

4.2 Computerisation of the Registration Department

Highlights

Computerisation of the Registration Department is yet to be fully completed, though started in 2001.

(Paragraph 4.2.4.1)

Digital/web cameras and bio-metric devices purchased for a sum of Rs.85.61 lakh could not be put to use for want of necessary software.

(Paragraph 4.2.4.2)

Lack of interconnectivity of the sub-registrar offices with the concerned taluk offices resulted in continued registration of the government lands in the name of private individuals.

(Paragraph 4.2.4.3)

Absence of provisions in the system resulted in manual intervention in collection of stamp duty in case of partition and excess allocation of surcharge to local bodies etc.

(Paragraph 4.2.5)

Absence of input controls and validation checks led to less assurance regarding completeness and validity of data.

(Paragraph 4.2.7)

Inadequate security controls resulted in modification of the registration details without authorisation by superior officers.

(Paragraph 4.2.8)

4.2.1 Introduction

The Registration Department planned to computerise its activities with the objectives of streamlining the works such as document recording, storage and retrieval of the documents, making its operation more transparent and providing the public with better and efficient services. Some of the activities identified for computerisation were generation of cash receipts, indexing of database of properties, generation of MIS reports, generation of encumbrance certificates and establishment work such as leave records, generation of pay roll etc., through three modules viz., Accounts, Indexing and Scanning.

Based on a system study conducted in 1996, the department started computerisation of the department through a project called STAR (Simplified and Transparent Administration of Registration) with the assistance of National Informatics Centre (NIC). The computerisation was taken up in a phased manner to cover 558 sub-registrar offices (SROs) (after reorganisation of the original 600 SROs) and 50 district registrar offices (DROs) and it was planned to be completed by 2003-04. The project is yet to be completed (June 2008) and implemented in full scale even after spending an amount of Rs. 99 crore.

4.2.2 Scope of audit

Computerisation of this department is one of the services envisaged under e-governance of the State Government. The review was carried out in 13 registration offices¹ between August 2007 and May 2008 covering the records relating to the period from April 2004 to March 2008.

4.2.3 Audit objectives

The objective of audit was to check whether

- the computerisation was in line with the objectives of the department;
- the system covered all the intended functions;
- the information in the database was reliable; and
- adequate security controls were in place.

Audit findings

It was observed that the system design was deficient and input controls, validation checks, access controls and security were insufficient, which led to ineffective management of the system and rendered the data incomplete, inaccurate and unreliable. The audit findings are discussed in the succeeding paragraphs.

4.2.4 Planning and implementation

4.2.4.1 Delay in implementation

It was noticed that 50 district registrar offices and 300 sub-registrar offices were computerised in three phases namely Phase-I, II(a) and II(b) by February 2000, January 2002 and September 2002 respectively. However, computerisation of the remaining offices scheduled to be covered in Phase-III and planned to be completed by 2003-04 was kept in abeyance on the grounds of re-organisation of the registration offices. The main objective of re-organisation of the registration offices was to have one sub-registrar office for every taluk office (206 taluk offices in the state) and to establish connectivity between them. The process of re-organisation started in 2003 was partially completed in 2005 by merging only 42 sub-registrar offices with the others. After this partial re-organisation, the department implemented the Phase-III computerisation in 150 offices (March 2006) after a delay of two years.

As per the Government policy, the plan was to complete the computerisation of the remaining 108 offices under Phase-IV during 2006-07. The department decided to go in for web based system using open source technology (Linux)

¹ Joint I Chenglepet, SRO-Joint II Coimbatore, Joint I Kanchipuram, Joint II & III Kanchipuram, Gandhipuram, Ganapathy, Pallavaram, Perambalur, Saidepet, Sriperumbudur, Triplicane, Valigandapuram and Vepanthattai.

based on an offer made by M/s.Electronic Corporation of Tamil Nadu (ELCOT) for Phase-IV. For this purpose Rs. 15 lakh was paid to M/s. ELCOT. The department did not approach NIC for switching over of the system even though the existing STAR project was developed by NIC and that NIC was not charging any cost for any software development from the Government departments. The department is yet to complete the computerisation in the remaining 108 offices (September 2008).

The department (September 2008) accepted the delay and stated that the initiatives were under way.

This indicated lack of clarity and definite strategy of the department which resulted in delay in implementation of the project.

4.2.4.2 Bio-metric devices

It was noticed that digital/web camera and bio-metric devices² were purchased utilising Rs. 18.90 lakh diverted from the amount sanctioned for Phase-III and Rs. 66.71 lakh further sanctioned by the Government in August 2005 and November 2007. However, it was observed that these devices were kept idle till date.

The department stated (September 2008) that the devices could not be put to use independently for want of software and NIC had been addressed by the department in this regard. This indicated adhoc purchases without any planned requirement.

4.2.4.3 Non-linking of the taluk offices with the registration offices

The Government had sanctioned an amount of Rs. 60 lakh for the purpose of establishing computer connectivity between 300 sub-registrar offices and the taluk offices so as to verify the *adangal*³, *chitta*⁴ and other records of the taluk offices with the registration records and transmit the details of registration to the taluk offices so as to facilitate comparison of land records. However, it was noticed that the amount was diverted for the purpose of establishing connectivity between the sub-registrar offices and the Reginet centre at Chennai for the Reginet project mentioned in paragraph 4.2.9.

The department stated that initially interconnectivity between the taluk and SR offices located within 100 meters from each other were made functional, but due to non-updation of data in the taluk offices, the interconnectivity could not be carried out. Audit test checked two taluk offices and it was found that the data available in the taluk offices were up-to-date and could be used by the Registration Department.

² A device to capture the bio-metric information like “thumb impression” in an electronic form.

³ Village account No.2 containing the details of survey number, extent, assessment and classification of land.

⁴ Account containing Land Ownership details.

Non-linking of the taluk offices with the registration offices led to the registration of documents involving the government lands that were prohibited as per G.O.Ms.No.150 (CT) dated 22 September 2000. A comparison of the data available in the SROs Joint I Chengalpattu and Thiruvottiyur with the records in the concerned taluk offices revealed that 2.49 lakh square feet of land valued at Rs. 65.82 lakh which were classified as the government lands in the revenue records were registered by the SROs in the name of private individuals in 19 cases. Though similar issue was reported in Para 3.2.9 of the Audit Report 2002-03 in respect of 827 cases, more transactions were entertained in two SRs (Alandur and Velachery) due to non-sharing of information between the two departments.

Thus, it is evident that the failure of the Government to monitor implementation of the scheme of connecting the taluk offices with the SROs resulted in irregular registration of the government lands.

4.2.4.4 Accounts module

Though NIC developed the accounts module alongwith the other modules in 2000 for the purpose of generation of cash receipts, challans, etc., the accounts module was never put to use. The department was using another accounts module developed free of cost by M/s.Broadline since 2004. It was noticed that the accounts module developed by M/s.Broadline had many deficiencies (as commented in paragraph 4.2.5 below).

The department replied (January 2008) that the accounts module running in the SROs since 2004 was in testing stage only and due to non-availability of the source code, corrections could not be carried out. The department further stated (September 2008) that since the module developed by NIC contained more discrepancies and for timely implementation of the project, the free accounts module developed by M/s Broadline was adopted. However, it was noticed that the software developed by M/s Broadline also contained many deficiencies and was stated to be continued in testing stage only even after four years. Continued use of a software without any source code or design document and without documenting any other reasons for its adoption, despite availability of the NIC module free of cost, reflected the adhocism in computerisation.

4.2.5 System design deficiencies

Deficiencies in the system warranted manual interventions and bypassing of the system as noticed in the following paragraphs.

4.2.5.1 The system has provision to collect the fees for the different kinds of documents like sale, mortgage, lease, partition etc. In the case of partition deed, normally a document contains more than one schedule. As per the Indian Stamp Act, the stamp duty for the partition deeds is to be levied at one *per cent* of the market value of the property separated subject to a maximum of Rs. 10,000 per share and the registration fees is to be collected at one *per cent* of the market value of the property subject to a maximum of Rs. 2,000.

It was noticed that the system calculated the stamp duty and registration fee for single schedule only irrespective of the number of schedules contained in the document. In such cases, the department collected the short computed amount by manual intervention.

4.2.5.2 The stamp duty and transfer duty surcharge on the value of the instrument were collected and the portion of the transfer duty surcharge were allocated to the local bodies. As per the Inspector General of Registration order No.59985/C1/81 dated 8 March 1982, no surcharge shall be imposed on the sale amount covered by transfer of movable property. The system though provided for collection of the stamp duty including transfer duty surcharge, it did not have provision to capture the value of immovable property and movable property separately and levy surcharge accordingly. The business rule of exempting the surcharge for movable property was not mapped in the system.

Absence of such provision in the system led to allocation of surcharge to the local bodies in respect of transfer of movable properties also. No action has been taken to rectify the deficiency in the system though such excess allocations of transfer duty surcharge amounting to Rs. 9.29 crore in 2,627 cases were pointed out repeatedly in the Audit Reports for the year 2004-05, 2005-06 and 2006-07.

4.2.5.3 Though provision was made in the system to capture the collection of deficit stamp duty paid in cash to the sub-registrar at the time of registration in the SROs, the provision to record the collection of deficit stamp duty paid by the registrant to the bank through cheque or demand draft was not made in the system. It resulted in the system showing non-collection of deficit stamp duty in 1,902 cases in 13 offices. Manual interventions were resorted to correct these differences.

4.2.5.4 The department had plan to have an integrated system of various modules such as Accounting, Indexing and Scanning. However, these modules were not integrated and resulted in repeated capture of the information like value of the property, stamp value, date of registration etc. in the different modules giving room for inconsistencies and duplication of work. It was found that the value of the properties (67,203 cases) and the stamp value (858 cases) were indicated differently in the Accounts module and Indexing module and in 3,367 cases, the registration dates in the Accounts, Indexing and Scanning modules were not same. Thus, duplication of data entry led to lack of integrity of data and increase of work load.

4.2.6 Mapping of business rules

All the relevant business rules and procedures were required to be identified and suitably incorporated in the system. As per the G.O. dated 21 February 1989, a fine has to be levied where there is a delay of more than four months in presentation of the document for registration after the date of its execution. In the absence of such provision in the system, collection of fine was done manually.

4.2.7 Input controls and validation checks

Absence of input controls and validation checks led to incomplete and invalid data as cited below:

- Boundary details⁵ in 99,119 out of 10.48 lakh cases of the properties, addresses in 20.87 lakh out of 32.20 lakh cases, permanent account number in 2,785 out of 2,785 cases and parent name of the claimants and executants in 18.51 lakh out of 32.20 lakh cases were not captured in the system.
- The dates of registration in 2,730 cases and dates of presentation and execution in 5,885 cases were captured incorrectly.

Registration manual provided for test check and certification of the entries in the Index Registers by the registering officer either annually or whenever there is a change in the incumbent. This secondary level checking is vital for ensuring correctness of the data for issue of encumbrance certificate and archival of the document. However, it was noticed that the prescribed test check was not done by the registering officers in 13 offices.

4.2.8 Security controls

Inadequate security controls built in the system resulted in unauthorised modification of the data and missing receipt numbers as detailed below:

- The system did not have a provision to capture the details of modification of data in between the first creation and the last modification indicating deficient audit trails.
- The system permitted modification of the details of registration by the data entry operator without proper authorisation from the superior officers. It was found that in 78,781 cases the relevant details were modified in the system without proper authorisation.
- Though the department has a password policy, the system did not force change of passwords at regular intervals.
- In the registration offices, receipts are issued for collection of various fees like registration fees, stamp duty, fees for encumbrance certificates etc. An analysis of the database in 13 offices revealed that 24,008 receipt numbers were found missing and the reasons thereon was not available in the system. This indicated that there was no control mechanism to prevent deletion of the receipts or to record the reasons for deletion.

4.2.9 REGiNET Services

The REGiNET service centre was setup in 2002 with the purpose of

- issuing of encumbrance certificate (EC) of any land property and

⁵ Information about the properties surrounding in all four sides of the property registered

- making available the statewide information on guideline values to the public

Under the scheme, the data available in all the computerised registration offices were required to be uploaded daily to the Reginet Centre at Chennai and information about EC of any property could be accessed from this centre. This enabled the citizen to get the EC of any property located anywhere in the State. As on 30 April 2008, the Reginet Centre provided the above mentioned service in respect of documents registered in 5 DR offices covering 50 SR offices.

It was observed from the MIS report generated from the Reginet database on 30 April 2008 that uploads were pending from 36 offices due to technical problems and the latest data was not available in the system. In 2,083 cases, the ECs were found to be issued based on the data which was not updated. Further, it was noticed that for 79,867 documents, certain entries were missing in five offices⁶ which had uploaded the data up-to-date.

The Reginet Centre accepted the problems in uploading the data and put the onus of responsibility of uploading the data on the concerned SR offices. This indicated deficient coordination and control of the Reginet Centre posing the risk of incorrect issue of ECs.

4.2.10 Conclusion

Though the e-services rendered by the Registration Department with regard to storage, retrieval of documents and furnishing of on-line guideline value were achieved to a large extent, the computerised system had deficiencies with respect to system design, input controls, and security controls, which resulted in ineffective management of the system and rendered the information generated unreliable. The Government's failure to monitor implementation of the scheme of interconnecting the registration offices with the taluk offices resulted in non-achievement of the intended objective of transparency and public service. The computerisation programme started a decade ago has not yet been completed, which reflected adhoc planning and implementation of the project.

4.2.11 Summary of recommendations

The Government may take necessary action to

- correct the system deficiencies pointed out by Audit and also ensure correctness of the data entry by enforcing strict input controls and validation checks;
- have inbuilt adequate security controls to prevent unauthorised access to the system; and
- ensure timely uploading of data from all the registration offices to the Reginet centre.

⁶ SRO-Pallavaram, Joint-I Chengelpattu, Sriperumbudur, Triplicane and Joint-I Chennai South.