

CHAPTER - VI STAMP DUTY AND REGISTRATION FEE

6.1 Results of audit

Test check of the records of 64 units relating to stamp duty and registration fee revealed loss of revenue and other irregularities involving ₹ 31.95 crore in 5809 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Loss of revenue in instruments executed by/in favour of co-operative housing societies.	1	0.06
2.	Loss of revenue due to inordinate delay in finalisation of cases.	52	1.00
3.	Short realisation of Stamp duty & Registration fee due to undervaluation of properties/incorrect exemption.	1,018	13.18
4.	Loss of revenue due to misclassification of instruments.	90	0.44
5.	Incorrect remission of stamp duty and registration fee.	326	2.81
6.	Others.	4,322	14.46
Total		5,809	31.95

During the course of the year 2009-10, the department accepted underassessment and other deficiencies of ₹ 8.05 crore in 4,415 cases, which were pointed out in audit during the year 2009-10. An amount of ₹ 86 lakh was realised in 995 cases.

A few illustrative cases involving ₹ 14.72 crore are mentioned in the following paragraphs.

6.2 Delay in disposal of cases referred by Sub Registrars (SR)

Under Section 47-A of Indian Stamp (IS) Act, 1899 if the registering officer, while registering any instrument finds that the market value of any property set forth is less than the market value shown in the market value guidelines, he should, before registering such instrument, refer the same to the Collector for determination of the correct market value and duty leviable thereon. Departmental instructions (July 2004) provide a maximum period of three months for disposal of the cases referred to the Collector by the SR offices.

6.2.1 We observed in 11 SR¹ Offices between May and August 2009 that 338 cases referred by the registering authorities between May 1998 and March 2009 for determination of the market value of properties had not been finalised by the Collectors though the period of three months had already lapsed. In these cases the difference of stamp duty and registration fee as worked out by the SRs was ₹ 5.22 crore.

After we pointed out the cases, the District Registrar (DR) Bhopal stated (November 2009) that four out of 30 cases have

been decided and ₹ 3.40 lakh was recovered and in the remaining cases, he stated that action was in progress. The Inspector General, Registration (IGR) intimated (February 2010) that out of 308 cases pertaining to 10 SR offices, 41 cases have been decided and action in 267 cases was in progress. Further progress has not been received (December 2010).

We reported the matter to the Government between June and November 2009; reply has not been received (December 2010).

6.2.2 We observed in 25 SR offices² between May 2007 and November 2009 that in 369 instruments registered between June 2003 and March 2009, the market value as per guidelines was ₹ 88.89 crore against registered value of ₹ 53.01 crore. The SR did not refer these instruments to the concerned Collector for determination of correct value of properties and duty leviable thereon. This resulted in short levy of stamp duty and registration fee of ₹ 3.29 crore.

After we pointed out the cases, nine DRs³ stated (between March 2008 and April 2010) in respect of 220 instruments that the cases against the executants had been registered and action is in progress. Seven SRs⁴ stated (between May 2007 and September 2009) in respect of 42 instruments that the cases would be referred to the Collector of stamps. SR, Shujalpur stated (May 2009)

¹ Bhopal, Budhni (Sehore), Chhindwara, Depalpur (Indore), Dewas, Dhar, Hoshangabad, Itarsi, Mandsaur, Neemuch and Ujjain.

² Alirajpur (Jhabua), Badwah (Khargone), Bhind, Bhopal, Dewas, Dhar, Dharampuri (Dhar), Itarsi (Hoshangabad), Jabalpur, Jhabua, Kalapipal (Shajapur), Khategaon (Dewas), Mahidpur (Ujjain), Manawar (Dhar), Mandla, Morena, Sardarpur (Dhar), Saunsar (Chhindwara), Sendhwa (Barwani), Seonimalwa (Hoshangabad), Shujalpur (Shajapur), Singori (Sidhi), Sironj (Vidisha), Ujjain and Vidisha.

³ Barwani, Bhopal, Chhindwara, Dhar, Jabalpur, Jhabua, Mandla, Sidhi and Ujjain.

⁴ Alirajpur (Jhabua), Badwah (Khargone), Bhind, Kalapipal (Shajapur), Morena, Shujalpur (Shajapur), Sironj (Vidisha).

in respect of 46 out of 47 instruments that the instruments were valued correctly. However, the reply did not contain any specific justification on the basis of which valuation was done. In respect of one instrument he stated that diverted land in rural area is to be valued at three times of agriculture land and accordingly valuation was correct. We do not agree with the reply because land and building under commercial use, situated on the main road was sold. Thus, it was required to be assessed accordingly. SR, Sironj stated (May 2009) in respect of 13 instruments that the cases have already been sent to the Collector of Stamps. However, records in support of reply were not produced to audit. SR, Khategaon stated (August 2009) in respect of one instrument that the land was undeveloped and there was a ginning factory on the land 15 years ago. We do not agree with the reply because as per the recitals of the document, road, water and electricity facility was available and as such, the property should have been assessed as developed land. Further, the IGR intimated (February and March 2010) in the case of 46 instruments pertaining to five SR offices, that ₹ 22,099 has been recovered in one case and in remaining cases, action was in progress. Further progress in the matter and reply of the IGR on remaining cases has not been received (December 2010).

We reported the matter to the Government between June 2007 and December 2009; reply has not been received (December 2010).

6.3 Evasion of duty on instruments executed by the colonisers/ developers

Article 38 (b) of schedule 1-A to the IS Act regulates levy of duty on the secured amount of an instrument of mortgage deed. Further, a coloniser has to develop the land in accordance with the norms of local authorities and has to mortgage 25 per cent of the land/plot in favour of local authorities as a security against the expenditure on development of the land. **We noticed that there was no such mechanism in the department to deal with such instruments and that duty was charged on the amount mentioned in the instrument by the coloniser.**

6.3.1 We observed in three SR offices⁵ between November 2007 and July 2009 that in case of 24 instruments of mortgage executed by the colonisers between October 2006 and March 2009, the estimated expenditure to be incurred on the development of the land/plots was not

considered. However, registering authorities finalised the levy of duty and fee on the basis of amounts mentioned in the instruments by the colonisers themselves, whereas the same should have been decided on the basis of the prevailing market value in the absence of actual figures of development expenses. This resulted in short-realisation of revenue of ₹ 1.19 crore⁶.

⁵ Bhopal, Indore and Ujjain

⁶ One instrument-estimated development expenditure worked out to ₹ 2.38 crore and in 23 documents market value of plots mortgaged worked out to ₹ 19.02 crore. Duty and fee of ₹ 1.07 crore and ₹ 17.16 lakh totalling ₹ 1.24 crore was leviable where as ₹ 4.97 lakh was levied.

After we pointed out the cases, the DRs, Bhopal and Indore stated (November 2009) that the cases have been registered against the colonisers/developers. The SR, Ujjain stated (July 2009) that necessary action would be taken after investigation. Further progress in the matter has not been received (December 2010).

The fact remains that no efforts were made to ascertain the estimated expenditure and neither was any reference made to the higher departmental authorities in this regard.

The Government may consider prescribing a mechanism in the Rules to determine the value of property on development of land by the colonisers/developers.

We reported the matter to the IGR and the Government between December 2007 and August 2009; their reply has not been received (December 2010).

6.3.2 We observed in three SR⁷ offices between December 2006 and June 2009 that in

Article 5 (d) of schedule 1-A to the IS Act, provides for levy of stamp duty at the rate of two *per cent* of the market value of the land on an agreement if it is related to the construction of a building on the land by a person other than the owner or lessee of such land and having a stipulation that after construction, such building shall be held jointly or severally by the other person and the owner or that it shall be jointly or severally sold by them. Further, such instruments are to be compulsorily registered under section 17 of the Registration Act, 1908.

14 sale deeds registered between April 2005 and March 2009, the constructed properties were sold jointly by the builders and the landowners as per agreements between them. However, these agreements involving land measuring 24.75 acres, valued at ₹ 37.08 crore in accordance with market value guidelines were not got registered. This resulted in non-realisation of stamp duty and registration fee

of ₹ 1.04 crore beside penalty under the IS Act.

After we pointed out the cases, the DRs, Bhopal and Indore stated (November 2009) in respect of 10 documents that cases against the executants had been registered and action was in progress. SR, Gwalior stated (August 2007) in respect of four documents that necessary action would be taken after investigation. Further progress in the matter has not been received (December 2010).

We reported the matter to the IGR and the Government between February 2007 and July 2009; their reply has not been received (December 2010).

⁷ Bhopal, Gwalior and Indore.

6.4 Short levy of stamp duty and registration fee on lease/sub lease

As per section 33 read with section 38 of the IS Act, every public officer before whom, any instrument chargeable to duty is produced, shall, if it appears to him that such instrument is not duly stamped, admit the instrument in evidence upon payment of penalty/duty leviable under the Act or send it to the Collector for determination of proper duty leviable thereon. Further, the instruments of lease deeds having lease period of more than 12 months are to be compulsorily registered under the Registration Act, 1908. Stamp duty is charged on such instruments at the rate prescribed in schedule 1-A to the IS Act. Registration fee is leviable at three fourth of the stamp duty.

6.4.1 We observed in three District Mining (DM) Offices⁸ between February and July 2009 that Madhya Pradesh State Mining Corporation (MPSMC) sub-leased the right of extraction and sale of sand to 13 contractors for one year between November 2004 and June 2009 and one contractor from March 2006 to June 2007 for ₹ 18.09 crore. It was, however, seen that the agreement to the effect was executed on stamp paper of ₹ 50 in one case and ₹ 100 each in the remaining cases against the leviable stamp duty of ₹1.43 crore and

registration fee of ₹ 3.42 lakh. The department did not initiate any action for levy of correct stamp duty and registration fee. This resulted in short levy of stamp duty and registration fee of ₹ 1.47 crore.

After we pointed out the cases, the District Mining officer (DMO), Narsinghpur stated (May 2009) that matter would be forwarded to the MPSMC and the SR and action would be taken as per rule. DMO, Jabalpur stated (July 2009) that action would be initiated after obtaining information in the matter from the MPSMC. DMO Khargone had not furnished any reply (December 2010).

We reported the matter to the Director, Geology and Mining (DGM), IGR and the Government between November and December 2009; their replies have not been received (December 2010).

6.4.2 We observed in three DM Offices⁹ between April 2007 and November 2009 that 53 trade quarries were auctioned for two years for contract money of ₹ 58.65 lakh per year. Accordingly, stamp duty and registration fee of ₹ 9.38 lakh and ₹7.05 lakh respectively was leviable on these agreements. It was however, seen that stamp duty and registration fee of ₹ 5.59 lakh and ₹ 2.01 lakh respectively was levied due to computation mistake. This resulted in short levy of stamp duty and registration fee of ₹ 8.82 lakh.

After we pointed out the cases, the DMO, Burhanpur stated (November 2009) that demand notice would be issued to the contractor. DMO, Datia stated (September 2009) that the cases had been referred to the

⁸ Jabalpur, Khargone and Narsinghpur

⁹ Burhanpur, Datia and Seoni

Registration Department for recovery. DMO, Seoni stated (March 2009) that matter would be forwarded to the District Registrar and action would be taken accordingly. Further progress has not been received (December 2010).

We reported the matter to the DGM, IGR and the Government between December 2009 and February 2010; their replies have not been received (December 2010).

6.4.3 We observed in three SR Offices¹⁰ between May and July 2009 that in case of 10 documents of lease deeds registered between April 2007 and March 2009 stamp duty and registration fee of ₹ 14.78 lakh was leviable but the registering authorities levied ₹ 10.56 lakh only by treating lesser period of lease in one case while there was mistake in computation in nine cases. This resulted in short realisation of stamp duty and registration fee of ₹ 4.22 lakh.

After we pointed out the cases, the DRs, Bhopal and Sagar stated (between July and November 2009) that the cases against the executants had been registered and action was in progress. The IGR intimated (March 2010) in respect of eight cases of Dewas office that the cases against the executants had been registered by the DR. Further, progress has not been received (December 2010).

We reported the matter to the Government between May and August 2009; the reply has not been received (December 2010).

6.5 Short levy of stamp duty and registration fee on instruments of power of attorney

Schedule 1-A of the IS Act, provides that when power of attorney (POA) is given without consideration and authorising the agent to sell, gift, exchange or permanently alienate any immovable property situated in Madhya Pradesh for a period not exceeding one year, duty of ₹ 100 is chargeable on such instruments. Further, when such rights are given with consideration or without consideration for a period exceeding one year or when it is irrevocable or when it does not purport to be for any definite term, the same duty as a conveyance on the market value of the property is chargeable on such instruments.

We observed in 22 SR offices¹¹ between March and December 2009 that out of 110 instruments of POA registered between February 2006 and March 2009, in 77 documents, though the power to sell, gift, exchange or permanent alienation of immovable property was given, but there was no mention in the documents to show

whether the POA was without consideration for a period not exceeding one

¹⁰ Bhopal, Bina (Sagar) and Dewas

¹¹ Barwani, Bhind, Bhopal, Bina (Sagar), Depalpur (Indore), Dewas, Dhar, Kailaras (Morena), Khategaon (Dewas), Kurwai (Vidisha), Maheshwar (Khargone), Mahidpur (Ujjain), Malhargarh (Mandsaur), Manasa (Neemuch), Mandsaur, Morena, Shajapur, Singroli (Sidhi), Seonimalwa (Hoshangabad), Shujalpur (Shajapur), Timarni (Harda) and Vidisha.

year and in 30 instruments, the POA was irrevocable and in two instruments POA was with consideration while in one instrument period was mentioned as 10 years. In these cases, stamp duty and registration fee of ₹ 1.46 crore was leviable in accordance with the above provision. However, we noticed that in all these cases, the instruments were treated as POA to sell without consideration for a period not exceeding one year and duty was levied at the rate of ₹ 100 in each case. This resulted in short levy of duty and registration fee of ₹ 1.46 crore.

After we pointed out the cases, the SR, Depalpur stated (August 2009) in respect of five cases that period of one year was mentioned in the document and mentioning the document as irrevocable does not attract higher rate of duty. We do not agree with the reply in view of section 6 of the Act which stipulates that when an instrument falls within two or more descriptions and the duty chargeable is different, highest of such duty is leviable. As duty on irrevocable POA is higher than without consideration for period not exceeding one year and documents fall within both descriptions, higher duty was chargeable. The SR, Shajapur stated (December 2009) in respect of one case that the POA was correct according to the notification issued from time to time. We do not agree with the reply because the SR did not specifically mention any notification in his reply. Ten SRs¹² stated (between March 2009 and January 2010) in respect of 51 instruments that the cases would be referred to the Collector of Stamps. Nine DRs¹³ stated (between July 2009 and February 2010) in respect of 53 instruments that the cases against the executants had been registered and action was in progress. Further progress in the matter has not been received (December 2010).

We reported the matter to the IGR and the Government between April 2009 and January 2010; their reply has not been received (December 2010).

6.6 Non-reimbursement of stamp duty and registration fee

According to the Government notification dated 12 July 2002, stamp duty and registration fee leviable on lease/sale deeds, executed to acquire land in favour of the members of a family displaced on account of Narmada Valley Development Project (NVDP) is to be reimbursed by the Narmada Valley Development Authority (NVDA) to the Government on the basis of the demand raised by the respective Sub-Registrar.

6.6.1 We observed in 12 SR offices¹⁴ between March and November 2009 that 216 documents executed in favour of the persons displaced due to NVD Project were registered between January 2005 and March 2009. We observed that on account of execution of above documents,

stamp duty and registration fee of ₹ 65.24 lakh was reimbursable to

¹² Barwani, Bhind, Kailaras (Morena), Khategaon (Dewas), Kurwai (Vidisha), Maheshwar (Khargone), Manasa (Neemuch), Morena, Seonimalwa (Hoshangabad) and Shujalpur (Shajapur).

¹³ Bhopal, Dewas, Dhar, Harda, Mandsaur, Sagar, Sidhi, Ujjain, Vidisha.

¹⁴ Bagali (Dewas), Bhikangaon (Khargone), Budhani (Sehore), Burhanpur, Hoshangabad, Jhabua, Khategaon (Dewas), Maheshwar (Khargone), Manawar (Dhar), Nasrullahganj (Sehore), Seonimalwa (Hoshangabad) and Timarni (Harda).

the Government by the NVDA, but the same was not reimbursed. However, demand/letter/reminders had been issued by the respective SRs in 181 cases against/to the NVDA, except SRs Burhanpur, Hoshangabad and Manawar in 35 cases. This resulted in non-realisation of revenue of ₹ 65.24 lakh.

After we pointed out the cases, the IGR intimated (February 2010) that out of 80 cases pertaining to Budhani, Hoshangabad, Seonimalwa and Timarni offices, recovery of ₹ 1.09 lakh in two cases has been effected and in the remaining cases, action was in progress. Remaining DRs and SRs stated (between March 2009 and January 2010) that necessary action would be taken for reimbursement of stamp duty and registration fee. Further progress has not been received (December 2010).

We reported the matter to the IGR and the Government between April and December 2009; reply from the Government and further reply from the IGR on the remaining cases have not been received (December 2010).

6.6.2 We observed in SR offices Dhar and Depalpur (Indore) in July

Government notification dated 20 November 2007 (as amended) provides exemption from stamp duty and registration fee chargeable on sale deeds executed in favour of persons displaced on account of Auto Testing Track Project, Pithampur (District Dhar). The notification further stipulates that the amount of stamp duty and registration fee so chargeable shall be reimbursed by the Commerce, Industry and Employment Department to the Commercial Tax Department within one month of registration of such instrument.

and August 2009 that 79 documents¹⁵ were executed/registered between March 2008 and March 2009 in favour of the persons displaced due to Auto Testing Track Project, Pithampur (Dhar). We further observed that stamp duty and registration fee of ₹ 63.57 lakh involved in the above documents was reimbursable to the Commercial Tax Department but the same was not reimbursed, although demand in all cases except two cases of Depalpur and 12 cases of Dhar involving ₹ 10.64 lakh had been issued between April 2008 and March 2009.

In one case the demand was raised only for ₹ 40,000 in place of ₹ 1.40 lakh. This resulted in non-realisation of revenue of ₹ 63.57 lakh.

After we pointed out the cases, the DR, Dhar stated in December 2009 that recovery has been made in all 62 cases of SR, Dhar, while the SR, Depalpur stated in August 2009 that action to raise demand would be taken in two cases and reminder would be issued in remaining 15 cases. Further progress has not been received (December 2010).

We reported the matter to the IGR and the Government in August and September 2009; their reply has not been received (December 2010).

¹⁵ Depalpur (17 documents) and Dhar (62 documents).

6.7 Irregular exemption/short levy of stamp duty

Article 38(b) of schedule 1-A to the IS Act, read with section 75 of the Madhya Pradesh *Panchayat Raj Adhiniyam*, 1993 provides for levy of duty on a mortgage deed without possession, at the rate of five *per cent* of the amount secured by such deed. The Government in its notification dated 25 September 2006 exempted documents of mortgage without possession from payment of duty which are executed by the agriculture land holders for obtaining loans not exceeding ₹ 10 lakh from banks for agriculture purpose. Where the loan exceeds ₹ 10 lakh, duty at the rate of two *per cent* of the amount secured is leviable in such cases.

6.7.1 We observed in four SR offices¹⁶ between May and September 2009 that irregular exemption from payment of stamp duty in 26 cases and short levy of stamp duty in seven cases resulted in non/short levy of stamp duty of ₹ 36.71 lakh as per details given below:

(₹ in lakh)

S. No.	No. of cases/ registered between	Nature of irregularity	Loan amount	Stamp duty leviable/ levied	Stamp duty not levied/ short levied
1.	<u>20</u> September 2007 and October 2008	Purpose of loan was other than agriculture, hence exemption was not admissible.	574.63	<u>28.73</u> Nil	28.73
	<u>2</u> July 2007 and February 2008		51.57	<u>2.58</u> 0.81	1.77
2.	<u>2</u> November 2008 and March 2009	Loan obtained by persons other than agriculture landholders.	87.66	<u>4.38</u> 1.11	3.27
3.	<u>6</u> March 2007 and September 2008	Loan amount in each case was more than ₹ 10 lakh, therefore, exemption was not admissible.	116.30	<u>2.33</u> Nil	2.33
	<u>3</u> April 2007 and August 2007		41.00	<u>0.82</u> 0.21	0.61
Total	33		871.16	<u>38.84</u> 2.13	36.71

After we pointed out the cases, the DR Bhopal stated (November 2009) in respect of nine instances that the cases had been registered for recovery. SR, Hoshangabad stated (June 2009) in respect of 12 cases that loan was granted by Co-operative Bank in nine cases, in one case the purpose of loan was purchase of jeep and in one case duty at the rate of two *per cent*

¹⁶ Bhopal, Bina (Sagar), Hoshangabad and Obedullaganj (Raisen).

was charged while in respect of one case, it was stated that necessary action would be taken. We do not agree with the reply because no concession was allowable in such cases under the Government notification dated 25 September 2006. In respect of the remaining nine cases, SR, Obedullaganj stated (September 2009) that necessary action would be taken. The IGR intimated (March 2010) in respect of three cases of SR, Bina (Sagar) that DR, Sagar has finalised the cases. Further progress has not been received (December 2010).

We reported the matter to the Government between May and September 2009; reply has not been received (December 2010).

6.7.2 We observed in SR, Rajgarh in March 2009 that an instrument of sale

The Government in its notification dated 22 June 2005 remitted stamp duty chargeable on instruments of sale of closed industrial units acquired by financial institutions subject to the conditions laid down therein. As per the conditions of the notification, remission was not admissible to non-productive units like cold storage.

deed of a cold storage acquired by Madhya Pradesh Financial Corporation was registered in February 2006. The recitals of the instrument and application for grant for remission submitted by the purchaser company to the Collector revealed that total purchase price of building and machineries was ₹ 33 lakh and ₹ 10 lakh respectively, totalling ₹ 43 lakh. As remission was not admissible on purchase of cold storage, stamp duty of

₹ 3.87 lakh and registration fee of ₹ 34,545 was leviable on the instrument. However, we noticed that instrument was valued at ₹ 33 lakh; stamp duty was exempted and registration fee of ₹ 26,545 only was levied treating the cold storage as productive unit. This resulted in irregular exemption from payment of duty and short levy of registration fee of ₹ 3.95 lakh.

After we pointed out the case, the IGR intimated (March 2010) that the case against the executant had been registered by the DR, Rajgarh and that he has been directed for early disposal of the case. Further progress has not been received (December 2010).

We reported the matter to the Government in May 2009; their reply has not been received (December 2010).

6.8 Short levy of duty on instrument of assignment of debt

Article 22 (b) of Schedule 1-A to the IS Act, read with Government notification dated 7 March 2005 provides for levy of duty on instruments of securitisation of loan or assignment of debt with underlying securities executed in favour of a Securitisation Company or a Reconstruction Company registered under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 at the rate of 0.1 *per cent* of the loan securitised or debt assigned with underlying securities, if the securities are immovable properties. Further, *Panchayat* duty and Municipal duty at the rate of one *per cent* each is also leviable on such instruments under the MP *Panchayat Raj Adhiniyam*, 1993 and the MP Municipal Act, 1961 respectively.

We observed in SR, Dhar in July 2009 that an instrument of assignment of debt of ₹ 8.91 crore executed in favour of an Asset Reconstruction Company was registered in April 2008. Stamp duty of ₹ 18.71 lakh was leviable as per the above provisions. However, we noticed that duty of ₹ one lakh only was levied by applying incorrect rates. This resulted in short levy/realisation of stamp duty of ₹ 17.71 lakh.

After we pointed out the case, the IGR intimated (March 2010) that the case against the executant had been registered by the

DR and action was in progress. Further progress has not been received (December 2010).

We reported the matter to the Government in September 2009; reply has not been received (December 2010).

6.9 Short-levy of duty on agreement/memorandum relating to deposit of title deed

The stamp duty on an agreement relating to deposit of title deed is levied at the rate prescribed from time to time under article 6(a) of schedule-I A to the IS Act. *Panchayat* duty equal to stamp duty is also leviable on such deeds. Further, as per the explanation below article 6 (a), any letter, note, memorandum or writing relating to deposit of title deed, whether it is in respect of first or any additional loan, is deemed to be an instrument evidencing an agreement relating to the deposit of the title deed.

We observed in SR offices Bhind and Bhopal between June and September 2009 that in 13 cases, memorandum or writings related to deposit of the title deeds, securing an amount of ₹ 51 crore were registered between June 2008 and February 2009 on which stamp duty of ₹ 21.85 lakh was leviable. However, we noticed that stamp duty of ₹ 5.59 lakh only was levied by applying

incorrect rates/by charging duty only on additional amount of the agreement. This resulted in short levy of duty of ₹ 16.26 lakh.

After we pointed out the cases, the SR, Bhopal accepted the audit objection in one case and in respect of remaining nine cases it was stated (June 2009) that action would be taken after investigation while the SR, Bhind in respect of three cases stated (September 2009) that action would be taken after seeking information from the bankers. Further progress in the matter has not been received (December 2010).

We reported the matter to the IGR and the Government between July and November 2009; their reply has not been received (December 2010).

6.10 Short levy of stamp duty and registration fee due to misclassification

Under the IS Act, stamp duty is leviable on instruments as per their recital at the rates specified in schedule 1-A or prescribed by the Government through notifications.

We observed in four SR Offices¹⁷ between September 2008 and July 2009 that there was misclassification of documents in 12 cases

resulting in short levy of stamp duty and registration fee of ₹ 7.71 lakh as mentioned below:

(₹ in lakh)

Sl. No.	No of cases registered between	Nature of irregularity	Stamp duty and registration fee leviable/levied	Stamp duty and registration fee short levied
1.	3 May 2007 and March 2009	Agreement to sell without mention of possession treated as agreement to sell without possession.	4.57 0.40	4.17
2.	5 April 2007 and February 2009	Gift treated as Co-ownership deed.	3.10 1.23	1.87
3.	2 April 2007 and October 2008	Gift treated as partition.	1.46 0.46	1.00
4.	1 January 2008	Lease cum builder agreement treated as lease only.	0.56 0.11	0.45
5.	1 March 2008	Gift treated as settlement.	0.55 0.33	0.22
Total	12		10.24 2.53	7.71

After we pointed out the cases, four SRs in respect of 11 cases stated between September 2008 and July 2009 that cases would be referred to the Collector of stamps. While DR, Dewas stated (March 2010) in respect of one case that action was in progress. Further progress has not been received (December 2010).

We reported the matter to the IGR and the Government between July and September 2009; their replies have not been received (December 2010).

¹⁷ Dewas, Itarsi (Hoshangabad), Shujalpur (Shajapur) and Singroli (Sidhi).