance includes conveyance on sale and every instrument by which property whether moveable/immoveable is transferred *inter vivos* and which is not otherwise specifically provided for by schedule 1. Section 54 of the Transfer of Property Act, 1882 defines sale as transfer of ownership in exchange for a price paid or promised or part paid or part promised. As such the agreement which provides for exchange of consideration or promise to pay consideration later on and transfer of possession of land is involved should automatically be classified as sale agreement and stamp duty levied.

It was noticed that HARIS software did not provide for capturing basic information regarding the type of agreement i.e. sale or mortgage of land, price paid or promised or part paid or part promised and whether possession of land was exchanged or not, in order to classify the agreements for levying stamp duty. Checking of HARIS database of SRs, Dharuhera and Gurgaon revealed that seven development/collaboration agreements under deed code "23" having transaction value "zero" were registered (between 24 August 2006 and 14 December 2007) in respect of land on which stamp duty of Rs. 100 each was levied as applicable in the case of an agreement not involving sale of land. Scrutiny of these agreements revealed that the owners of land authorised the developers to take possession of the land with the right to construct, develop and deal with the land in accordance with the terms and conditions of the agreements. In exchange of consideration, the owners of land were entitled to a part of the developed land. The developers were entitled to dispose off their shares of developed land in such manner as deemed fit without requiring any consent from the owners. Hence, the development rights/collaboration agreements were conveyance of right to develop, construct and sell the property and were liable to pay stamp duty on sale of property in respect of the developer's share of land. Misclassification of these sale deeds resulted in short levy of stamp duty of Rs. 12.50 crore and registration fee of Rs. 47,000 on the transaction value of Rs. 205.70 crore.

Such cases showed that the deeds were not being adequately scrutinised by the SRs at the time of presentation. Nevertheless, the provision of capturing following fields should be made in HARIS for proper classification of agreements which would be a control mechanism in itself to prevent such cases of oversight:

- field for storing type of agreement;
- price paid or promised or part paid or part promised;
- whether possession of property/land has been transferred;
- whether the general power of attorney which gives the rights for sale of land/property to developer is signed by the land owners; and
- developers share of land and its value.

After the cases were pointed out, the Director, Land Records stated (July 2008) that HARIS software would be amended to capture more details in HARIS in case of agreement deed in consultation with the revenue experts.

#### **5.2.8.9 Non-accounting of stamp duty**

The amount of cash receipt generated/issued either manually or through computer should be properly accounted for in the cash book and deposited into the treasury. Further as per the manual procedure, the deed writer calculates and endorses the amount of stamp duty leviable on the first page of the sale deed. This is paid through the stamp paper and the balance amount, if any, is collected in cash through bill book and entry to this effect is made on the first page of the sale deed. During test check of the records of HARIS database, following discrepancies were noticed in eight<sup>28</sup> cases:

- whereas a transaction value of Rs. 9.44 crore was endorsed on back of the first page of the sale deeds in respect of the eight cases, the actual transaction value as per the sale deeds was Rs. 1.97 crore; and
- whereas stamp duty of Rs. 90.68 lakh was endorsed on back of the first page of the sale deeds in respect of eight cases, the actual stamp duty as per the receipt was Rs. 13.44 lakh.

The endorsements made by the computer operators on the sale deeds were not checked by the Tehsildar/Naib Tahsildar. The reasons for endorsing excess stamp duty and transaction value on sale deed were called for from SRs, Dharuhera, Jind and Rewari.

During discussion, SR, Dharuhera stated that computerised receipts for amount collected through bill book were not being issued. However, scrutiny of manual bill book and computerised bill book revealed that a stamp duty of Rs. 30.25 lakh endorsed on sale deed number 46 dated 5 April 2007 was shown in computerised bill book which was not accounted for. The report of bill book details of HARIS software (Dharuhera) of 5 April 2007 depicted the following information:

Reg. No./Year/ Book No.	Transaction value	Stamp duty	Bill Book	Dated	Amount (In rupees)
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<sup>28</sup> Dharuhera : 1, Jind : 2 and Rewari : 5

			No.		
46/2007-08/1	10,09,000	6,05,400	Zero	5 April 2007	30,24,600

This showed that amount of Rs. 30.25 lakh was collected through bill book number zero and the same was not accounted for. The software should not generate/accept 'zero' value as bill book number. Necessary modifications in the package are required to be made in this regard. In the absence of this feature, the receipt generated by the system has no sanctity. Besides this, software should be suitably modified to incorporate the duty payable and duty paid through stamp papers as well as through bill book separately and the same is endorsed on the sale deed.

There was an overall non-accounting of stamp duty of Rs. 77.24 lakh details are given in Annexure-III in all the three SR offices.

After the cases were pointed out, the Director, Land Records stated (July 2008) that HARIS software had been amended to check the entry of zero as the bill book number and reports in the software would be amended to show the duty paid through bill book along with the duty paid through the stamp papers.

### **5.2.9 Other points of interest**

During test check of the records of the CLR scheme, the following financial irregularities were noticed:

**5.2.9.1** It was noticed that Rs. 15.75 crore were released by the GOI upto June 2008 against the scheme. Only Rs. 11.94 crore was utilised till June 2008 by the State Government. The department could not spend Rs. 3.81 crore due to its failure to establish State level monitoring cell, non-utilisation of funds for training of staff, digitisation of cadastral maps, scanning of old records, survey and settlement etc.

The Director, Land Records stated (July 2008) that the funds allotted for State Monitoring Cell could not be utilised because the building for the office of Director, Land Records was under construction in Panchkula.

**5.2.9.2** As per the guidelines of the scheme of computerisation of land records, financial assistance was not to be provided by the GOI after completion of CLR project in a district and that State would provide requisite funds for future maintenance and continuation of the project.

During test check, it was noticed that pasting fee and service charges for various deeds were prescribed and were being levied. The pasting charges were being collected through HARIS and a computerised receipt issued but service charges were being collected manually by way of issuing the Red Cross receipts. An amount of Rs. 2.48 crore<sup>29</sup> was collected as service charges

<sup>29</sup> Ambala : Rs. 13.32 lakh, Bhiwani : Rs. 51.17 lakh, Dharuhera : Rs. 6.65 lakh, Gurgaon : Rs. 73.85 lakh, Charkhi Dadri : Rs. 8.66 lakh, Narwana : Rs. 10.56 lakh, Jind : Rs. 10.28 lakh, Faridabad : Rs. 44.33 lakh and Ballabgarh : Rs. 29.28 lakh.

by Red Cross during the year 2006-07 and Rs. 1.07 crore<sup>30</sup> during the year 2007-08 for which there was no provision in the scheme of GOI as maintenance of the scheme was to be financed by the State.

The Director, Land Records stated (July 2008) that this was 100 *per cent* centrally sponsored scheme at present and that policy was being framed for sustaining the scheme in the State from its own sources in future. The reply was silent about the retention of service charges by the Red Cross Societies in the districts.

#### **5.2.10 Conclusion**

The CLR scheme which was started in 1990-91 was yet to reach a full functional level despite incurring an expenditure of about Rs. 11.94 crore (upto June 2008). The database of land and holdings suffered from inaccuracies rendering it unreliable. It was noticed that the manual system was still in use for all practical purposes. Unless HARIS and HALRIS software are integrated and a better level of data integrity is established, it may not be possible to harness the full benefits of computerisation. In its present shape, the computerisation was found ineffective in preventing cases of short levying of stamp duty and registration fee, cases of non-accounting of stamp duty, etc. Besides there were cases of non/erroneous mapping of business rules in the computer system and deficiencies as regards logical access controls.

#### **5.2.11 Recommendations**

Ensuring integrity of data is vital for the successful computerisation of any function. It is more so in respect of the CLR scheme in view of the criticality of the data involved. It is, hence, recommended that:

- time bound targets may be fixed for implementation of the scheme and its progress ensured through adequate monitoring;
- a comprehensive IT policy/strategy involving various aspects such as documentation policies, segregation of duties, physical access and environmental controls, change management controls, logical access controls, etc., may be formulated;
- the deficiencies in the database and application design should be reviewed and steps may be taken for producing reliable and accurate output. The data already captured may be sanitised in addition to ensuring its completeness; and
- manpower skills of *patwaris/kanungos/Tehsildars/Naib tehsildars* should be enhanced through computer training and periodic refresher courses to ensure involvement of end users.

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<sup>30</sup> Bhiwani : Rs. 47.09 lakh upto 4 March 2008, Dharuhera : Rs. 3.86 lakh upto 7 March 2008, Narwana : Rs. 10.42 lakh upto 12 March 2008, Jind : Rs. 9.49 lakh upto 29 February 2008, Faridabad : Rs. 23.68 lakh upto 30 September 2007 and Ballabhgarh : Rs. 12.54 lakh upto 30 September 2007.

## EXCISE AND TAXATION DEPARTMENT

### 5.3 Non-realisation of differential licence fee

Under the Haryana Liquor License (HLL) Rules, 1970 read with the excise policy for the year 2006-07, a person to whom a liquor outlet has been allotted shall pay by the 15<sup>th</sup> of every month an instalment equal to 10 *per cent* of the total annual licence fee upto the month of November 2006. If any successful allottee fails to deposit the amount of security equal to 20 *per cent* of the total licence fee by 7 April 2006 or refuses to accept the licence, the DETC (Excise) of the respective district may re-allot it at the risk and cost of the original allottee by seeking prior permission of the Financial Commissioner.

During test check of the records of DETC (Excise), Jind in May 2007, it was noticed that six retail liquor outlets were auctioned in March 2006 for Rs. 1.80 crore for the year 2006-07. Of the security of Rs. 36 lakh payable by the successful bidders, only Rs. 16.50 lakh was deposited. Thereafter, the allottees did not deposit the balance security of Rs. 19.50 lakh. The department cancelled their licences between May and October 2006 and forfeited the entire amount of security. These retail liquor outlets were reauctioned on 25 September and 31 October 2006 for the remaining period for Rs. 64.86 lakh at the risk and cost of the original licensees. However, the department did not initiate any action to recover the differential amount of licence fee of Rs. 98.64 lakh<sup>31</sup> from the original allottees. This resulted in non-realisation of revenue of Rs. 98.64 lakh.

After the case was pointed out in May 2007, the department admitted the facts and stated in March 2008 that show cause notices had been issued to effect recovery of Rs. 98.64 lakh from the original licensees. A report on recovery has not been received (August 2008).

The matter was reported to the Government in November 2007; their reply has not been received (August 2008).

### 5.4 Short recovery of licence fee and interest

The HLL Rules, read with the excise policy for the year 2006-07, provide for payment of monthly instalment of licence fee by the 15<sup>th</sup> of each month by the licensee holding licence for retail outlets for vending country liquor (CL) and Indian made foreign liquor (IMFL). Failure to do so renders him liable to pay interest at the rate of one and a half *per cent* per month for the period from the first day of the month to the date of payment of the instalment or any part thereof. If the licensee fails to deposit the monthly instalment in full alongwith interest by the end of the month, the licensed outlet shall cease to be in operation on the first of the following month and shall ordinarily be sealed by the DETC (Excise) of the respective district.

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<sup>31</sup> Rs. 1.80 crore – (Rs. 16.50 lakh + Rs. 64.86 lakh) = Rs. 98.64 lakh.

During test check of the records of DETC (Excise), Rohtak in August 2007, it was noticed that licenses for retail liquor outlets for the sale of CL/IMFL were allotted to five licensees for Rs. 1.06 crore. The licensees failed to pay the monthly instalments of licence fee for the period between April and November 2006 in full by the prescribed dates. Against Rs. 1.06 crore, the licensees had paid only Rs. 86.90 lakh. The DETC (Excise), however, did not initiate any action to cease/seal the vends for non-deposit of monthly instalments in full by the end of the month and levy interest for belated payment of the licence fee. This resulted in short recovery of license fee of Rs. 19.10 lakh besides interest<sup>32</sup> of Rs. 5.73 lakh.

After the cases were pointed out in August 2007, the DETC (Excise) intimated in January 2008 that licence fee of Rs. 2.60 lakh and interest of Rs. 51,000 had been recovered from two licensees in December 2007 and efforts were being made to recover the balance amount. A report on recovery has not been received (August 2008).

The matter was reported to the department and the Government in November 2007; their reply has not been received (August 2008).

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<sup>32</sup> Interest calculated upto December 2007.