

***JanaMahiti* report: Department of Stamps and Registration, Bangalore**

June, 2011

(Based on citizen reports on ipaidabribe.com)

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1. Introduction

'Ipaidabrike.com' is an initiative by Janaagraha, a Non-Profit Organisation that works towards improving the urban quality of life by improving the quality of citizenship, infrastructure and services. It works to reduce corruption by harnessing the collective energy of citizens. Through its website, www.ipaidabrike.com, citizens are encouraged to share their corruption-related experiences and to report instances where they have had to pay bribes; where they successfully resisted paying them and where honest officials had streamlined processes and ensured that they did not have to pay any at all.

This *Janamahithi* (peoples' information) report contains an analysis of citizens' experiences on [ipaidabrike.com](http://www.ipaidabrike.com) from the city of Bangalore, related to the registration of sale and property in Karnataka. From the patterns of corruption emerging from the analysis, we have recommended streamlining of departmental processes. The Department of Stamps and Registration has one of the highest number of bribe reports on our website. We hope that our efforts will be useful to the Department of Stamps and Registration of Karnataka, to improve their procedures and provide more efficient and corruption free services to citizens.

We have also attempted to guide and educate citizens on how to avoid and resist paying bribes, by demanding the services to which they are entitled.

This *Janamahithi* is based on citizens' reports received in the ten months since [ipaidabrike.com](http://www.ipaidabrike.com) was launched on August 15, 2010. As more citizens send in their reports, our understanding of the nuances of how the corrupt operate, will improve. We hope that our report will spur further debate and citizens will send us more suggestions on how services provided by the Department of Stamps and Registration can be improved.

2. Salient Features of the Indian Registration Act, 1908

2.1 Meaning of Registration

Registration refers to the recording of the contents of a document with a Registering Officer appointed by the State Government. The Registering Officer performs the important function of preservation of copies of the original document.

2.2 Object of Registration

Apart from being a means for taxing transaction of sale, the object of registration is the conservation of evidence, assurance of title, publicity of documents and prevention of fraud with respect to land transactions. All transactions with reference to any particular property are recorded in a register maintained by the Department of Stamps and Registration, so that the persons dealing with that property have notice of the same. At the Registrar's office, an intending purchaser is immediately cautioned if the property in question has been already registered. Registration also helps an intending purchaser to know if the title deeds of a particular property have been deposited with any individual or financial institution for the purpose of obtaining an advance against the security of that property.

2.3 Time permitted for registration of a document

Under Section 23 of the Act, any document other than a will has to be presented for registration within four months from the date of its execution. The term "execution" means signing of the agreement.

If a document is not presented for registration within the prescribed time period of four months, then the parties can apply to the Registrar for condonation of delay. The registrar will accept the document for registration on payment of a fine not exceeding ten times the proper registration fees.

3. Registration Terms

Here are some definitions of terms that are useful for citizens to better understand the process of registration.

Agreement to sell: The seller agrees to sell his property to another in the near future. A certain amount is kept as deposit which is forfeited if the buyer does not buy the property. However, the seller, while the agreement is on, cannot sell the property to any other person. It is an executor contract which has not yet been executed.

Chain of title: It reveals the past and current details about the title and ownership of the property.

Encumbrance Certificate: An encumbrance is a restriction which may hinder the transfer of property. The encumbrance certificate provides details of all the liens on real estate, outstanding mortgages, easements and unpaid property tax.

Khata: Details of the property in the property list of the Corporation, Municipality or Village Panchayat in which it is located.

Lien: It is a form of security interest granted over an item of property to secure the payment of a debt or property. It is a legal claim or hold on a piece of property.

Lessor: An owner of a property who rents it out to another party (tenant).

Property report: It contains information about the current owner of the property only. No additional information is provided.

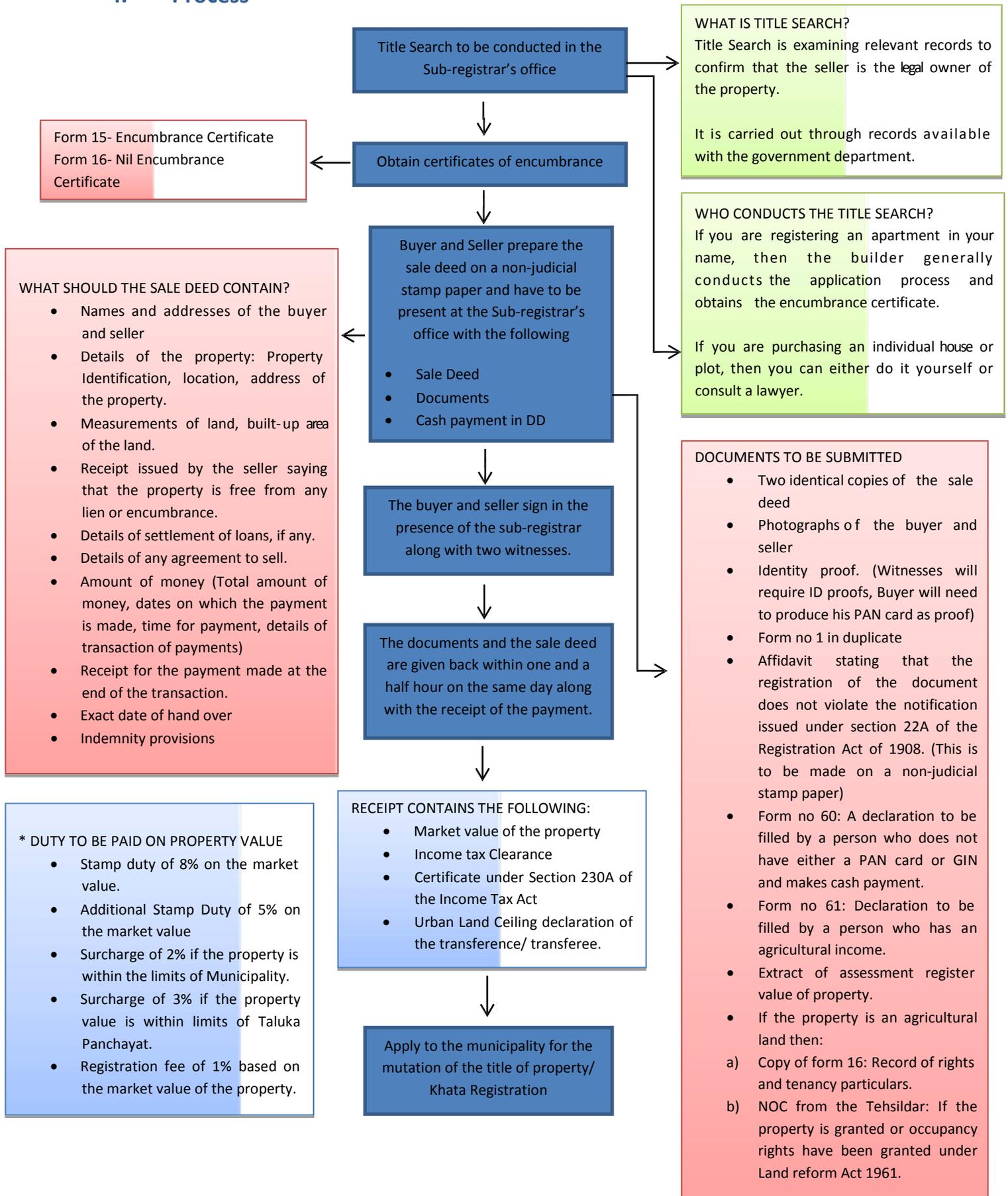
Release Deed: Giving or discharging of a right of action which a person has.

Relinquishment Deed: This deed is prepared for the purpose of surrendering the rights in an immovable property.

Sale Deed: Also called as the conveyance deed, the seller here, transfers his rights and interest in the property concerned to the purchaser who in turn acquires absolute ownership of it.

Title Search: A title search is carried out to examine all the relevant records available with the Registrar to confirm that the seller is the legal owner of the property.

4. Process



5. Commitment made in the citizen's charter of the Department of Stamps and Registration, Karnataka

Under its citizen's charter, the Department of Registration and Stamps has committed to the following time frames for complete registration of the property stated in its citizen's charter.

Work	Time Taken
Verification of the market value of property	20 minutes
Preliminary scrutiny of documents, enclosures and issue of Form A	1 hour
Admission of documents recording signatures	1 hour
Total Time Taken	2 hours 20 minutes

The time limit for searches for encumbrances are as follows:

Search	Time taken
Less than 1 year's search	1 day
Less than 3 year's search	2 days
Less than 5 year's search	3 days
Less than 8 year's search	4 days
Less than 10 year's search	5 days
Less than 13 year's search	8 days
Less than 15 year's search	10 days
Less than 20 year's search	15 days
Less than 30 year's search	18 days
More than 30 year's search	20 days

These timelines have to be met by the sub-registrar as they have been publicly committed by the department. The sub-registrar has no discretion to delay. However, because of ignorance from the public, they often delay matters in order to collect bribes.

6. Data Analysis from reports on ipaidabribe.com

- Total amount of bribe paid in the Department of Registration and Stamps in Bangalore- Rs. 92,59,210
- Average bribe paid in the department – Rs 18,049

6.1 Kind of reports on ipaidabribe.com

Reports on ipaidabribe.com	No of reports
I paid a bribe	513
I didn't pay a bribe	13
I didn't have to pay a bribe	1

The statistics depict that the number of cases of bribes having being resisted and not having to pay are miniscule as compared to the number of paid a bribe reports. Only in one case has the citizen been helped by an honest government officer (Box 1).

Box 1

"It is nice that I am able to once again present my small contribution towards eradicating the menace of corruption. I had earlier reported my story about how I resisted from paying a bribe at the Banaswadi Sub-registrar's office and I had also filed two applications under Right to Information Act seeking information about various aspects regarding registration, maintenance of dispute register and the process of appointing casual labour in the office and this application was filed on 15/10/2010.

I approached the Banaswadi Sub-registrar, to register the property of my client and to my surprise the staff of the office were very cordial and one of the casual labour approached me and informed that the Sub-registrar wished to see me and I accepted his invitation and after getting my sale deed verified and I took the same to be presented to the Sub-registrar, he gave a very nice smile and invited me to sit and expressed his regret for his behavior the other day and it was nice to hear the same, he stated that he was not in a good mood and that was the reason he behaved badly and he requested me to forget the past incident and to start THINGS AFRESH. After he had finished his talk I informed him that it was nice of him to realize his mistake and I also informed that I would continue my fight against corruption and he stated that they were other organisations to look into that and that I should not break my head over the same as the same would affect my work as well as his, I replied back saying that it would be nice if he and I were to join hands in a small way to fight corruption and I also requested him to look into the two applications filed by me under the Right to Information Act and he looked at me as if he was surprised and stated that he did not know about any such applications filed and he called one of the person in the office and enquired about the same and he informed him about the said applications, I feel that he just wanted to show that he was not aware of the same.

After the registration of the sale deed, I wanted to express my appreciation towards the Sub-registrar, hence I had purchased about twenty pink roses which were individually nicely wrapped and I requested the seller and buyer who I was representing to sit before the Sub-registrar and introduced them to the officer and also informed them that the Sub-registrar had not received any bribe for registering the sale deed and hence as a token of appreciation I asked them to present two roses each to the Sub-registrar and I also presented two roses to the officer and thanked him and he gracefully received the flowers and shook hands with us, I intended to give the entire staff a rose but unfortunately it was lunch time and they had gone to have their lunch.

I think it takes a little effort from all of us and we can make the system work in clean environment.”- (Verbatim bribe report on www.ipaidabribe.com)

Overall we located 198 bribe cases where money was demanded in the registration office itself. Some of the reports say that bribes are distributed to everyone involved in the process of registration, from the clerk to the sub-registrar. There are also innovative ways of demanding bribes where the sub-registrar keys his expected amount into his calculator or leaves his drawer open for the bribes to be ‘dropped’ in it (See Box 2).

Box 2

“I had to urgently complete the process of registration of my sale as I had to leave the country to report back to my duty within the leave period sanctioned by my company. The sub-registrar, taking advantage of my helpless status started demanding money starting from Rs 50,000. Then after long persuasion and argument agreed for a lower amount and completed the entire process within 2 hours. From my observation of those two every transaction carried out over there is done through a middleman and for registration the entire office staff await looking like hungry dogs, I do appreciate their co- operation in sharing the booty at the end of the day”. – (Verbatim bribe report on www.ipaidabribe.com)

Bribes are typically asked for directly for the ‘smooth functioning of the processes’. If not, they are tagged under the bracket of ‘facilitation fees’ or ‘mandatory amount’. With a lawyer/builder-registrar nexus in place, this process is made more standardized. The lawyer or the builder gives a letter with the break-up of the amount to be paid for the registration. There is a column titled ‘Miscellaneous’ under which the bribe amount is openly accepted. Apart from this, there are pre-fixed amounts which the buyer is directly asked for as the registration amount. When there is a lawyer involved in the process, bribes are even accepted under the column of ‘advocate fees’ or ‘legal fees’ (Box 3).

Box 3

“Just like hundreds of Apartment owners in Bangalore, I was also a part of the elaborate scam (sorry scheme) by builders and Registrar office guys...Modus Operandi is same. The builder guy asks to bring 15000 in cash...he says 4000 is for the lawyer who prepares the documents and remaining 11000 as bribe...Like a typical new home owner who has his mind occupied with 100 things and not wanting to left out of a registration, I have paid the bribe.” –(Verbatim bribe report on www.ipaidabribe.com)

Regardless of the trend, the sub registrar himself never accepts bribes openly. The transaction takes place through office boys, clerks or a pre-decided settlement between the lawyers/builders and registrars. Sometimes, there is also a concession shown for the market conditions (Box 4).

Box 4

“I went to the registration office at Whitefield and they asked for an outright sum of 15000/- for the registration. It was open and everyone from the bank officials to the representative of the builders said that the amount was correct and sometimes they ask for more. They said it is recession, so they are giving you a good deal.” –Bribe Report on www.ipaidabribe.com (verbatim)

6.2 Trends in the Department of Registration and Stamps visible during registration of property

Bribes paid	No of reports	%
Sub-registrar's office	297	57.8
Builder- sub-registrar nexus	78	15.2
Agent-sub-registrar nexus	46	8.9
Advocate-sub-registrar nexus	22	4.2
Not mentioned	70	13.6
Total	513	

6.3 Volume of bribes paid in the Department of Registration and Stamps, Karnataka.

Class (Rs)	No of cases reported	Total amount paid (Rs)	Average amount paid (Rs)
1-10000	128	8,98,375	7,018
10001-20000	250	41,01,335	16,405
20001-30000	91	23,30,500	25,609
30001-40000	18	6,42,000	35,666
40001-50000	6	2,82,000	47,000
50001-60000	0	0	0
60001-70000	0	0	0
70001-80000	1	80,000	80,000
80001-90000	1	90,000	90,000
90001-1,00000	5	4,92,000	98,400
Above 1,00,000	1	1,50,000	1,50,000

The maximum bribes paid were between Rs 10000 and 20000, the average bribe being Rs 16,405.

6.4 Top 10 offices in Bangalore with the maximum amount of bribe cases reported

Location	Bribes reported	Total Amount in Rs
Varthur	53	9,54,500
Kormangala	49	8,91,300
K R Puram	27	6,46,500
Whitefield	21	4,14,500
Banaswadi	21	3,22,100
Mahadevpura	17	2,97,400
Begur	17	2,26,100
JP Nagar	16	2,47,000
Banashankari	12	1,71,000
Jayanagar	10	3,43,000
Bytaranpura	9	1,38,075

7. The Transfers of officials in the Registration Department: (Data derived from the RTI filed by ipaidabrike.com)

How are the profits of this flourishing industry of corruption in the department distributed amongst its shareholders? For one thing, the profits are specific to offices. It is clear that the most lucrative profits are to be drawn from city offices. Bangalore is evidently a good place to be posted. Whereas if you are posted to Gulbarga or Bidar, then it is a punishment posting. To find out, ipaidabrike.com filed an RTI application to seek details of transfers in the Department of Stamps and Registration, Karnataka. We asked for two things in our RTI application:

- 1) The details of all transfers in the department since 2004-05 to date.
- 2) The details of all recommendations made by MLAs, MPs, Ministers etc. recommending the transfers of officials. The department provided the details of all transfers since 2004-05. However, the department has not provided details of recommendations made by politicians.

Our analysis of the departmental information reveals the following details:

(i) Number of staff in all posts transferred year wise:

Year	No of transfers
04-05	186
05-06	177
06-07	326
07-08	148
08-09	182
09-10	276
10-11	167
Total number of transfers	1462

(ii) Number of transfers according to posts:

Post	No of transfers
Officers	
District Registrar	46
Senior sub registrar	96
Sub registrar	704
HQA	25
Staff	
Superintendent	18
First Division Assistant	362
Second Division Assistant	170
Typist	11
Group D	8
Others	22
Total	1462

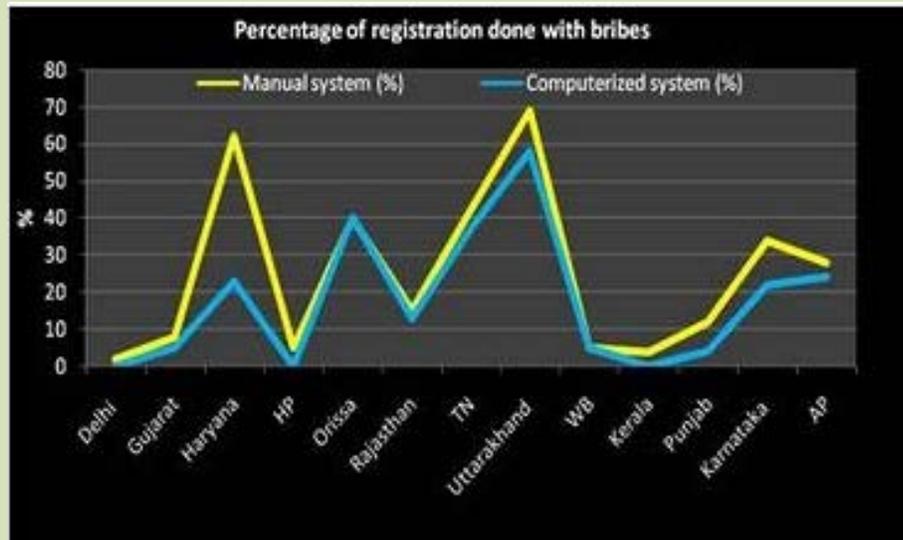
223 transfers of sub registrars took place in Bangalore alone, to 53 sub-registrar offices plus Head office:

(iii) The table below highlights the most highly contested sub-registrar's offices, where the maximum number of transfers have taken place:

1	Kengeri	12
2	Basavanagudi	10
3	Jayanagar	10
4	Nelamangala	10
5	Yelahanka	10
6	Anekal	8
7	Dasanapura	8
8	Devanahalli	8
9	K.R. Puram	8
10	Hoskote	7
11	Dodballapur	6
14	Gandhinagar	6
15	Kanakpura	6
16	Shivajinagar	6

7.1 An expert assessment:

“Our assessment studies of impact of nearly 60 eGovernance projects in 15 states indicates that citizens have benefited as number of trips to offices and waiting times have reduced. However, there is very little impact on bribery except for 7-8 projects mainly related to issue of copy of land ownership. In these studies, reputed market research agencies surveyed nearly 800 users (citizens/businesses) spread over 20 different cities/villages for every project in a state. So in total we surveyed nearly 40,000 citizens to capture their experience of using the manual and computerized delivery for all the projects put together. In fact in computerized sub registrar’s offices in 13 states that were studied there is very little impact on bribes. The fact that bribery continues unabated is also borne out of a recent personal experience.



I registered a land purchase deed in Bangalore and found that at the end of a reasonably fast process (I had gone in a lean time which is considered inauspicious by locals) I had to pay a bribe of Rs 7500 almost like a "dakshina". I did not pay the amount myself but I did see the agent carry the envelope into the Sub Registrar's office. I am told that one third of the amount gets distributed amongst various other staff. A colleague from IIMA had a similar experience just last week in Bangalore.

Of course the problem is not unique to Bangalore as indicated by the above graph. Nearly 30-70% of all transactions of Property registration involve bribes in the 10 states that were assessed.

We as people involved with eGovernance need to reflect as to why are bribes necessary in supposedly reformed systems of delivery. Any system in which bribes are almost mandatory will lead to harassment for those few who do not want to pay.

I feel the entire process is opaque, as many forms/documents need to be filled and dozens of signatures are needed. Documents are in the local language-one has to sign without understanding the contents. Many different payments are involved- why can't these be calculated in the aggregate and charged. Later the internal posting to various heads for purposes of accounting can be computerized. The work flow is manual and difficult to comprehend by the user. Why can't the work flow be automated and handled on a first come first serve basis.

Currently the computerized service delivery system in a sub registrar's office is designed in a manner that a user is almost compelled to engage an agent to handle the movement of papers from one desk/station to another within the sub registrar's office. Unless the procedures are simplified, made completely on line using work flow, a first in first out regime is implemented and any rejection of applications has to be accompanied by formally stated reasons, bribery is unlikely to be reduced. In such an efficient and transparent system the users may feel confident in registering a deed on their own rather than through an agent.

*Professor Subhash Bhatnagar, Indian Institute of Management, Ahmedabad,
(<http://www.subhashbhatnagar.org/>)*

. Recommendations

From the experiences of citizens, there is no doubt that the Department of Stamps and Registration is highly corruption prone. Partly, the blame for this should also be borne by the citizen. First, many people still conceal the actual price and pay part of the sale proceeds by cash. Many have no qualms about undervaluing properties in order to save a little money by evading tax and therefore collude with corrupt officials, bribe them to look the other way, and avoid paying the tax that they, as citizens, are bound to pay. Second, many passively submit to the corruption out of nervousness and a misplaced sense of fear. Purchase of immovable properties is for most people, a once-in-a-lifetime activity and therefore they do not want any 'trouble'. They blindly take the advice of touts and middlemen and are willing to pay a 'facilitation charge' rather than fight corruption.

In spite of this dismal picture, there have been reforms in the department that have put it on the path to reducing and finally eliminating corruption, even if milestones and targets for the implementation of these reforms have not been met. The details of the reforms that have reduced the scope for corruption are as follows:

- The reduction of the registration fee to 6 percent along with the introduction of fixed area wise guidance values - which means that regardless of the value on the sale deed, one has to pay the stamp duty as per the guidance value, (or the sale deed value, whichever is higher) – has on paper diminished the scope for corruption. The registrar's office has no discretion now to refuse a registration on the ground of undervaluation. They must register the deed and fix the registration fee payable based upon a guidance value.
- E-Stamping of stamp papers is now implemented in 22 sub registrar's offices. This was implemented through e-stamping machines which enable selected Bank outlets to stamp the appropriate stamp value on any plain paper, while collecting the stamp fee. This reduced the scope for delays in registration because payments of stamp fee through cheque had to wait for the cheque to be cleared.
- Increase in the number of offices in Bangalore from just 12, to more than 50. This reduced the pressure and rush in these offices (and decentralized corruption, perhaps).

Under the citizen's charter of the Department of Stamps and Registration available at <http://www.karigr.org/citizen/default.htm>, the sub registrar has committed to complete any sale transaction in 2 hours 20 minutes; i.e., 20 minutes to verify the market value of property, 1 hour for Preliminary scrutiny of documents, enclosures and issue of Form No.1A. and one hour for admission of documents, recording signatures etc. If citizens print out the citizen's charter and carry it along with them, officials cannot refuse to follow the commitment of their own department.

Currently, the department officials still continue to take bribes, simply because the process of registration has many steps. They exert pressure through a network of touts and test the patience of citizens by making them wait indefinitely. To cure these, ipaidabribe.com makes the following suggestions:

- There should be no discretion given to the department to make citizens wait. Every day, each office should make available clear time slots for registration of properties. Citizens should be able to go onto the website and choose the time slots on their own. Once the time slot is chosen by the citizen and he/she turns up at the given time in the sub-registrar's office, they must have no discretion. They must register the property. If there is any hurry for some reason, then there should be a tatkal system by which citizens can jump the queue (like in the passports and railway ticketing systems).
- The department must introduce the system of 'Anytime-Anywhere' registration. Under this system, a citizen should be able to go to any location in the city to register a property. This will reduce the service area monopoly of the offices and give a choice to all citizens to go to more efficient offices. This will in turn incentivize officials to improve the service delivered by their offices and bring about a sense of competition amongst them. It is understood that a pilot study was undertaken by the E-Governance department on behalf of the registration department some years back. However, this has not been made public or implemented. A time bound programme to implement 'Anytime-Anywhere' registration should be taken up.
- Many of the steps for registration are complex, time consuming and cumbersome (Please see workflow chart). Some of these can be done online, prior to the actual registration. For instance, standard sale formats can be made available on the website, which people can download and use to prepare their sale deeds themselves. Second, photographs of the parties can be taken in advance and sent online to the office, at the stage of taking the appointment for the registration. The preparation of the sale deed and photography online will reduce the time spent by citizens in the registration office.
- The guidance values displayed on the website are difficult to understand and use. These values must be displayed on maps so that citizens can understand these easily and make use of them while calculating the stamp duty to be paid. The guidance values must also be updated promptly on the website whenever they change.

- Offices must have proper signage and displays. Three matters must be prominently displayed:

- (a) The names of the officials along with their photographs, in a diagrammatic representation of the workflow within the office, so that people understand what is the process and who is to perform this task.

- (b) A stern warning must be displayed, saying that corruption is an offence inviting a penalty of rigorous imprisonment and giving a phone or e-mail address, where citizens can lodge their complaints.

- (c) The citizen's charter of the department, giving the commitments on timelines for completion of each transaction

The report of the website audit undertaken by volunteers interning with ipaidabribe.com is attached.
