Audit findings of the Information Technology (IT) Audit on **"e-Registration (SAMPADA)"** having money value of ` 63.10 crore and a few illustrative cases involving ` 22.01 crore are discussed in the following paragraphs:

2.4 Information Technology Audit on 'e-Registration (SAMPADA)"

Highlights

Planning and Implementation of the System

The Department could not develop its own IT support team, although computerisation of the Department was envisaged as early as year 2000.

(Paragraph 2.4.11.3)

Despite abnormal delay in development of software, Department did not impose penalty on the software vendor amounting to ` 82.01 lakh.

(Paragraph 2.4.12.1)

The Department had paid ` 1.53 crore to the software vendor for changes made in the software by the vendor though they were in the scope of work.

(Paragraph 2.4.12.3)

The legacy data was not digitised as envisaged in the absence of which the possibility of multiple sale of same property could not be ruled out.

(Paragraph 2.4.12.4)

Payment of ` 3.73 crore was released to the hardware vendor without obtaining integration and testing report.

(Paragraph 2.4.13.1)

Deficiencies in System Design

Despite negative account balances of ` 4.08 crore in 403 cases, e-Stamps were generated and commissions were also paid to service providers.

(Paragraph 2.4.16.7)

Absence of supervisory control in SAMPADA system resulted in short levy of Stamp duty and registration fees of ` 1.90 crore.

(Paragraph 2.4.16.8)

Deficiencies in Service Delivery

There was delayed response to the feedbacks and complaints of the users. Out of 3,360 complaints received in SAMPADA, 2,534 remained unresolved. During beneficiary survey of services provided under SAMPADA, conducted among 240 end users and service providers, 73 out of 142 respondents expressed dissatisfaction.

(Paragraph 2.4.32)

Lacunae in Internal Control Mechanism

There was no mechanism in e-Registration system under which reconciliation of all the receipts in cyber treasury either through treasury or through e-payment by Service Providers could be done.

(Paragraph 2.4.36)

2.4.1   Introduction

Stamp Duty other than duties or fees collected by means of non-judicial Stamps is a subject included in the Concurrent List of the Seventh Schedule of the Constitution of India. The receipts from Stamp duty and Registration fee in Madhya Pradesh are regulated under Indian Stamp (IS) Act, 1899, Registration Act, 1908, MP Prevention of under valuation of Instrument Rules, 1975, MP Stamp Rules, 1942, MP Preparation and Revision of Market Value Guidelines Rules, 2000 and notifications/orders issued by the State Government.

The Department of Registration and Stamps had initiated comprehensive computerisation project for registration of documents through e-Registration (SAMPADA)[2] software in five[3] pilot Districts from 15 December 2014 and for the remaining 46 Districts of Madhya Pradesh from 1 August 2015. Till 31 March 2016, total number of 4,22,387 documents had been registered through SAMPADA application.

In this system, Stamp duty shall be collected through 'e-Stamps'. The licensed Service Providers (SPs), who were authorised to issue Stamps, were to provide the facilitation of search and downloading of digitally signed copies of registered documents. Any registered user could initiate online presentation of documents for registration. Computerisation was intended to provide robust, efficient and user friendly system for citizen service, promote tighter monitoring of the revenue realisation system for District Registrars (DRs), administer a system of record keeping which was secure, easily retrievable and tamper proof thereby achieving public confidence and helped in implementing an efficient system of property valuation.

In the electronic registration system 'SAMPADA', facilities such as valuation of property situated anywhere in the State, calculation of Stamp duty and Registration fees chargeable on different types of documents and slot booking in the office of SRs were available.

The SAMPADA software was expected to improve effectiveness and efficiency of IGRS staff, to provide improved and cost-effective services to clients and help improve access to information, transparency, revenue collection and Registration of documents and issuance of 'e-Stamps'.
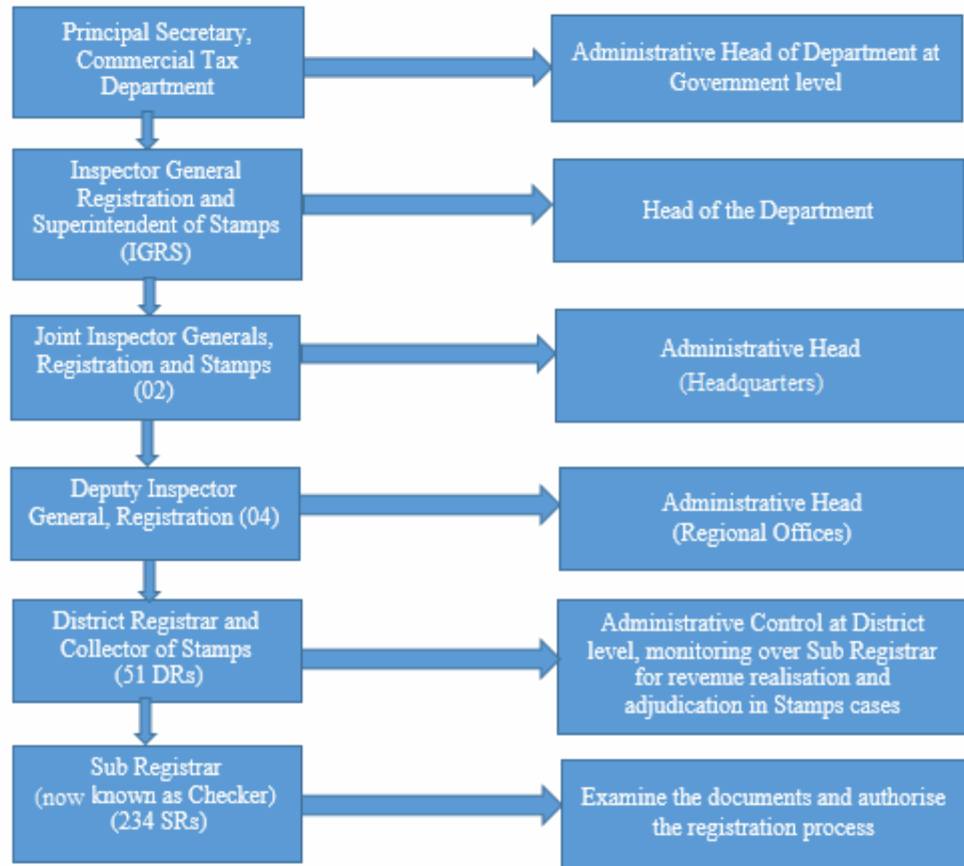
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[2]   Stamp And Management of Property And Documents Application
[3]   Anuppur, Balaghat, Sehore, Tikamgarh and Ujjain

2.4.2 Organisational setup

The organogram of the Department is shown in the chart below:

Chart No. 2.2

2.4.3 Funding and award of work

The Department accorded Administrative Approval (AA) and Technical Sanction (TS) for Computerisation and supply of hardware amounting to ` 20.25 crore (January 2005). AA/TS were revised thrice to ` 34.98 crore (July 2008), ` 58.88 crore (December 2012) and finally to ` 65.94 crore (April 2013).

The Department had appointed M/s 3i Infotech Ltd (November 2005) as the Project Management Consultant (PMC) to assist in evaluation of technology, vendors and equipment for an amount of ` 39.74 lakh.

The work of 'system study, analysis and design, dev elopment, implementation & deployment of web based application software and training in the Registration and Stamps Department" was awarded to M/s Wipro Ltd. (November 2006) for ` 4.10 crore.

One more agreement for providing hardware and services required for execution of work was drawn by the Department with M/s NIIT Technologies Ltd. (January 2013) for ` 58.88 crore.

An expenditure of ` 53.66 crore was incurred on the project upto 2015-16 (May 2016).

2.4.4   e-Registration (SAMPADA) application

The 'e-Registration (SAMPADA)" application, a web b ased application, was developed on Java J2EE as front end and Oracle 11g as Relational Database Management System (back end). This application was deployed on Linux Operating System and had a centralised database server located at Data Center (DC) of Government of Madhya Pradesh at Bhopal.

SAMPADA had 27 Modules and various sub modules for registered users to perform and manage transactions. Departmental officials such as DRs and SRs could connect to 'e-Registration (SAMPADA)" through intranet (SWAN)[4] and Service Providers (SPs) / Citizens through internet.

2.4.5   The Process

The work-flow and process flow of the SAMPADA were as follows:

Chart No. 2.3
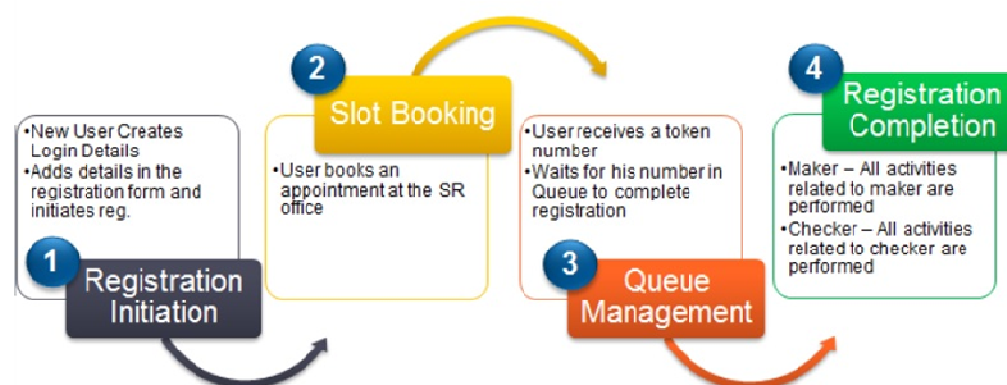
2.4.6   Objectives of SAMPADA

The project has been designed with the following objectives;

∗   Centralised data collection for better analysis and other administrative offices' decision making

∗   Completing the registration process in 15 minutes

∗   Centralised e-Storage of data

∗   Online payment of the Stamp duty through e-Stamps

∗   Registered user can initiate online presentation of documents for registration

∗   Online valuation of the property

∗   Providing transactional history of the property at the click of a button to prevent frauds

∗   Increased transparency

∗   Empowering citizens by providing data entry into Government records through web portal

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4   State Wide Area Network

2.4.7   Audit objectives

The audit objectives are to evaluate whether:

* The planning and implementation of the system were appropriate to meet the objectives of the computerisation of the Department;

* Application controls were adequate to ensure integrity of the system and that it complied with rules and regulations;

* Reliable controls were in place to ensure data security and necessary audit trails have been incorporated in the system; and

* Whether operational efficiency including services delivered to public/ citizen/stakeholders improved after implementation of e-Registration (SAMPADA).

2.4.8   Scope of Audit and Methodology

Audit analysed the back end data of SAMPADA software pertaining to the period December 2014 to March 2016 using Structured Query Language (SQL) and Computer Assisted Audit Techniques (CAATs) along with front end reports[5] available in SAMPADA. The Performance Audit was carried out between February and June 2016. Out of 51 districts, five districts were selected mandatorily as these districts were pilot districts for e-Registration and 12 districts[6] out of remaining 46 districts were selected on the basis of simple random sampling method. These 17 units had a total revenue collection of ` 2,214.55 crore for the year 2015-16. Audit had also conducted a beneficiary survey to assess the impact of e-Registration in eleven districts[7] out of 17 selected districts. For obtaining the views and opinion on the working of e-Registration from end users and service providers, they were requested to fill a questionnaire form. The responses received from eleven districts covered, have been suitably incorporated.

The Audit objective, criteria and methodology were discussed with the Principal Secretary, Commercial Tax Department in the Entry Conference held in April 2016. The draft Performance Audit Report was forwarded to the Government and Department in July 2016 and discussed with the Principal Secretary, Commercial Tax Department in the Exit Conference held in September 2016. Views of the Government have been incorporated in the paragraphs.

2.4.9   Audit criteria

The planning and implementation of SAMPADA, data management and monitoring were examined with reference to:

* Indian Stamp Act, 1899, Registration Act, 1908 and Rules, Notifications, Circulars and Orders issued from time to time by the

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[5]   The Department has provided two user ids in the office of the IGR for viewing of registration documents and audit queries.

[6]   Betul, Bhopal, Burhanpur, Chhindwara, Dhar, Gwalior, Hoshangabad, Indore, Jabalpur, Satna, Shajapur and Vidisha.

[7]   Burhanpur, Bhopal, Dewas, Dhar, Gwalior, Indore, Jabalpur, Sehore, Shajapur, Tikamgarh and Ujjain

> Government and IGRS Department regarding implementation of IT infrastructure and "e-Registration (SAMPADA)",

* User Requirement Specification, System requirement specifications and System Design Document of SAMPADA application,

* Service level agreement made with agencies,

* IT Policy of Govt. of Madhya Pradesh and Madhya Pradesh IT Rules, 2011, and

* Generally accepted best IT practices.

2.4.10 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Department in providing necessary information, user identifications (ids) and data for audit.

Audit findings

Planning and Implementation of the System

Observations related to planning and implementation of the system to meet the objectives of the computerisation of the Department are discussed below:

2.4.11 Issues related to engagement of Project Management Consultant

The Department had appointed M/s 3i Infotech Ltd. as the Project Management Consultant (PMC) in November 2005 to assist in evaluation of technology, vendors, equipment and preparation of bid-documents. The work order was issued for an amount of ` 39.74 lakh. The work was to be completed within a stipulated time of 65 weeks after issue of the work order i.e. by 26 February 2007.

M/s 3i Infotech could not complete the work in due period. However, the work was neither terminated nor any penal action was taken by the Department for six years. Instead a supplementary contract agreement was drawn (January 2013) for completion of the remaining work by 30 June 2013.

2.4.11.1 Irregular payment of compensation to the PMC

We noticed during scrutiny of correspondence files that the PMC claimed a compensation of ` 17.66 lakh over and above the amount specified in the contract against the efforts made for preparation of bid-documents and its evaluation. Although there was no clause for payment of such compensation in the agreement, the IGR recommended payment of ` 16.45 lakh and subsequently, payments were made to the PMC by the approval of the Government as compensation in two installments of ` 7.00 lakh (January, 2011) and ` 9.45 lakh (January, 2014). We further noticed that although PMC had accepted responsibility for delay of 363 days (February 2006 to June 2006 and March 2007 to December 2007) in the work, these irregular payments were made to PMC by the Department.

2.4.11.2 Own data base administrator not employed by the Department

As per the scope of work, the work of database administrator (DBA) cum system manager was to be handed over to the PMC at a prescribed rate of ` 16.98 lakh per year for a period of three years extendable up to five years in the interest of work after the system was declared Go-live[8.]

The system was declared 'Go-live' in August 2015 an d work order was issued (September 2015) to the same PMC for ` 33.18 lakh per year. The Department had incurred an extra cost of ` 16.20 lakh per year (` 33.18 lakh - ` 16.98 lakh). It also appeared from the monthly performance report of the PMC that the personnel appointed by the PMC as DBA were actually working as consultant, and not performing the role of DBA. The role of DBA was performed by M/s NIIT Technologies Limited.

2.4.11.3 Lack of Departmental IT support team

The project was under consideration from the year 2000-01. Even after a lapse of almost 16 years, the Department could not develop its own IT support team to handle this system having huge revenue generating implications. Apart from above, the Department is also dependent upon the service of outsourced persons, known as 'Maker[9]'. Due to not deploying of its own DBA/System Administrator and IT support team, the database of SAMPADA, which was sensitive in nature, was in the hands of a third party. Moreover, the Department also did not take up any initiative to impart training to its officials, so that dependency on the personnel of software vendor could be reduced.

During the Exit Conference, the Department stated (September 2016) that appropriate action would be taken.

We recommend that the Department may utilise the services of State based research institutes like MANIT Bhopal, IIT Indore, etc. to impart training to its officials and form a dedicated IT support team of its own. Department may consider doing away with the services of outsourced persons in the work related to e-Registration on the SAMPADA platform considering the sensitive nature of data related to registration of documents.

2.4.12 Issues related to execution of work of software development

A committee namely Unified Computerisation Project Implementation and Supervision Committee with 12 members, including five technical members, was constituted (March 2005) for computerisation of the Department.

Commercial bids were opened on 3 August 2006 in the presence of the Chairman of the aforesaid committee and three members comprising only one technical member.

The work of "system study, analysis and design, dev elopment, implementation and deployment of web based application software and training in the

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[8]   Go-live means implementation of web based e-Registration system throughout the State

[9]   The Maker would fill and check all details during registration initiation. He would ensure capturing of photographs and verification of documents of all transacting parties and details of the witnesses.

Department" was awarded to the L-1 vendor M/s Wipro Ltd. (4 November 2006). Agreement was executed (December 2006) for a bid amount of ` 4.10 crore with a stipulated time of completion of 32 weeks from date of issue of work order i.e. the work was to be completed by 8 August 2007.

Clause 7.32 of the agreement stipulated that before 'Go Live', if any of the stages was not completed satisfactorily as per the approved time schedule, penalty at the rate of two *per cent* of the bid value per week, subject to maximum 20 *per cent*, of the cost of the work remaining incomplete might be imposed by the competent authority. Further, the agreement provided that, if delay was beyond 10 weeks, the competent authority may rescind a part of the contract and shall be free to get it done from any other agency at the risk and cost of the vendor.

2.4.12.1 Penalty not imposed for work not executed

The vendor could not complete the work within the stipulated time period for completion. Such abnormal delay attracted action under clause 7.32 of the agreement and a penalty amounting to ` 82.01 lakh (against the bid value of 20 *per cent* of ` 4.10 crore) should have been imposed on the software vendor. However, the IGR did not initiate action to impose penalty on the vendor. The Department should have adopted a transparent mechanism of re-tendering the entire work at the risk and cost of the defaulting vendor. The contract was neither rescinded nor was any penal action initiated by the Department. Instead, a supplementary contract agreement was drawn on 3 January 2013 for completion of the remaining work by 30 June 2013.

During the Exit Conference, the Department stated (September 2016) that there were some practical difficulties in implementation of the SAMPADA software and the imposition for penalty for delay would have led to even further delay in implementation of the software and that a detailed reply would be given.

2.4.12.2 System Design Document (SDD) not approved by the Department

The System Design Document (SDD) describes the system requirements, operating environment, system and sub-system architecture, files and database design, input formats, output layouts, human-machine interfaces, detailed design, processing logic, and external interfaces.

As per Clause 10 of the Agreement, System Design was to be completed by the software vendor by February 2007 but the work was completed in October 2008 and the SDD was handed over to the Department. We further noticed that both name and structure of tables in the software were different from the structure designed as per the SDD. On being pointed out, the SDD was updated in line with the design of the software being used. An updated SDD was submitted by the vendor in May 2016 for which the approval of the Department is pending (June 2016) and changes made in the application were also not found documented.

After we pointed this out (June 2016), the Department replied (July 2016) that the approval of the updated SDD was in progress.

2.4.12.3 Improper payment on change request

As per Clause 8 of the Agreement read with Section IV (x) of the bid document, any facility which was considered important and essential for computerised operations of the offices under IGRS, and not already included in the list of activities, would be deemed to be included, and the Software vendor was bound to include it in the scope of work. Further, the Department in its letter dated 25 April 2008, had clearly stated that all the change requests suggested by the software vendor were already there in the scope of work defined in the agreement.

The information collected from IGR revealed that (November 2015) the Department had made change requests to software vendor for the SAMPADA software at least 14 times before implementation of the software.

We observed that changes made in the software by the software vendor were part of scope of work. However, the IGR had recommended a payment of ` 2.67 crore for making changes in the application and forwarded it for approval of the Government. With the approval of the Government, a payment of ` 1.53 crore was released to the software vendor upto April 2016.

The payments made for the changes in the software were irregular and resulted in undue financial aid to the software vendor against the terms of agreement. This also indicated inadequate planning and assessment of requirement for development of a software application by the Department.

After we pointed this out, the Department stated (January 2016) that certain modules like Spot Inspection, Queue Management, Service Provider Module were not included in the SRS, therefore these works were treated under 'change request' and payment was made accordingly.

The reply is not acceptable as creation of the Spot Inspection and Service Provider Modules was a part of SRS. Further Queue management was a part of objective of SAMPADA therefore separate payment made for these works could not be treated under 'change request'. Moreover, treating the execution of these works as an additional work under 'change request' was against the provisions of the agreement and letter of IGR dated 25 April 2008.

2.4.12.4 Legacy data not migrated into e-Registration system and undue aid to contractor

The work of digitisation of old documents was an important aspect to embed control over duplicate registry and it was essential component for search module of PAS being developed by the Department for successful implementation of SAMPADA. As per Section III, Clause 3.2.1.1 of the agreement[10], there was provision in the application for searching records and titles of property documents registered in past.

For digitisation of approximate one crore documents of past 13 years in four zones, the Department appointed four agencies (May 2014) to complete the work at the rate of ` 9.05 per document. The digitisation work was to be completed within 390 days i.e. upto 2 June 2014. Provisions of the agreement for digitisation of old registered documents provided that in case of delay of

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[10]   Agreement -1/2006 of M/s Wipro Pvt. Ltd.

more than four months in completion, the contract was to be terminated by forfeiting the performance security.

The Department should have pre-planned and executed in advance the digitisation of legacy data simultaneously with the implementation of the SAMPADA software, so that at the time of implementation of SAMPADA, legacy data could also be integrated with the SAMPADA software.

The works of digitisation of legacy data remained incomplete even after a lapse of 26 months (June 2016). Due to abnormal delay in digitisation work, the contracts of all the agencies were terminated and performance security of two of the contractors, amounting to ` 21.40 lakh and ` 15.98 lakh respectively, was forfeited (February and April 2015). However, the performance security of ` 31.12 lakh was refunded to the contractor of Indore and Ujjain divisions (October 2015) despite the fact that only 5.96 *per cent* work was completed under this contract, resulting in undue financial aid to this contractor. The case of the fourth contractor was under court of law.

The work of digitisation of old documents was lying incomplete and no further efforts were made by the Department to get the work complete (May 2016). Although, the facility for searching old documents by citizen/ stakeholders was available in SAMPADA, due to absence of legacy data, this facility was lying unused.

After we pointed this out (November 2015), the Department stated (November 2015) that no payment was made to the four agencies for the work of digitisation of old documents. It was further stated that the work was incomplete as physical verification of the said work was to be done by the Departmental officers and hence holding the service providers responsible for this would not be appropriate.

The reply is not acceptable because due to abnormal delay, bank guarantees of two of the agencies were forfeited. The bank guarantee of the contractor of Indore and Ujjain divisions should have also been forfeited on the same ground that work was not completed within stipulated time.

During Exit Conference, the Principal Secretary, Commercial Tax Department while accepting the fact relating to not migrating the legacy data, stated (September 2016) that they were deploying additional resources to digitise the legacy data in second phase of SAMPADA.

2.4.13   Issues related to procurement of hardware

Agreement for providing hardware and services required for execution of work was drawn by the Department with M/s NIIT Technologies Ltd. (January 2013) for ` 58.88 crore to complete the work within 10 months. As per clause 28.1 of the Request for Proposal (RFP) the contractor had furnished a performance security of ` 11.78 crore (20 *per cent* of bid value).

2.4.13.1   Improper payment for supply of hardware

As per chapter 2 of the RFP, 60 *per cent* of the payment was to be made on delivery of all required equipment after obtaining third party verification report from Madhya Pradesh State Electronics Development Corporation Ltd. (MPSEDC). Twenty *per cent* of the payment was to be made on successful

completion of installation, system integration and testing of Property Administration System (PAS) application software by MPSEDC after obtaining verification report while remaining 20 *per cent* amount would be held back for warranty support period.

We noticed that after making 60 *per cent* of payment as per payment schedule, payment amounting to ` 3.73 crore was released by the IGR (January 2016) to the contractor as second installment, without obtaining integration and testing report from the MPSEDC. Thus, the payment of ` 3.73 crore was irregular and against the provisions of the contract.

After we pointed this out (May 2016), the Department stated (May 2016) that after implementation of e-registration, 4.18 lakh documents were registered successfully which proved that the hardware was successfully integrated with the application.

The reply is not acceptable as payment released to the contractor was not only against the provision of RFP but authorization for integration and testing of the system from a technical body of the state had also not been obtained by the Department.

2.4.13.2 Penalty not imposed for delay

Clause 27 of RFP provided that the bidder would be liable for the penalty for not complying with the phase wise time schedule. Penalty of ` 60 lakh would be recoverable for the delay up to four months and for delay beyond four months, competent authority may terminate the contract and forfeit the amount of performance security.

We noticed that the project which was scheduled to be completed by November 2013 was actually completed in July 2015. Although there was delay of 19 months in the completion of project neither penalty was imposed nor its performance security of ` 11.77 crore was forfeited. Moreover, the contractor submitted a claim amounting to ` 20.18 crore as compensation for cost incurred due to huge delay in the project which was accepted by the Department and forwarded to Government for taking proper decision (May 2016). It was highly irregular, as instead of forfeiting the performance security of the hardware vendor, the Department accepted his claim of compensation for delay and forwarded it to the Government for sanction.

After we pointed this out (May 2016), the Department stated (May 2016) that due to repeated cancellation of tenders of hardware supply, and changes made in the software, supply of hardware was delayed for which hardware vendor was not responsible.

The reply is not acceptable as matter of cancellation of earlier tenders and changes in software had no link with the supply of hardware.

During the Exit Conference, the Principal Secretary, Commercial Tax Department stated (September 2016) that appropriate action would be taken.

2.4.14 Absence of Business Continuity Plan (BCP)

Business Continuity Plan is best described as the processes and procedures that are carried out by an organisation to ensure that essential business functions continue to operate during and after a disaster.

We observed that no transaction data was found in the database for a total of 30 days during December, 2014 to March, 2016 including 10 days (16.01.2015 to 25.01.2015) and for 11 days (5.04.2015 to 15.04.2015). Other than these dates registration process was discontinued for another nine days (ranging between two days to three days) on four different occasions.

The Department stated (April 2016) that the 10 day time period was used for server maintenance and 11 days for entry of guideline of pilot districts.

Reply showed that the Department failed to keep the business running during down time which lead to interruption in the registration process during the downtime.

However, during the Exit Conference, the Principal Secretary, Commercial Tax Department stated (September 2016) that appropriate action would be taken.

We recommend that appropriate action for delay in implementation of project as well as supply of hardware may be taken against vendors as envisaged in the Contract Agreements. For lapses on Department's part, appropriate action may also be taken against those responsible. Legacy data may be digitised and migrated in the system on priority to safeguard citizens from the threat of multiple registry of a property and to facilitate online search of properties registered in the past. Department may formulate and implement a plan for business continuity to ensure uninterrupted systems operation.

Deficiencies in System Design

During scrutiny of SAMPADA system, we analysed its database and the front end reports. Besides instances of system design deficiencies and lack of validation checks, audit observed some instances of incomplete, inaccurate and invalid data which proved that the Department failed to apply application controls in the system as discussed in the subsequent paragraphs:

2.4.15 Not mapping/ delay in mapping of business rules

2.4.15.1 Agreements relating to development of land

(i) In Agreements relating to the development of land and / or construction of a building thereon by a person other than owner or lessee of such land having the stipulation that after development, such developed property or part thereof shall be held/sold by the developer, either severally or jointly with the owner, the duty shall be levied as per the provisions of Article 6 (d) of Schedule 1-A of the IS Act 1899. Besides, as per Article-1 of Registration Fees Table, registration fees shall be calculated at the rate of 0.8 *per cent* amount on which the Stamp Duty is chargeable.

We observed in 15 SR offices that the 32 instruments of developer agreements registered between August 2015 and March 2016 were executed between land owner and developer for development[11] of land in which developers share was 50 *per cent* or less. Fifty *per cent* of the stamp duty as conveyance was correctly calculated by the system. However, the registration fees which

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[11]   Badwani, Bhopal, Dewas, Dhar, Harda, Indore, Jabalpur, Khargone, Maheshwar, Narsinghpur, Obedullaganj, Sagar, Sehore, Sironj (Vidisha) and Vidisha

should have been levied on market value of entire land irrespective of the share of developer was calculated at fifty *per cent* by the system. This indicated incorrect mapping of business rules and absence of second level verification of system output. This resulted in short levy of Registration fees of ` 33.33 lakh.

(ii) Article 6 (d) (i) provided two options for duty calculation viz. the duty was leviable either on developer's share of land (at the rate of 5 *per cent*) or entire land to be developed (at the rate of 2.5 *per cent*), whichever was higher. The system provided facility for valuation of entire land but facility of valuation of developer's share of land was absent.

As the facility of market valuation of developers share was not incorporated in the system, the valuation could be made only on market value of entire land. We noticed in 12 instruments of five SR offices[12] that this system design deficiency resulted in undervaluation of market value of land of developers share and led to short levy of Stamp duty of ` 11.84 lakh and Registration fee of ` 1.89 lakh.

(iii) We observed in four SR offices of Chattarpur, Gwalior, Indore and Jabalpur that in five agreements relating to development of land/construction on land, registered between September 2015 and March 2016, Stamp duty at the rate of 0.25 *per cent* of the market value was charged wrongly under article 6 (d) (ii). The recitals of the agreement revealed that developer and land owner jointly sold the developed/ constructed property.

Developers share was not mentioned in three out of five documents. In such cases, as per Explanation (ii) under article 6(d) (ii), if the share of the developer was not expressly mentioned in the document, the developer share shall be deemed to be 100 *per cent.*

In remaining two documents of Chattarpur and Jabalpur, developer share was mentioned as 35 and 60 *per cent* respectively. Therefore, the documents were to be valued under article 6 (d) (i).

Thus, incorrect application of rate of duty resulted in short realisation of Stamp duty of ` 1.38 crore and registration fee of ` 2.95 lakh.

After we pointed this out, the District Registrar, Jabalpur stated (May 2016) that the documents had been registered assuming the fact that the SAMPADA software had calculated the duties correctly. DR, Gwalior and Indore stated (between May and June 2016) that cases were registered and action of recovery would be taken.

During Exit Conference, Department accepted the cases and assured that appropriate action would be taken.

2.4.15.2   Short realisation of revenue due to not considering the higher rates of guidelines

Para 11 of provision for agriculture land in the Guidelines for determination of market value of properties for the year 2015-16 stipulated that if more than one rate of a property for calculation of duty was available in the guidelines then the higher available rate would be applicable.

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[12]   Bhopal, Indore, Jabalpur, Satna and Vidisha

We noticed during scrutiny of guidelines of Gwalior that the market value of village "*Sirol*" and " *Suro*" and for Ujjain District the market value of villa ge "*Shankarpur*" were mentioned at two places viz. *Patwari Halka*[13] and Ward. The rates of property at both the places were different and as per provision, higher of the rates was to be taken by the system for calculation of duties.

During test check of the registered instruments we noticed that in all the eight cases related to village *Sirol*, *Suro* and *Shankarpur* registered between December 2015 and March 2016, market value of the property was not taken by the system at higher rates which resulted in short realisation of Stamp duty and registration fee amounting to ` 96.62 lakh.

During the Exit Conference (September 2016), the Department accepted the cases and assured that appropriate action would be taken.

2.4.15.3   Delay in mapping of amendment in the application

An amendment vide *Gazette* notification dated 14 January 2016 was issued by the Department by which Article 38 (b) was inserted in IS Act, 1899. The amendment stipulated that Stamp duty was leviable at the rate of 0.75 *per cent* for the whole amount payable on instruments of mining lease.

The amendment was enforced from 14 January 2016 and the system was to be updated accordingly by mapping the amended provisions in the system at the earliest. But it was seen that the updation in respect of above notification in the application was belatedly done on 15 January 2016 by System Administrator. On these dates, nine mining leases were executed, out of which in seven cases, stamp duty should have been levied on amended rates. However, amended rate was not applied to these deeds, resulting in short realisation of Stamp duty and registration fees amounting to ` 93.82 lakh. The Department should recover this amount immediately.

After we pointed this out (May 2016), the SRs of Shivpuri, Rewa, Panna and Sehore stated (June 2016) that cases had been registered against the lease holders for recovery while DR, Hoshangabad had issued order for recovery of ` 65.15 lakh.

We recommend that Rules may be mapped in the SAMPADA software, as and when the Government notifies changes in the Act/Rules.

2.4.15.4   Incorrect initiation of registration process

Under Section 3 of IS Act, 1899, Stamp duty was leviable on instruments as per their recital at rates specified in Schedule 1A or prescribed by the Government through notifications. Further, the Department instructed the officials (May 2015), to ensure that the property details mentioned by executants in application/valuation initiation process and the recitals of the registered deed, were mutually appropriate for correct levy of Stamp duty. In case of any discrepancy between application of the executants and recital of the document, stamp duty had to be levied as per the recital of the document.

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[13]   *Patwari* is Government official who keeps records regarding the ownership of land and *halka* is a group of villages under his circle.

We observed during test check in Gwalior and Ujjain (between April and June 2016) that in nine instruments[14] registered between January 2015 and March 2016, there was discrepancy between the details of property shown in the recitals of registered documents and the information submitted by the executants in application during registration process. There was no mechanism in the system to use the details of property mentioned in the recital of the document at the time of creation of deeds. Although, the stamp duty should have been levied as per recital of the instruments, apart from the lapses in the system, there were lapses on the part of Sub-registrars also, who had not gone through the recital of the instrument. As a result, the stamp duty was being charged as per information provided in the application by executants, and resulted in evasion of duty amounting to ` 47.86 lakh. This indicated absence of second level authorisation mechanism in SAMPADA.

After we pointed this out, DR Gwalior stated (June 2016) that all the three cases had been registered and action would be taken. SR, Ujjain stated (June 2016) that one case was referred to Collector of Stamps for recovery while in three cases the valuation was correct as the land was not situated on main road/by-pass. In another case SR stated that agriculture rate was correctly applied for agricultural land.

The reply of SR, Ujjain is not acceptable because as per recitals of instruments the plots were situated on main/by-pass road in three cases and in one case rate of exact location of land was not applied.

2.4.16   Validation controls

2.4.16.1   Irregularities related to service providers

SPs had to provide any one of the identity proofs[15] for issuance of license, which included PAN[16] card. Licenses were to be granted to the SPs on payment of the prescribed license fee of ` 1000 per license. Further, licenses of SPs were valid for two years only.

We examined the database of 4,170 SPs and observed that 3,595 applicants had opted for PAN as a proof of identity for issuance of license of which 57 PAN numbers were invalid. Licenses were issued to seven SPs without receiving the prescribed license fees. Even after the expiry of their licenses, 33 SPs processed 2,618 documents for facilitating registration of instruments. Similarly, 31 service providers had generated 2,672 e-Stamps amounting to ` 11.26 crore after expiry of their licenses.

During Exit Conference, the Department stated (September 2016) that action would be taken after analysis of the cases and missing validation checks would be incorporated in the system.

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[14]   Three cases of Gwalior and Six cases of Ujjain
[15]   Election card, Kisan card, Passport, PAN card, Driving license, Bank pass book and Aadhar card
[16]   PAN –Permanent Account Number

2.4.16.2   Inaccuracies in date and time captured

While adding or modifying data in the database, the tables in the database stored the User Id of the user making such changes. The tables also recorded the date and time of creation/updation of record.

Scrutiny of the table pertaining to Registration Payment details revealed that the date of creation of payment was greater than date of updation of payment in 148 cases. Further, scrutiny of table of checker time which captured data of time taken by the checker for completion of registration process revealed that in the case of 107 records, the start time of registration process was greater than end time of registration process.

The date and time was auto generated by the system and, therefore, the discrepancy in the data indicated that either there was a flaw in the application or the records were modified from backend.

During Exit Conference the Department accepted (September 2016) the audit observation.

2.4.16.3   e-Stamps issued without mentioning purpose and name of the District

According to Rule 38 of Madhya Pradesh Stamp Rules 1942 (amended on 1 November 2014), entries regarding the purpose of purchase of e-stamps, etc. shall be kept by the Stamp Vendor in the e-Stamp database.

Scrutiny of e-stamp details in SAMPADA system revealed that 13.83 lakh e-Stamps were generated and issued by the various Stamp vendors up to 31 March 2016, out of which 739 e-Stamps having a value of ` 4.32 crore were issued without mentioning the purpose of purchase of e-Stamps. Similarly, in 498 transactions amounting to ` 1.38 crore, the name of Districts of issuance of e-Stamps was not available in the database.

It indicated that input controls were not in place in the system to make details required under the Rules mandatory.

During the Exit Conference, the Department stated (September 2016) that, appropriate action would be taken.

2.4.16.4   Short levy of Stamp duty and Registration fees due to misclassification

Under Section 3 of IS Act, Stamp duty was leviable on instruments as per their recital at the rates specified in Schedule 1A or prescribed by the Government through notifications. Further, the Department instructed the officials (May 2015) to ensure that the property details mentioned by executants in valuation of initiation process and the recitals of the deeds were appropriate and properly classified. Facility to check the document by the SRs before registration is available in SAMPADA followed by a procedure of inspection by the DRs after registration of the deed.

During scrutiny of registered instruments, we test checked 6,062 instruments out of total 24,248 instruments in five SR Offices[17], and found that there was misclassification of documents in nine cases as mentioned in table below:

Table No. 2.2

Short levy of Stamp duty and Registration fees due to misclassification of documents

					(` in lakh)	
Sl. No.	Name Of SR Office	No of cases	Registered during	Nature of irregularity	Stamp duty and Registration fees <u>leviable</u> levied	Stamp duty and Registration fees short levied
1.	Bhopal-II	1	October 2015	Consent with consideration treated as consent without consideration in conveyance deed	<u>45.35</u> 26.20	19.15
2.	Anuppur	1	February 2016	Lease deed treated as agreement to sale without possession.	<u>1.93</u> 0.02	1.91
3.	Satna and Vidisha	2	October 2015 and March 2016	Developer agreement treated as agreement to sale without possession.	<u>2.11</u> 0.26	1.85
4.	Bhopal-I	1	March 2016	Material alteration treated as simple amendment	<u>1.08</u> 0.02	1.06
5.	Anuppur	1	February 2016	Agreement to sale without mention about status of possession treated as agreement to sale without possession.	<u>0.26</u> 0.04	0.22
6.	Anuppur	3	March 2016	Lease deed with Premium and Rent treated as lease deed with premium only.	<u>27.40</u> 25.49	1.91
	Total	**9**			<u>**78.13**</u> **52.03**	**26.10**

It was seen that the initial entries were made by the SPs in the system and SRs were expected to authorise the data before finalisation of e-registration process. Similarly, DRs were expected to inspect registered deeds regularly and in case of evasion of duty, take action for recovery after registering the case against the executants. We noticed that in case of above nine deeds, second and third level authorisation was not done by SRs and DRs resulting in short levy of Stamp duty and Registration fees of ` 26.10 lakh.

During the Exit Conference (September 2016), the Department accepted the cases and assured that appropriate action would be taken.

2.4.16.5 Absence of vital information in database

As per Section 27 of IS Act, 1899 documents/deeds shall contain detailed information/ description about the property and party/parties.

Scrutiny of Registration initiation process form revealed that some fields were made mandatory during the Registration initiation process at the form level but no values were available in these fields in the database in many cases as

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[17] Anuppur, Bhopal –I, Bhopal –II, Satna and Vidisha

shown in chart placed below. Further, analysis of documents where registration process was completed, revealed that the system did not capture date of presentation, time at which the thumb print of the parties were taken and time at which photo of the parties were taken which were missing in some records.

Further, important information was not available in many records as shown in the chart below:

Chart No. 2.4

Absence of vital information in database
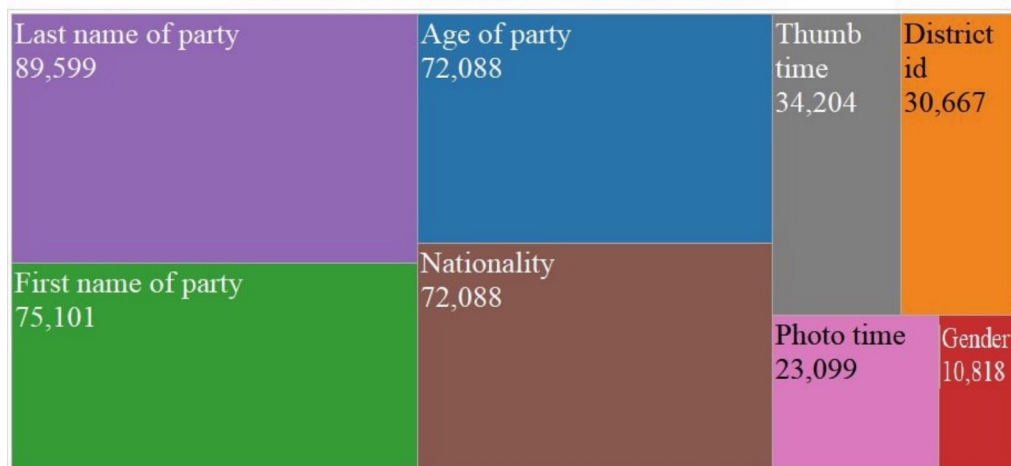
2.4.16.6 Requirement of Income Tax Act not fulfilled

As per Section 285 BA of Income Tax Act, 1961, a statement of properties registered above ` thirty lakh during the financial year was to be submitted to Income Tax Department by SR/Registering authority. As per Rule 114B of Income Tax Act, 1961 (Mandatory quoting of PAN) sale/purchase of immovable property above ` 5 lakh required quoting of PAN while registering the property.

Scrutiny of the database of SAMPADA application revealed that out of 1,49,750 instruments of immovable properties registered above ` 5 lakh, the PAN card details were not available in 34,038 instruments with a money value of ` 6,055.57 crore.

Thus not capturing the PAN card information in the database in respect of properties registered above ` 5 lakh reflected inadequate validation controls in the system. Further, there was no report available in the application to generate the statement of properties registered above ` 30 lakh which meant that these cases were not being reported to Income Tax Department.

During Exit Conference, the Department accepted the fact and stated (September 2016) that the Department would improve the authentication control.

2.4.16.7 Minus balance in accounts of Service Providers

For replenishment of credit limit in their accounts by SPs, two types of payment methods were available. In one system, SPs generated *challans* through SAMPADA which contained electronic payment reference number (ePRN) assigned by the application. Thereafter, SPs remitted money along

with copy of *challans* generated through SAMPADA in bank/treasury. From the treasury concerned, this amount was transferred online into cyber treasury and SPs got the credit limit against the amount replenished. Another option was e-payment through a link provided in SAMPADA, where in the SPs can make payments online. The amount so deposited went to the Cyber Treasury[18] directly. After realisation of payments in its system under either of the two methods, the cyber treasury transferred the data of the amounts received to the SAMPADA system at the end of the day. Accordingly, the system increased credit limit of SPs, which was used by the SPs for generation of e-Stamps.

We observed during the test check of e-Stamp credit balances that there were negative account balances in the account of SPs. In the account of 403 SPs out of 4,171 SPs, there was a total minus balance of ` 4.08 crore up to 31 March 2016. Even with negative account balances, e-Stamps were being generated by the service providers and commissions being paid to them. These minus balances have not been reconciled till date (October 2016).

The system did not restrict the transactions of SPs when there was no balance in their accounts. The negative account balance could have been on account of excessive credit limit exhausted by the service providers or due to flaw in the system in updating the account balances.

During Exit Conference, the Department stated that (September 2016) it was due to a system bug and no such cases were reported after January 2016, however issue would be investigated again.

2.4.16.8   Absence of supervisory control

According to Article 38 (b) of schedule 1-A of Indian Stamp Act, 1899 (Amended vide Gazette notification dated 14.01.2016), for mining lease of any term including and under lease or sub lease, Stamp duty at the rate of 0.75 *per cent* for the whole amount payable or deliverable under such lease is leviable. Besides as per Indian Registration Act, 1908, Registration fees shall be levied at the rate of 75 *per cent* of Stamp duty.

During scrutiny of lease deed documents from Reports module in nine SR offices[19], we noticed that 21 lease deeds of mines registered between January and March 2016 were treated as other than mining leases. The lessees had paid Stamp duty and Registration fees amounting to ` 11.68 lakh as against the leviable amount of ` 69.81 lakh. Selection of wrong category of lease resulted in short levy of Stamp duty and registration fees amounting to ` 58.13 lakh.

During scrutiny of lease deed documents in five Sub Registrar Offices[20] we noticed that 10 documents of lease of mines allotted for 5 to 10 years were registered between February and March 2016.

For these 10 documents the amount of Stamp duty was calculated on the basis of royalty payable to Mining Department for one year (` 11.64 crore per annum) instead of calculating the amount for 5 to 10 years of lease period, amounting to ` 113.90 crore.

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[18]   Cyber treasury provides facility to make online payment through internet to the State
[19]   Agar malwa, Anuppur, Badwani, Datia, Dhar, Katni, Sohagpur (Shahdol), Sidhi and Singroli
[20]   Agar malwa, Dabra (Gwalior), Jabalpur, Katni, and Sohagpur (Shahdol)

Selection of wrong period of lease by the Department resulted in short realisation of Stamp duty and Registration fees of ` 1.32 crore[21].

Absence of second level authorisation mechanism for supervisory control, led to wrong categorisation of leases.

During the Exit Conference (September 2016), the Department accepted the cases and assured that appropriate action would be taken.

We recommend that the Government may ensure completeness, correctness and authorisation of data. Reasons for minus balances may be investigated and recovery from the service provider may be ensured in a timely manner. Related fields may also be suitably amended so that application does not allow transactions of SPs having zero/minus balances.

Information Systems Security

We observed that no IT security policy has been prepared by the Department for e-Registration SAMPADA. The deficiencies are brought out in the following paragraphs:

2.4.17   Duplicate user IDs in Master table

Scrutiny of the Users Master table of SAMPADA system revealed there were 19 duplicate User IDs in the User Master table. The login IDs through which users had access to the database for viewing and manipulating data was mapped to this table. In the absence of integrity constraints to control duplicate IDs, the system was prone to manipulation.

After we pointed this out, the Department stated (May 2016) that uniqueness of USER ID was catered through front end. However, the application team has now applied the required constraint in production also.

The reply of the Department regarding control applied at the front end for the uniqueness of user id was not acceptable because if there was such a control in the front end, duplicate user ids should not have existed in the database.

2.4.18   Password policy not framed

We noticed that no password policy regarding password length, periodicity of change of password, composition of password etc was adopted by the department. Although users could access the system only after entering password but due to lack of policy, weak passwords were also being accepted. After we pointed this out, the Department stated that the IT Department was in the process of formation of a security/password policy.

21

Annual payable amount/ Total amount	Leviable SD/ RF	Levied SD/RF	Short levied SD/RF
` 116385840/ ` 1139029200	` 8542719/ ` 6407039	` 1022083/ ` 769564	` 7520636/ ` 5637475

2.4.19 Accounts of retired officials not deactivated

Scrutiny of master table of users revealed that the login access of 16 retired employees (internal users) of the Department was active even after their retirement dates. Not deactivating the logical access of the employees after their retirement had a risk of misuse of information assets by them.

After we pointed this out, the Department replied (June 2016) that double verification procedure was there in the application; one from front end and another from backend. From front end, all the Ids of retired officers were deactivated.

The reply is not acceptable as on the date of retirement of an officer, his id should have been deactivated in the database and his access to the data blocked from back end as well.

2.4.20 Registration Process beyond business hours

Scrutiny of registration transaction table revealed that 6,324 registrations were completed by various departmental users between 08.00 PM and 09.00 AM (excluding the dates 31 March of 2015 and 2016). This showed there was no control on login access time. No specific orders for functioning of offices in midnight hours were found on record.

After we pointed this out, the Department stated (June 2016) that slot could be booked between 10.30 AM and 5.30 PM and local connectivity issues could have preponed and postponed the working hours of internal users for printing of documents etc.

Reply is not acceptable as the Department is silent about its policy and controls on the access time of its users. However, during the Exit Conference, the Department stated (September 2016) that appropriate action would be taken.

2.4.21 Implementation of project without obtaining SSL

Secure Sockets Layer enables encrypted and secure communication between a web browser and a web server.

In a security audit of SAMPADA conducted by an empanelled company of Government of India, deployment of SSL on production server for enhancement of security (July 2015) was suggested.

The Department has not obtained SSL certification for e-Registration software 'SAMPADA' which made the system insecure for online payments and transfer of sensitive information.

After we pointed this out (May 2016) the department replied (May 2016) that the SSL implementation was in process.

Not integrating the SAMPADA with other Departments/Application

2.4.22 Absence of provision in the system for referred cases

Under Section 47-A of the Indian Stamp (IS) Act, 1899, if the Registering Officer, while registering any instrument, finds that the market value of any property which is the subject matter of such instrument set forth was less than the market value shown in the market value guidelines, he should, before

registering such instruments, refer the same to the Collector of Stamps for determination of the correct value of such property and duty leviable thereon. Further, according to the departmental instructions of July 2004, a maximum period of three months had been prescribed for disposal of such cases.

We observed in 22 Sub Registrar offices from the register of cases referred by SRs that total 1,358 cases were referred to the Collector of Stamps upto March 2016 for determination of the market value of the properties. Out of these, 775 cases had not been finalised, though a period up to 75 months had already elapsed beyond the expiry of the prescribed period. In these cases, the short levy of Stamp duty and Registration fees of ` 34.87 crore was recoverable on the basis of market value worked out by the Sub-registrar. After finalisation by the Collector of Stamps, registration of these documents had to be done manually as there was no provision of e-Registration of these cases in the SAMPADA application.

After we pointed this out (May 2016), the Department stated (May 2016) that pending cases may be updated in case monitoring module.

Reply is not acceptable as the case monitoring module was not put to use as evident from the fact that no data was found in the module.

However, during the Exit Conference (September 2016), the Department stated that appropriate action would be taken.

2.4.23 Absence of provisions for online verification

According to Section 47-A 1 (1-A) of IS Act, when the market value set forth in the instrument was not less than the minimum value determined in accordance with any rules under this Act, and the Registering Officer had reason to believe that the market value had not been truly set forth in the instrument, he shall register such instrument and thereafter refer the same to the Collector of Stamps (DR) for determination of market value of such property and proper duty payable thereon.

There was no facility made available in SAMPADA wherein the documents could be sent to Collector of Stamps (DR) online for verification. Hence, the manual system of referring the document to Collector of Stamps (DR) continued to be in place even after introduction of SAMPADA.

After we pointed this out, (April 2016) the Department stated (April 2016) that the SR may refer the original document to Collector of Stamps after completion of registration.

(ii) According to Section 64 of Registration Act, 1908, every Sub Registrar on registering a non-testamentary document relating to immovable property not wholly situated in his own sub district shall make a memorandum thereof and of the endorsement and certificate (if any) thereon, and send the same to every other Sub Registrar sub-ordinate to the same Registrar as himself in whose sub district any part of such property is situated, and Sub Registrar shall file the memorandum in his Book No.1.

We noticed that in SR offices, no such module was available to facilitate the SRs to file the memorandum.

2.4.24 Integration with data of land records

The National Land Record Modernisation Programme (NLRMP)[22] provided for integration of data of Registration with the land records data. Accordingly, the SRs were required to forward online details to the concerned Revenue Officer automatically on registration of any property. These details would include property details, registration number, date of registration and names of the parties which would be used by the revenue officer for mutation of the property.

We observed that provision was not made in the existing application to link it with the data of land records. In the absence of this, possibility of dual registry could not be ruled out. .

After we pointed this out (April 2016) the Department stated (April 2016) that the work of integration of *Khasra* and Maps being provided by the Madhya Pradesh Land Record Department was to be done. Satellite Map had been integrated in five districts which were being used by the service providers.

During the Exit Conference (September 2016), the Department stated that appropriate action would be taken.

2.4.25 Negative list of property not generated

In order to prevent the registration of the Public Utility lands and Government lands without Government permission and transactions of properties prohibited by Income Tax Department, Enforcement Department and Courts, these Departments issued notices to the Registration Department to act as per the request made in the notices.

We observed that files to record details of such properties were being maintained manually.

A provision to automatically restrict registration of such properties should be created in the system.

During the Exit Conference (September 2016), the Department stated that appropriate action would be taken.

2.4.26 Absence of database and data analysis of higher considerations of property against guidelines value

According to Rule 4(2) of MP Preparation and Revision of Market value Guideline Rules, 2000, the District Valuation Committee would perform the functions to collect information on property values and property trends which would be compiled in the form of primary data along with the existing data and would analyse the proposed values in the formats received through SAMPADA along with other information received from the Sub District.

However, we observed from the SAMPADA system that no module had been developed in the software for transmitting the required data to the District Valuation Committee in respect of transactions where the consideration was higher than the market value/Guideline as per Annual Statement of Rates

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[22] The Department of Land Resources in the Government of India is implementing the National Land Records Modernisation programme (NLRMP) involving survey/resurvey of land using modern technology, computerisation of land records, digitisation of maps, computerisation of registration and mutation system and integration of all these into a seamless system

(ASR). Further, the registering authorities had to rely on manual calculation of approved market value instead of system generated valuation.

After we pointed this out (May 2016), the Department stated (May 2016) that the audit observation had been noted as a suggestion for next version.

Deficiencies in service delivery

Instances of lack of operational efficiency in services delivery to citizens after implementation of e-Registration (SAMPADA) were noticed by audit which are discussed below:

2.4.27 System not designed to be user friendly

For valuation of property and duty calculation, a person had to create login id and register by providing his details which included at least 20 mandatory fields. During scrutiny of SAMPADA database, we observed that out of 13,55,161 users (parties) registered, only 5,19,553 parties finally reached the SR (Checker) for registration of documents. This showed that 62 *per cent* (8,35,608) parties who had registered did not reach for processing of e-Registration of documents after initiation at service provider level as shown in chart below :-

Chart No. 2.5
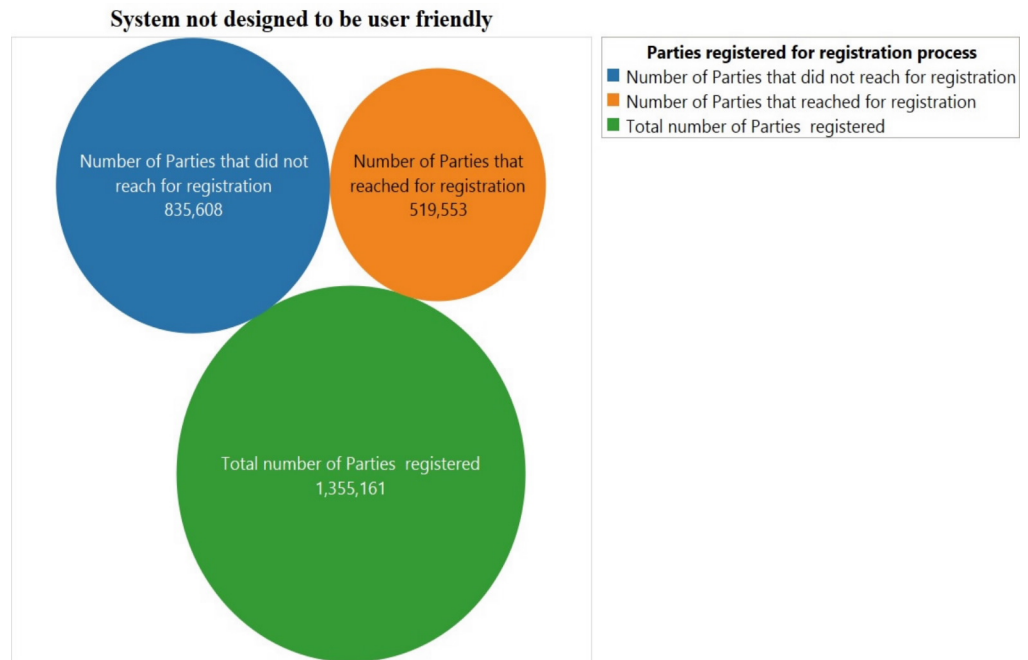
A property valuation and duty calculator could be made available for all citizens in the website. Creation of login ids should be made mandatory only for citizens who wanted documents to be registered. When we pointed this out, the Department replied that Registration process was designed in such a way that user can save partial details pertaining to registration.

2.4.28 Delay in delivery of registered documents

According to IGR and Superintendent of Stamps order (June 2015), print of documents shall immediately be taken after the completion of e-Registration and be given to the party on time.

In manual process, one to two days were required to complete the registration process and SAMPADA was implemented with the aim to reduce the registration time up to 15 minutes.

Scrutiny of data pertaining to Registration Transaction Details table of SAMPADA database revealed that in 1,22,164 (29 *per cent*) registration-completed cases out of 4,22,387, the time taken for delivery of registered documents were delivered with a delay ranging from one day to 460 days. Further, in 541 cases, the time taken could not be measured, as 'completion date of registration' or 'printing time' informatio n in the database was not available. In 10 cases, the time taken was found to be in minus values as the printing time was less than the registration completion date/time.

After we pointed this out, the Department, while accepting the discrepancy in the system, stated (June 2016) that due to not printing of some of the fields in the document and partial printing of some of the documents, delivery of documents was delayed.

During Exit Conference, the Department stated that there are many external constraints like SWAN connectivity and other related issues.

2.4.29 Queue management facility of SAMPADA not implemented

The objective of the SAMPADA was to make the process of registration speedy, simple, transparent, and accountable. A system of queue management to reduce unnecessary crowd gathering and waiting for long hours in SR offices was developed in the application.

However, we found that facility for queue management could not be implemented by the Department depriving the citizens from getting benefit of quick and easy e-Registration.

After we pointed this out the Department stated that the queue management system has been developed in the system but some updation was being carried out.

2.4.30 On-line refund and printing of e-stamps by user not covered in the application

According to Section 54 of IS Act 1899, when any person was in possession of Stamps which had not been spoiled or rendered unfit or useless for the purpose intended, the Collector shall repay to such person the value of such stamps deducting ten *per cent* for value of stamps.

We noticed that no facility to make such refunds online was included in the SAMPADA application, and refunds are being done manually.

After we pointed this out (April 2016) the Department replied (April 2016) that cases can separately be registered for refund under case monitoring module.

The reply is not acceptable as the case monitoring module was not in function. Further, e-Stamp wise refund report was not available in the system to crosscheck actual deactivation of e-Stamp code to rule out misuse of the deactivated e-Stamps for which refunds have already been made.

However, during the Exit Conference (September 2016), the Department stated that appropriate action would be taken.

2.4.31 Low response to registration and online Payment of registration fees

According to objective of SAMPADA, an external user could register his property without obtaining services of Service Providers. It was seen that out of 4.22 lakh cases (between December 2014 and March 2016) of e-Registrations of documents only 8,620 external users had registered their documents through SAMPADA. Use of this facility by such a few external users showed that sufficient publicity to create awareness among the citizens was not done by the department. Thus, one of the core purposes of e-registration by individuals without any mediator was not achieved. Further, in case of documents for which registration was optional, external user was still dependent on SPs for purchase of e-Stamps.

The Department introduced the system of online payment of e-Stamping and Registration fees from August 2015 through e-Registration (SAMPADA) onwards to avoid the handling of cash transactions in registration offices. While the system of collection of Stamp duty was made fully cash less, the registration fee could be paid either by cash or online.

Even after implementation of online system of e-Registration, instances of huge cash transactions were observed by audit. We observed that in 17 districts sampled for the period from August 2015 to March 2016, an amount of ` 0.27 lakh was collected through online payment and the remaining amount of ` 1,776.32 lakh was collected through cash towards registration fees.

However, during the Exit Conference (September 2016), the Department agreed and assured that system would be cashless soon.

2.4.32 Delayed response to feedback and complaints

As per Para 3.2 of SRS addendum of IGRS, the system shall provide feedback/ complaints facility to citizens. Such complaints were to be addressed by the DR by sending his remarks through email to the end users.

Scrutiny (April 2016) of the database of feedback and complaints revealed that 2,534 complaints out of 3,360 complaints received in SAMPADA application remained pending. The major nature of the complaints were printing related issues (232), credit limit not increased (227 cases), issues related to SPs (81cases), slot related (43 cases), failed transaction (25 cases) and other miscellaneous complaints (1,926). Pendency of complaints are shown in chart below:

Chart No. 2.6

Delayed response to feedback and complaints
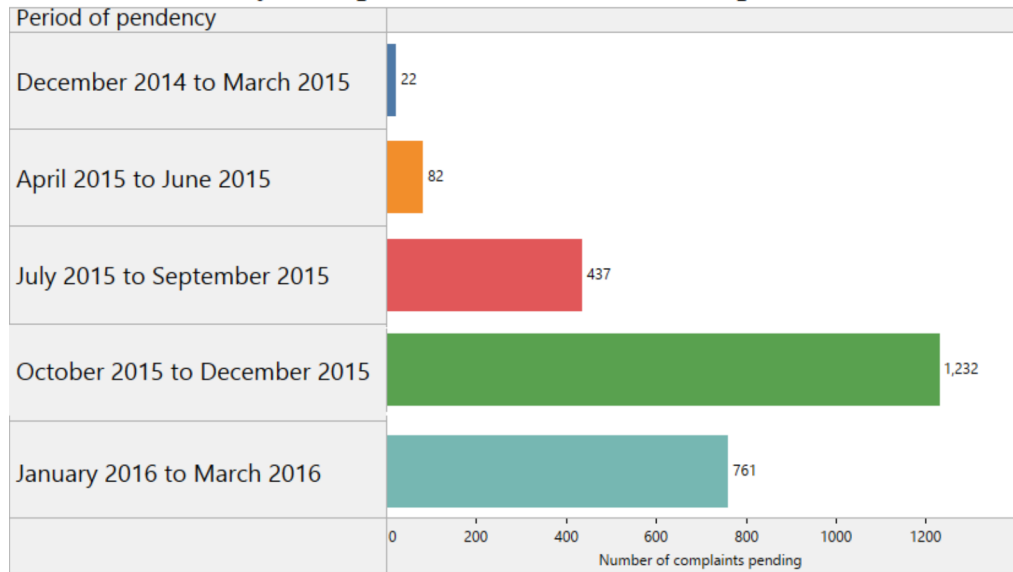
The Department used 'BMC ticketing tools' software as a complaint redressal mechanism for its internal users and service providers. It was seen that incomplete data was provided to Audit (June 2016) as 3,192 out of 24,306 records were missing and as a result, Audit could not analyse the complete data of BMC ticketing tool. Scrutiny of available data revealed that the date and time of resolution of complaints was not mentioned against any records. Thus, time taken for resolution of complaints could not be ascertained by Audit. Out of 18,637 major nature of complaints received, resolution of complaints was not done in 9,195 cases (49 *per cent*) details of which are shown in chart below:-

Chart No. 2.7
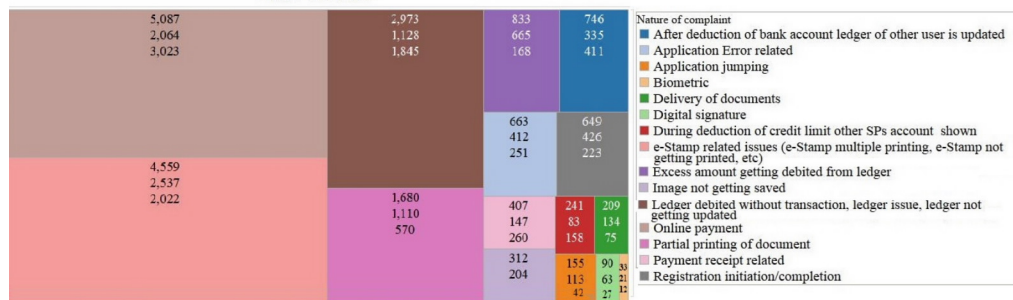
Thus, as may be seen from the issues highlighted in the previous paragraphs, the overall operational efficacy could not be improved upto the envisaged level due to reasons like delay in delivery of registered documents, delayed responses to feedback/complaints etc. This was further corroborated in a beneficiary survey conducted by us.

We distributed around 240 questionnaire Forms **(Appendix I)** for beneficiary survey to end users and service providers. We received responses of 142 end users and service providers. Out of this, 73 (almost 50 *per cent*) of the end users and service providers had expressed dissatisfaction on the services provided under SAMPADA **(Appendix II).**

During the Exit Conference (September 2016), the Department stated that this would be resolved soon.

We recommend that calculator for property valuation and duty calculation may be provided in the website for the convenience of the citizens. Complaint redressal mechanism may be made robust to ensure transparency.

Lacunae in internal control mechanism

2.4.33   Audit and Inspection module not used

Audit and Inspection module under SAMPADA was designed with the aim to create an internal control mechanism for inspection of each document by the DR to ensure proper classification and valuation.

Further, the Department issued instructions (May 2015) to DRs to verify the classification and valuation of the documents.

We observed during scrutiny of Audit and Inspection modules that the modules were not functioning. No report was found in the modules related to internal inspection and internal audit.

During Exit Conference (September 2016), the Principal Secretary, Commercial Tax Department stated that they were strengthening the internal control mechanism by establishment of data analysis wing.

2.4.34   Ineffective spot verification policy

Upto December 2012, there was hundred *per cent* spot verification policy in urban areas. The random spot verification policy was implemented in January 2013. In e-Registration system, IGR issued new Random spot verification policy (May 2015), making it compatible with computerised environment. Spot inspection module under the SAMPADA enabled DRs to randomly select the registered properties and assign its inspection to SRs. SRs could see these properties by clicking on this module.

We observed that this module was not being used by DRs to assign and monitor inspection of properties by SRs.

During the Exit Conference (September 2016), the Department stated that appropriate action would be taken.

2.4.35   Inaction in examination of impounded instruments

According to Section 33 of the Indian Stamps Act 1899, every person having by law or consent of parties, authority to receive evidence, and every person in charge of a public office, before whom any instrument, chargeable, in his opinion, with duty, is produced or comes in the performance of his functions shall, if it appears to him that such instrument is not duly stamped, impound the same.

Under the case monitoring module of the e-SAMPADA, SRs could refer unduly stamped cases to DRs online and DRs could send notices to executants for disposal of these cases. DRs acting as public officer could inspect other offices to check cases where proper stamp duty was not paid and file such cases in this module.

We noticed from the database that there were 30 impounded cases pertaining to the period from August 2015 to March 2016 lying undisposed having a money value of ` 3.32 crore and that no action had been taken by any of DRs to dispose of the cases.

During the Exit Conference (September 2016), the Department stated that DR was responsible for disposal of these cases; however, the Department would monitor these cases routinely.

2.4.36 Absence of reconciliation of Stamp duty and registration fees

According to Rule 30 of MP Financial code, the Department was required to reconcile every receipt remitted into the Government account through treasury. It was seen in audit that in e-Registration system, there was no mechanism under which reconciliation of all the receipts in cyber treasury either through treasury or through e-payment by SPs was being done. Although e-Stamps amounting to ` 2478.39 crore were generated through the system upto June 2016, no module existed in the system from December 2014 to May 2016 for reconciliation, nor any system was developed for this purpose. There was no system in place to verify the accuracy of the receipt transactions from cyber treasury. Proper pairing of ePRNs subsequent to transaction of money were not being done and in its absence, there was likelihood that accuracy of transactions may not be verified. The risk involved was further strengthened from the fact that in 403 cases of SPs, we noticed minus balances of ` 4.08 crore.

2.4.37 Delay in remittances in Government account

According to Rule seven of MP Treasury Code, all cash collected /received by Government servants are purported to be deposited into treasury or Bank without delay. Besides, as per Para 120 of executive directions of Department, cash received during a day by Government servant is to be deposited into bank on the following day.

For this purpose an integrated system with treasury, Bank and SAMPADA application was developed to facilitate auto generation of reconciliation report through revenue management module of the SAMPADA.

Scrutiny of Reconciliation Report revealed that in 11 districts, the Registration fees of ` 38.71 lakh received in cash, was deposited into treasury with delay ranging between four to 83 days (August and September 2015).

The monitoring mechanism provided in the software was not used by the Department.

During the Exit Conference (September 2016), the Department accepted and assured that reconciliation process and its report generation would be started soon.

2.4.38 Conclusion

The e-Registration system implemented in Madhya Pradesh from August 2015 is a good step in the direction of transparency, timely delivery of services and user friendliness. However, during the Performance Audit, we have also noticed certain shortcomings in contract management, application and general controls and operational performance as summarised below:

∗ The Department is still dependent upon the services of the software and hardware vendors as its own staff is not trained for working in a computerised environment.

∗ Planning and implementation of the system were inadequate to meet the objectives of the computerisation of the Department; consequently the project was delayed abnormally.

∗ The Department had failed to map the amendment in Acts and Rules, as and when changes were notified in it.

∗ The business rules were not mapped fully in the software and manual intervention was required at different levels. Inadequate second level authorisation resulted in misclassification of sale deeds, undervaluation of instruments and incorrect application of rates.

∗ There were inordinate delays in delivery of registered documents to the executants. Citizens' complaints were not found resolved quickly, as a large number of complaints were pending.

2.4.39 Recommendations

∗ The Department may utilise the services of State based research institutes like MANIT Bhopal, IIT Indore, etc. to impart training to its officials and form a dedicated IT support team of its own. Department may consider doing away with the services of outsourced persons in the work related to e-Registration on the SAMPADA platform considering the sensitive nature of data related to registration of documents.

∗ Action for delay in implementation of project as well as supply of hardware may be taken against those responsible. Legacy data may be digitised and migrated in the system on priority to safeguard citizens from threat of multiple registry of a property.

∗ Rules may be mapped in the SAMPADA software, as and when the Government notifies changes in the Act/Rules.

∗ The provisions of the Act may be suitably mapped in the application to prevent revenue leakages. Second level authorisation of data and documents may be implemented on priority to ensure proper recovery of revenue.

∗ The registered documents should be delivered to parties within the time defined in the objectives of SAMPADA. Complaint redressal mechanism may be made robust so that the core objectives of SAMPADA for ensuring transparency and empowering the users can be achieved. The Government may fully operationalise all the modules of the SAMPADA in order to eliminate manual intervention.