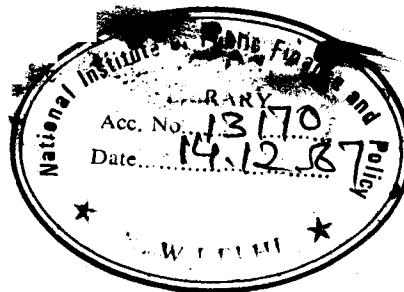# STAMP DUTIES AND REGISTRATION FEES IN WEST BENGAL
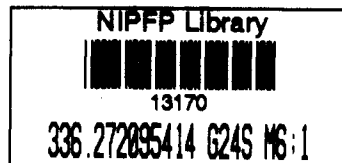
(DRAFT REPORT)

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1. INTRODUCTION

1.1 Objective of the Study

1.1.1 The objective of this study on stamp duties (henceforth SD) and registration fees (henceforth RF) in West Bengal is to identify factors that are inhibiting the realisation of potential revenue and suggest suitable remedial measures.

1.2 Rationale and Potential of Stamp Duties and Registration fees as a Revenue Source

1.2.1 Before we begin the analysis of factors germane to an understanding of the revenue productivity of SD and RF, it is worth examining the rationale and potential of this source of revenue in order to set the context for the analysis and recommendations to follow in later sections of this report.

1.2.2 Of the major sources of revenue at the State level in India, SD and RF have a unique feature which, were other limitations absent, would make it a most desirable revenue source from the standpoint of equity. Registration on payment of the appropriate charges confers specific legal benefits on the registrant. SD and RF taken together thus have the characteristics of a tax based broadly on the benefits principlewherein taxes paid have a positive correlation with benefits received.[1] Thus, the secular decline in the importance of SD and RF as a revenue source for State governments, which we document later, may be viewed as an unfortunate trend, tending to erode the equity of the tax system particularly in view of the growing importance of indirect taxes, such as State sales taxes, as revenue sources.

1.2.3 Secondly, SD and RF are also desirable from the point of view of the ability to pay principle. This is because SD and RF act as a progressive levy on capital gains when such gains are realised on the sale of a property. Unfortunately, as with other

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taxes, evasion erodes both the equity and the revenue potential of the tax and it is to this matter that we now turn.

1.2.4   Two aspects of SD and RF levies may be distinguished in trying to analyse its revenue potential. The first concerns the incentive to register transactions per se and the second concerns the incentive to declare the true value of the transaction at the time of registration. Concerning the first aspect, since specific benefits, related to sanction under the law of the land, are conferred by Registration under the Indian Registration Act (1908, section 49), voluntary compliance may be taken to be the norm with one possible caveat: the benefits from registration must be valuable enough to make the trouble of registration worthwhile. Since this is not the case for low value transactions, the wisdom of optional registration of low value transactions (e.g., see section 18 of the Registration Act) is apparent.

1.2.5   Turning to the second aspect we have to take note of the following feature of registration. In many cases legal benefits from registration are obtainable by the simple act of registration rather than by declaring the actual value of the consideration involved in the transaction registered. Thus, while there is an incentive to voluntarily register transactions, there is little incentive to state the true value of the transaction given the increasing tax liability this will entail. This is especially true of immovable property transactions which make up the bulk of the base of SD and RF.

1.2.6   On the basis of this discussion we can arrive at the following conclusions and broad guidelines.

(1)   SD and RF may be interpreted as the "price" at which specific legal benefits are sold by the government. This suggests that one area for broadening the tax base lies in identifying transactions which currently obtain legal benefits, normally conferred by registration, at no cost.[2]

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(ii) To ensure an unimpaired incentive to voluntarily register, care should be taken to ensure that registration is optional for transactions where the consideration involved is not large enough to make registration worthwhile to the transactors.

(iii) Since undervaluation of transactions erodes the reliability and importance of SD and RF as a revenue source and also vitiates its equity, ongoing efforts to curb this menace should be given high priority by the appropriate authorities.[3]

(iv) While the rationale of SD and RF as a revenue source is clear, its potential now and in the future depends entirely on the success with which the guidelines in points (i), (ii) and especially (iii) above can be implemented.

1.3 Outline of the remaining Sections of the Report

1.3.1 The study is divided into eight sections. The second section highlights the fiscal importance of stamp duties and registration fees in West Bengal. The fiscal importance is analysed in West Bengal vis-a-vis other selected States in terms of various indicators of tax levels, growth of tax revenues and tax effort. The third section describes the base and rate structure of judicial stamp duties (henceforth JSD) in the State. The fourth section analyses the base and rate structure of non-judicial stamp duties (henceforth NSD). The fifth section presents an analysis of the base and rate structure of registration fees. In section 6, the combined incidence of registration fees and stamp duties on conveyances, which constitute the main base for these taxes, is studied. The seventh section delves into what is perhaps the major source of erosion of the base of these duties - the undervaluation of immovable property. The final section makes specific recommendations for enhancing the revenue productivity of these levies in terms of the tax base, tax rate schedules and tax compliance measures.

N O T E S

1. It may be emphasized that benefits to the taxpayer need have no relation to the costs incurred by the government in making these benefits available. In fact, the government is here exploiting its monopoly position as the sole supplier of such benefits.

2. An analysis of the Indian Registration Act is beyond the scope of this report. No further dicussion of this point is made except in one or two specific instances which fall within the purview of the Act, broadly taken.

3. See Sections 6 and 7 of this Report for an extended discussion of these issues.

2. FISCAL IMPORTANCE OF STAMP DUTIES AND REGISTRATION FEES

2.1 Relative Importance of SD and RF in West Bengal

2.1.1   In West Bengal, SD and RF were the fifth most important source of tax revenues in 1984-85 out of a total of about 15 levies at the State level (Table 2.1). This compares unfavourably with the third rank among levies which SD and RF held in 1970-71 and the fourth rank it held in 1960-61. An even bleaker picture emerges if the share of SD and RF in total tax revenue is examined. Ths share of SD and RF has declined continuously from 9.59 per cent in 1960-61 to 5.05 per cent in 1984-85 (Table 2.1). However, the level of SD and RF collections has increased from Rs 4.70 crore to Rs 48.76 crore over the same period. This represents a trend growth rate of 9.54 per cent per annum over the period in nominal terms (Table 2.2). An encouraging feature is the acceleration of this growth rate from 7.97 per cent during the sixties to 12.09 per cent thereafter.

2.2 Interstate Comparison of SD and RF

2.2.1   Comparing the trend growth rate in West Bengal with rates in other States it is found that the growth rate is the fourth lowest of the fifteen States studied for the period 1960-61 to 1983-84 (Table 2.3). There has however been a relative improvement in recent times since West Bengal's growth rate rank was the lowest of all States during 1960-61 to 1970-71. This suggests that tax effort in West Bengal was low relative to that in other States with, however, some improvement since 1970-71. Two additional pieces of evidence can be advanced to support this conclusion.

2.2.2   The first piece of evidence emerges from comparison of buoyancies and elasticities of SD and RF with respect to the tax base.[1] The elasticity rank of West Bengal for the period 1960-61 to 1983-84 is the lowest among the 15 States. Furthermore SD and RF revenue has been inelastic with respect to the base with an elasticity coefficient of 0.58 (Table 2.3). This compares with an elasticity coefficient of 1.1 for the first ranked state, Orissa. If we now examine buoyancy figures we find that, even with discretionary changes in the tax structure, West Bengal's position is

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not significantly improved. For the period in question West Bengal's buoyancy coefficient is fifth lowest at 0.97 compared to a buoyancy coefficient of 1.44 for Uttar Pradesh, the first ranked State. This points to the inappropriate nature of the SD and RF base and rate structure in West Bengal, despite discretionary changes. However, tax structure changes since 1970-71 seem to have had a much more positive impact on revenues since the buoyancy increased to 1.14 for the period (eighth rank) as compared to 0.84 for the period 1960-61 to 1970-71 (last-rank).

2.2.3 The second piece of evidence relates to West Bengal's utilization index of tax potential (UIT) and the relative rank of West Bengal vis-a-vis other States in terms of tax effort.

2.2.4 The UIT was computed following Chelliah and Sinha (1982)[2] for the period 1970-71 to 1983-84 during which, as we have pointed out, West Bengal's relative position had shown some improvement. According to this index, West Bengal ranks eleventh of the sixteen States studied (Table 2.4)[3]. Thus, if West Bengal had been levying duties at the national average effective rate, the State could have raised Rs 78 crore more than the actual collection of Rs 318 crore during this period. For the most recent year on which firm data are available for all States, 1983-84, West Bengal's UIT rank is twelvth and the estimated revenue loss is Rs 15 crore or more than one third of the actual tax collected (Table 2.5).

2.2.5 The low effective tax rate in West Bengal is examined further in Table 2.6. The effective rate is measured as the ratio of SD and RF revenues to the State Net Domestic Product. West Bengal's interstate rank may be seen to have slipped from sixth in 1960-61 to seventh in 1970-71 and again to eleventh in 1983-84. The relatively low and declining effective tax rate in West Bengal is associated with declining relative ranks in terms of both the share of SD and RF in the States own tax revenue and per capita tax collection. The State's rank according to the former indicator slipped from fifth to ninth over the period 1960-61 to 1983-84 and from third to tenth for the same period according to the latter

Indicator (Tables 2.7 and 2.8).

2.2.6 Additional information on the revenue performance of SD and RF can be gleaned from a closer examination of the per capita incidence figures in Table 2.8. Per capita incidence in nominal terms has increased over the period 1960-61 to 1983-84 for all States for which data are available. West Bengal's annual rate of growth is the third lowest at 7.4 per cent (ahead of Assam and Bihar) for the period. The State's performance improved both in absolute and relative terms for the period 1970-71 to 1983-84 (9.4 per cent and fifth lowest rank respectively). However, in real terms the picture is less encouraging. Given an average annual inflation rate of 7.5 per cent to 8.0 per cent[4]. West Bengal's real per capita SD and RF collection is seen to have declined marginally over the entire period and increased at between 1.4 per cent to 1.9 per cent since 1970-71. This performance is clearly unsatisfactory (In Table 2.9, for easy reference, we reproduce the relevant figures from Tables 2.6, 2.7 and 2.8 for West Bengal alone).

2.3 Componentwise Revenue Performance

2.3.1 To identify the reasons for the dismal revenue performance of SD and RF a close look at the component levies within SD and RF is necessary. While this is the subject of sections 3, 4, 5 and 6, the revenue performance of the components is now briefly sketched. SD and RF can be divided into stamp duties (SD) and registration fees (RF). SD can be further subdivided into judicial stamp duties (JSD) and non-judicial stamp duties (NSD).

2.3.2 Of the two components, revenues from SD are more important (for example in 1984-85, SD contributed 88 per cent of the combined revenues of SD and RF). The importance of SD has been growing over time with an annual trend growth rate from 1960-61 to 1983-84 of 13 per cent as compared to 9 per cent for RF (Table 2.2).

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2.3.3 Within SD, NSD (usually referred to as simply "stamp duties") are the major revenue source. Once again, the importance of NSD has been growing over time (from 69 per cent of SD revenues in 1960-61 to 93 per cent in 1984-85 - see Table 2.2). Finally, we may mention that the major item under NSD is duty on conveyances relating to immovable property transactions. Unfortunately, information pertaining to the itemwise breakup of these levies is not available to us.

2.4 Summary and Conclusions

2.4.1 The relative revenue performance of SD and RF has been worse than the national average over the period 1960-61 to 1983-84 both in terms of levels and growth rates. This is true even though the contribution of SD and RF has been declining in all but one State (Uttar Pradesh). Since 1970-71, however, West Bengal's performance has improved somewhat though it still remains below the national average.

2.4.2 Discretionary changes in the SD and RF structure have not been able to improve West Bengal's relative and absolute performance significantly which suggests that such changes have been largely ineffective.

2.4.3 Had West Bengal's revenue performance been comparable to the national average, it would have raised Rs 78 crore more SD and RF revenues during the period 1970-71 to 1983-84 and Rs 15 crore additional revenue in 1983-84 alone.

2.4.4 In real terms, the per capita incidence of SD and RF declined marginally from 1960-61 to 1983-84. Between 1970-71 and 1983-84 the annual average real growth rate has been between 1.4 per cent and 1.9 per cent which is an extremely low rate of growth.

2.4.5   The major component of SD and RF from the point of view of revenue generation is SD and, within SD, NSD is more important than JSD. The importance of both SD and NSD has been increasing over time.

NOTES

1. Buoyancies and elasticities are computed using State Net Domestic Product as a proxy for the tax base. This is standard practice and has been employed before by Chelliah, R.J. and Sinha, N. (1982), Measurement of Tax Effort of State Governments, 1973-74, NIPFP, New Delhi. The statistical fit obtained by them and by us (see Tables A.4.1 and A.4.2) has been excellent.

2. Chelliah and Sinha, ibid., page 32.

3. Chelliah and Sinha, ibid., ranked West Bengal seventh for the period 1973-76. Their UIT for West Bengal was 0.9174 and their average effective rate was 0.31 per cent. This suggests that West Bengal's tax effort reached a peak during 1973-76 and subsequently declined.

4. Inflation rates vary, depending on the precise index used, in this band. The degree of accuracy resulting from the use of the range 7.5 per cent to 8.0 per cent is adequate for our purpose.

TABLE 2.1

Major Sources of Tax Revenue in West Bengal

<div align="right">(Rs lakh)</div>

Taxes	1960 - 61			1970 - 71			1980 - 81			1983 - 84			1984 - 85		
	Tax Revenue	Percent of the Total	Rank	Tax Revenue	Percent of the Total	Rank	Tax Revenue	Percent of the Total	Rank	Tax Revenue	Percent of the Total	Rank	Tax Revenue	Percent of the Total	Rank
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1. Sales Tax	1973	40.16	1	6793	52.11	1	29955	57.18	1	45006	57.69	1	53688	55.60	1
2. Excise Duties	617	12.56	3	1708	13.10	2	5175	9.88	2	6966	8.93	2	7741	8.02	3
3. Land Revenue	633	12.88	2	590	4.53	4	1771	3.38	5	5858	7.51	3	11547	11.95	2
4. Stamp Duties and Registration Fees	470	9.57	4	943	7.23	3	2872	5.48	4	4232	5.43	5	4876	5.05	5
5. Taxes on Goods and Passengers	226	4.60	5	485	3.72	5	5069	9.68	3	5483	7.03	4	6301	6.53	4
6. Others	994	20.23	-	2517	19.31	-	7540	14.4	-	10462	13.41	-	12412	12.85	-
Total	4913	100.00	-	13036	100.00	-	52382	100.00	-	78007	100.00	-	96565	100.00	-

Notes: 1. Sales tax includes receipts from
Motor Spirit Sales tax

2. Others include Electricity Duty,
Taxes on Vehicles, Entertainment Tax,
Taxes on Goods and Passengers, Taxes
on Professions, Trade, Callings and
Employment, Raw Jute Tax, Betting Tax,
Agricultural Income Tax and Taxes on
Immovable property other than Agricultural
land

3. The total of major sources of tax revenue is
slightly lower than the total of own tax
revenue figures given in the State Budget
Document.

Source: 1. Government of West Bengal, Economic
Review 1985-86, Statistical Appendix
(for data relating the years 1980-81
and 1983-84).

2. Government of West Bengal,
State Budget Documents (for
other years)

Revenue from Stamp Duties and Registration Fees in West Bengal
(Actuals: 1960-61 to 1984-85)

(Rs lakh)

Year	Non-Judicial Stamp Duties	Column 2 as per cent of Total Stamp Duties	Judicial Stamp Duties	Column 4 as per cent of Total Stamp Duties	Total Stamp Duties	Column 6 as per cent of Total Stamp Duties and Registration Fees	Receipts from Registration Fees	column 8 as per cent of Total Stamp Duties and Registration Fees	Total Stamp Duties and Registration Fees
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1960-61	274.47	68.66	125.26	31.34	399.73	84.98	70.63	15.02	470.36
1961-62	290.38	69.08	130.00	30.92	420.38	84.70	75.92	15.30	496.30
1962-63	354.71	72.73	133.03	27.27	487.74	83.64	94.53	16.21	583.17
1963-64	418.06	75.84	133.18	24.16	551.24	84.18	103.58	15.82	654.82
1964-65	486.13	77.92	137.75	22.08	623.88	82.65	131.00	17.35	754.88
1965-66	566.09	78.94	150.98	21.06	717.07	83.13	145.50	16.87	862.57
1966-67	569.11	80.17	140.77	19.83	709.88	81.92	156.69	18.08	866.57
1967-68	694.43	80.70	166.06	19.30	860.49	81.61	193.91	18.39	1054.40
1968-69	580.54	79.07	153.64	20.93	734.18	80.33	179.72	19.67	913.90
1969-70	609.59	78.67	165.31	21.33	774.90	83.25	155.89	16.75	930.79
1970-71	589.72	76.33	182.85	23.67	772.57	81.94	170.32	18.06	942.89
1971-72	626.43	77.85	178.89	22.15	804.62	84.56	146.87	15.44	951.49
1972-73	767.28	80.92	180.94	19.08	948.22	83.57	186.39	16.43	1134.61
1973-74	1133.00	84.51	207.65	15.49	1340.65	87.67	188.53	12.33	1529.18
1974-75	1275.38	84.78	228.97	15.22	1504.35	85.73	250.44	14.27	1754.79
1975-76	1455.74	84.61	264.69	15.39	1720.43	87.46	246.58	12.54	1967.01
1976-77	1573.05	83.79	304.23	16.21	1877.28	89.61	217.59	10.39	2094.87
1977-78	1545.46	83.42	307.18	16.58	1852.64	87.75	258.52	12.25	2111.16
1978-79	1710.14	85.31	294.41	14.69	2004.55	87.52	285.97	12.48	2290.52
1979-80	1929.84	87.26	281.87	12.74	2211.71	88.13	287.79	11.47	2509.50
1980-81	2200.83	88.00	300.06	12.00	2500.89	87.09	370.70	12.91	2871.59
1981-82	2680.94	89.43	316.86	10.57	2997.80	87.57	425.73	12.44	3423.53
1982-83	3171.52	91.23	305.07	8.79	3476.59	88.43	455.08	11.57	3931.67
1983-84	3466.26	92.56	278.52	7.44	3744.78	88.48	487.44	11.52	4232.22
1984-85	4011.11	92.96	303.64	7.04	4314.75	88.49	561.20	11.51	4875.95
1985-86 (RE)	4341.00	92.79	337.15	7.21	4678.15	88.30	620.00	11.70	5298.15
1986-87 (BE)	4445.00	91.97	388.15	8.03	4833.15	87.51	690.00	12.49	5523.15

Compound Growth Rate

1960-61 to 1970-71	8.96	—	3.47	—	7.53	—	10.16	—	7.97
1970-71 to 1984-85	13.93	—	4.17	—	12.54	—	9.35	—	12.09
1960-61 to 1984-85	11.20	—	4.56	—	10.05	—	7.59	—	9.70

Note: Compound growth rates computed in respect of Judicial Stamp Duties and Registration Fees seems to be less reliable in interpreting time trend.

RE : Revised Estimate
BE : Budget Estimate

TABLE 2.3

Buoyancies Elasticities and Compound Growth Rates of Stamp Duties
and Registration Fees in Selected States

States	1960-61 to 1970-71			1970-71 to 1983-84			1960-61 to 1983-84		
	Buoyancy	Elasticity	Trend Growth Rate (in per cent)	Buoyancy	Elasticity	Trend Growth Rate (in per cent)	Buoyancy	Elasticity	Trend Growth (in per
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Andhra Pradesh	1.2086	-	11.22	1.2160	1.1492	13.83	1.0927	1.0380	11.69
Assam	1.1308	-	11.41	0.6211	0.7535	7.95	0.7904	0.8449	8.73
Bihar	0.9110	0.8768	8.52	0.7799	0.3935	8.03	0.8359	0.5807	8.19
Gujarat	1.1032	1.0407	12.70	1.2175	1.1009	16.35	1.1634	1.0063	14.20
Haryana	-	-	-	1.0874	1.0012	14.43	1.1580	1.0834	15.50
Karnataka	1.0670	-	12.00	1.2594	0.9105	15.01	1.1663	0.9579	12.61
Kerala	1.1380	1.0495	13.30	1.3456	1.2943	14.78	1.1544	1.0673	13.23
Madhya Pradesh	1.2269	0.9946	12.97	1.3120	0.9000	15.14	1.2535	0.9009	13.80
Maharashtra	0.9036	-	9.04	0.9021	0.5711	12.58	0.8736	0.6334	10.39
Orissa	1.0295	-	11.98	1.0495	0.9857	12.05	1.1328	1.0999	11.83
Punjab	-	-	-	1.1318	0.8984	14.68	1.1053	0.9112	14.03
Rajasthan	1.0099	0.9954	11.74	1.3311	0.6008	16.36	1.1644	0.7693	13.74
Tamil Nadu	1.2994	1.2174	11.63	1.0644	0.8914	11.29	0.9377	0.8149	9.31
Uttar Pradesh	1.1323	1.0954	12.16	1.4873	0.9643	18.59	1.4393	1.0455	15.42
West Bengal	0.8425	0.7062	7.97	1.1374	0.6302	12.04	0.9708	0.5778	9.54

Notes: 1. For Haryana and Punjab the initial year is 1966-67.

2. For Orissa the final year is 1982-83 as SDP figures are available only up to that year.

3. State Net Domestic Product is used as a proxy for the tax base. See Footnote 3 in the text

Source of date: 1. Budget Documents of the State Governments

2. Reserve Bank of India, Reserve Bank Bulletins (various issues)

TABLE 2.4

Inter State Comparison of Tax Effort
(1970-71 to 1983-84)

(Rs crore)

		Stamp Duties and Registration Fees	State Income	Effective Rate (in percent)	Tax Potential	Utilization Index of Tax Potential (2)/(5)	Ranking by (6)
	1.	2.	3.	4.	5.	6.	7.
1.	Andhra Pradesh	337.91	77,071.80	0.44	331.41	1.0196	7
2.	Assam	34.66	25,596.60	0.14	110.02	0.3150	16
3.	Bihar	240.43	68,394.3	0.35	294.10	0.8175	10
4.	Gujarat	278.26	68,853.4	0.40	296.07	0.9398	8
5.	Haryana	184.87	30,520.0	0.61	131.24	1.4086	4
6.	Himachal Pradesh	19.05	7,097.30	0.27	30.52	0.6245	14
7.	Karnataka	251.42	56,556.20	0.44	243.19	1.0338	6
8.	Kerala	260.64	37,145.80	0.70	159.73	1.6318	2
9.	Madhya Pradesh	229.21	63,128.50	0.36	271.45	0.8444	9
10.	Maharashtra	432.54	1,40,582.60	0.31	604.51	0.7155	13
11.	Orissa	87.21	26,527.90	0.33	114.07	0.7645	12
12.	Punjab	353.81	49,101.70	0.72	211.14	1.6757	1
13.	Rajasthan	127.72	48,009.80	0.27	206.44	0.6187	15
14.	Tamil Nadu	488.18	69,738.4	0.70	291.88	1.6279	3
15.	Uttar Pradesh	711.47	1,36,107.6	0.52	585.26	1.2156	5
16.	West Bengal	317.59	91,960.00	0.35	395.43	0.8032	11

Average effective rate = 0.43 per cent

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TABLE 2.5

Inter State Comparison of Tax Effort
(1983-84)

(Rs. crore)

		Stamp Duties and Registration Fees	State Income	Effective Rate (in percent)	Tax Potential	Utilization Index of Tax Pot.ntial (2)/(5)	Ranking by (6)
	1.	2.	3.	4.	5.	6.	7.
1.	Andhra Pradesh	45.22	10,625.00	0.43	47.81	0.9458	7
2.	Assam	4.53	3,813.30	0.12	17.16	0.2640	1^
3.	Bihar	33.33	8,824.80	0.38	39.71	0.8393	1n
4.	Gujarat	39.88	10,118.70	0.39	45.53	0.8759	9
5.	Haryana	28.08	4,319.70	0.65	19.44	1.4444	4
6.	Himachal Pradesh	2.71	1,006.50	0.27	4.53	0.5982	15
7.	Karnataka	39.96	7,745.80	0.52	34.86	1.1463	6
8.	Kerala	38.00	4,679.40	0.81	21.06	1.8044	1
9.	Madhya Pradesh	36.49	8,956.60	0.41	40.30	0.9055	8
10.	Maharashtra	61.00	19,975.20	0.31	89.89	0.6786	13
11.	Orissa	12.51	3,786.40	0.33	17.04	0.7342	11
12.	Punjab	45.01	6,743.70	0.67	30.35	1.4830	3
13.	Rajasthan	20.79	6,918.90	0.30	31.14	0.6676	14
14.	Tamil Nadu	67.27	9,151.80	0.74	41.18	1.63%6	2
15.	Uttar Pradesh	109.70	18,632.50	0.59	83.65	1.3083	5
16.	West Bengal	42.32	12,828.80	0.33	57.73	0.7331	12

Average effective rate = 0.45 per cent

Note: In the case of Orissa State Income is estimated by using the rate of increase observed between the years 1981_82 and 1982-83, as the State Income figure is not available for 1983-84.

Source of Data: Same as Table 4.

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TABLE   2.6

Stamp Duties and Registration Fees as a Percentage of State Income in Selected States

States	1960-61			1970-71			1981-82			1982-83			1983-84		
	Stamp Duties	Regis- tration Fees	Stamp Duties and Regis- tration Fees	Stamp Duties	Regis- tration Fees	Stamp Duties and Regis- tration Fees	Stamp Duties	Regis- tration Fees	Stamp Duties and Regis- tration Fees	Stamp Duties	Regis- tration fees	Stamp Duties and Regis- tration Fees	Stamp Duties	Regis- tration Fees	Stamp Duties and Regis- tration Fees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Andhra Pradesh	0.36	0.10	0.48	0.31	0.08	0.39	0.40	0.09	0.49	0.41	0.09	0.50	0.35	0.07	0.42
Assam	0.14	0.02	0.16	0.16	0.02	0.18	0.11	0.01	0.12	0.08	0.01	0.09	0.11	0.01	0.12
Bihar	0.31	0.08	0.39	0.27	0.13	0.40	0.17	0.07	0.24	0.05	0.02	0.07	0.24	0.14	0.38
Gujarat	0.24	0.02	0.26	0.29	0.02	0.31	0.47	0.03	0.50	0.43	0.03	0.46	0.37	0.02	0.39
Haryana	-	-	-	0.54	0.07	0.61	0.69	0.07	0.70	0.60	0.06	0.66	0.60	0.05	0.65
Himachal Pradesh	-	-	-	-	-	-	0.28	0.04	0.32	0.25	0.04	0.29	0.24	0.03	0.27
Karnataka	0.28	0.05	0.33	0.30	0.04	0.34	0.49	0.04	0.53	0.46	0.05	0.51	0.46	0.05	0.51
Kerala	0.38	0.11	0.49	0.45	0.10	0.55	0.65	0.16	0.81	0.63	0.14	0.77	0.65	0.16	0.81
Madhya Pradesh	0.19	0.03	0.22	0.25	0.04	0.29	0.41	0.04	0.45	0.37	0.04	0.41	0.37	0.03	0.40
Maharastra	0.34	0.03	0.37	0.31	0.03	0.34	0.28	0.03	0.31	0.28	0.04	0.32	0.27	0.04	0.31
Orissa	0.17	0.05	0.22	0.21	0.05	0.26	0.22	0.05	0.27	0.25	0.05	0.30	-	-	-
Punjab	-	-	-	0.53	0.11	0.64	0.81	0.07	0.88	-	-	0.82	0.61	0.05	0.66
Rajasthan	0.17	0.02	0.19	0.17	0.03	0.20	0.33	0.02	0.35	0.30	0.02	0.32	0.28	0.02	0.30
Tamil Nadu	0.41	0.10	0.51	0.57	0.14	0.71	0.67	0.14	0.81	0.68	0.13	0.81	0.62	0.12	0.74
Uttar Pradesh	0.22	0.04	0.26	0.29	0.05	0.34	0.53	0.06	0.59	0.60	0.06	0.66	0.54	0.05	0.59
West Bengal	0.30	0.05	0.35	0.25	0.05	0.30	0.33	0.05	0.38	0.35	0.04	0.39	0.29	0.04	0.33
All States	0.29	0.05	0.34	0.32	0.06	0.38	0.43	0.06	0.49	0.40	0.04	0.44	0.40	0.06	0.46

Note's 1. For Orissa State income figures are not
available for 1983-84.

2. State Net Domestic Product is the
income variable used.

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TABLE   2.7

Stamp Duties and Registration Fees as a Percentage of
Own Tax Revenue in Selected States

States	1960-61			1970-71			1981-82			1982-83			1983-84		
	Stamp Duties	Registration Fees	Stamp Duties and Registration Fees	Stamp Duties	Registration Fees	Stamp Duties and Registration Fees	Stamp Duties	Registration Fees	Stamp Duties and Registration Fees	Stamp Duties	Registration Fees	Stamp Duties and Registration Fees	Stamp Duties	Registration Fees	Stamp Duties and Registration Fees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Andhra Pradesh	8.91	2.34	11.25	5.84	1.53	7.37	4.72	1.08	5.80	4.52	0.98	5.50	3.87	0.81	4.68
Assam	4.00	0.67	4.67	4.93	0.81	5.74	3.42	0.45	3.87	2.60	0.33	2.93	3.01	0.33	3.34
Bihar	9.69	2.46	12.15	7.48	3.48	10.96	3.58	1.49	5.07	0.99	0.40	1.39	4.71	2.84	7.55
Gujarat	8.47	0.72	9.19	5.87	0.53	6.40	5.39	0.32	5.71	4.76	0.27	5.03	4.27	0.27	4.54
Haryana	-	-	-	10.76	1.48	12.24	7.98	0.75	8.73	6.82	0.65	7.47	7.10	0.58	7.68
Himachal Pradesh	-	-	-	-	-	-	4.89	0.65	5.54	4.43	0.59	5.02	4.42	0.57	4.99
Karnataka	7.82	1.35	9.17	5.83	0.86	6.69	4.44	0.39	4.83	4.40	0.44	4.34	4.71	0.55	5.26
Kerala	8.23	2.33	10.56	7.94	1.81	9.75	6.31	1.59	7.90	6.05	1.38	7.44	6.26	1.55	7.81
Madhya Pradesh	5.80	0.92	6.72	5.81	0.84	6.65	5.47	0.57	6.04	4.89	0.51	5.40	5.21	0.46	5.67
Maharastra	8.41	0.64	9.05	4.77	0.46	5.23	3.18	0.38	3.56	0.83	0.45	3.28	2.92	0.43	3.35
Orissa	7.33	2.09	9.42	6.31	1.68	7.99	4.80	1.01	5.81	5.20	1.01	6.21	4.81	1.42	6.23
Punjab	-	-	-	8.90	1.92	10.82	9.92	0.90	10.82	-	-	10.22	7.61	0.66	8.27
Rajasthan	5.14	0.55	5.69	4.35	0.66	5.01	4.61	0.28	4.89	4.35	0.26	4.61	4.46	0.25	4.71
Tamil Nadu	10.82	2.56	13.38	9.02	2.26	11.28	5.36	1.08	6.44	5.23	0.97	6.20	4.94	0.93	5.87
Uttar Pradesh	7.27	1.35	8.62	8.03	1.51	9.54	9.51	1.07	10.58	10.79	1.09	11.88	10.18	0.88	11.06
West Bengal	8.15	1.43	9.58	5.99	1.32	7.31	4.87	0.69	5.56	5.45	0.71	6.16	4.87	0.63	5.50
All States	8.11	1.51	9.62	6.63	1.34	7.97	5.50	0.77	6.27	4.77	0.65	5.42	5.14	0.75	5.89

Note: Own tax revenue are as given in the
Reserve Bank of India Bulletins

Source: 1. State Budget documents

2. Reserve Bank of India,
Reserve Bank of India Bulletins (relevant issu

TABLE 2.8

Per Capita Incidence of Stamp Duties and Registration Fees in Selected States

(in Rs)

States	1960-61			1970-71			1981-82			1982-83			1983-84		
	Stamp Duties	Regis-tration Fees	Stamp Duties and Regis-tration Fees	Stamp Duties	Regis-tration Fees	Stamp Duties and Regis-tration Fees	Stamp Duties	Regis-tration Fees	Stamp Duties and Regis-tration Fees	Stamp Duties	Regis-tration Fees	Stamp Duties and Regis-tration Fees	Stamp Duties	Regis-tration Fees	Stamp Duties and Regis-tration Fees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Andhra Pradesh	1.04	0.27	1.31	1.80	0.47	2.27	6.02	1.38	7.40	6.61	1.44	8.05	6.62	1.38	8.00
Assam	0.44	0.07	0.51	0.82	0.13	0.95	1.49	0.20	1.69	1.35	0.17	1.52	1.91	0.21	2.12
Bihar	0.66	0.17	0.83	1.07	0.50	1.57	1.68	0.70	2.38	0.52	0.21	0.73	2.81	1.70	4.51
Gujarat	0.84	0.07	0.91	2.34	0.21	2.55	10.09	0.60	10.69	10.26	0.57	10.84	10.33	0.65	10.98
Haryana	-	-	-	4.64	0.64	5.28	17.35	1.64	18.99	17.02	1.62	18.64	18.95	1.55	20.50
Himachal Pradesh	-	-	-	-	-	-	4.64	0.62	5.26	4.81	0.64	5.45	5.33	0.69	6.02
Karnataka	0.80	0.14	0.94	2.00	0.30	2.30	7.00	0.62	7.62	7.70	0.77	8.47	9.08	1.06	10.14
Kerala	0.97	0.27	1.24	2.50	0.57	3.07	9.04	2.27	11.31	10.13	2.32	12.45	11.45	2.84	14.29
Madhya Pradesh	0.48	0.08	0.56	1.19	0.17	1.36	4.82	0.50	5.32	5.05	0.53	5.58	6.06	0.54	6.59
Maharastra	1.35	0.10	1.45	2.39	0.23	2.62	6.79	0.81	7.60	7.16	1.15	8.31	8.00	1.18	9.18
Orissa	0.35	0.10	0.45	0.95	0.25	1.20	2.83	0.60	3.43	3.33	0.65	3.98	3.50	1.03	4.53
Punjab	-	-	-	5.58	1.20	6.78	24.89	2.25	27.14	-	-	28.80	23.41	2.02	25.43
Rajasthan	0.45	0.04	0.49	1.00	0.15	1.15	4.03	0.24	4.27	4.73	0.28	5.01	5.35	0.30	5.65
Tamil Nadu	1.33	0.31	1.64	3.23	0.81	4.04	9.12	1.84	10.96	10.64	1.98	12.62	11.23	2.12	13.34
Utter Pradesh	0.56	0.10	0.66	1.37	0.26	1.63	6.81	0.76	7.57	8.73	0.88	9.61	8.59	0.75	9.34
West Bengal	1.13	0.20	1.33	1.72	0.38	2.10	5.31	0.76	6.07	6.16	0.81	6.97	6.51	0.85	7.36
All States	0.82	0.15	0.97	1.88	0.38	2.26	6.54	0.91	7.45	6.70	0.91	7.61	7.80	1.14	8.94

Source : As in Table 7

TABLE   2.9

Importance of Stamp Duties and Registration Fees in West Bengal
(1960-61 to 1984-85)

(Rs lakhs)

1.	2.	3.	4.
	Stamp Duties and Registration Fees as per cent of Own Tax Revenue	Per capita Stamp Duties and Registration Fees	Stamp Duties and Registration Fees as per cent of State Domestic product
1960-61	9.59	1.33	0.35
1965-66	9.19	2.16	0.42
1970-71	7.31	2.10	0.30
1971-72	6.56	2.08	0.27
1972-73	6.58	2.43	0.32
1973-74	8.08	3.20	0.35
1974-75	7.82	3.60	0.34
1975-76	7.00	3.95	0.36
1976-77	6.67	4.12	0.35
1977-78	6.13	4.06	0.33
1978-79	5.77	4.32	0.34
1979-80	5.36	4.64	0.34
1980-81	5.59	5.20	0.34
1981-82	5.56	6.07	0.38
1982-83	6.16	6.97	0.39
1983-84	5.58	7.36	0.33
1984-85	5.05	8.31	0.33

Note: Own tax revenue figures used
are as given in the Reserve Bank of
India Bulletins. The figure for
1984-85 is from State Budget Document.

Source: 1. Govt. of West Bengal,
Budget Documents
(for Stamp Duties and
Registration fees).
2. Central Statistical
Organization, Estimate
of State Domestic
Product, 1984.
3. Govt. of West Bengal,
Economic Review
1985-86

3. JUDICIAL STAMP DUTIES

3.1 Tax Base, Rate Structure and Revenue Performance

3.1.1   JSD or court fees are collected from persons who make use of the services of law courts and public offices. At present, JSD are collected in West Bengal according to rates laid down in the West Bengal Court Fees Act, 1970 as amended in 1974 and 1980. Both ad valorem and fixed fees are collected under the Act. Ad valorem fees are collected mainly when suits are instituted and fixed fees are levied on applications and petitions, copies of judgements, decrees, etc. (see Table A.4.3). The main articles on which JSD are levied can be determined from a perusal of the first column of Table A.4.3. Information on the rate structure of JSD was available to us only for four States. This information is also given in Table A.4.3.

3.1.2   Turning to the revenue performance of JSD, Table 3.1 makes it clear that JSD have performed extremely poorly. The share of JSD in combined collections from JSD and NSD has fallen in all States surveyed in Table 3.1 between 1960–61 and 1983–84. Of them however, West Bengal's position is especially critical as the share of JSD has fallen in 1983–84 to 23 per cent of its share in 1960–61 which is a greater decline than that of all but two other States (Rajasthan and Uttar Pradesh). If we look now at growth rates of revenue we find that West Bengal's performance is worse than that of all other States except Bihar for the period in question (Table 3.3).

3.2 Reasons for Poor Revenue Performance

3.2.1   The reasons for the poor revenue performance of JSD across States are not far to seek. A perusal of Table A.4.3 reveals the predominance of fixed fees in the JSD rate structure. Compared to this (see Tables A.4.4 and A.4.5), the rate structure for NSD, especially for the all important category "conveyances" (discussed further in the next section), is ad valorem. Thus, given the high rates of inflation all over India over the past 25 years the share

of JSD is bound to decrease in the absence of frequent upward revision of JSD rates to permit the rates to keep pace with inflation. In contrast, NSD collections increase automatically with inflation.

3.2.2   To understand the especially poor performance of JSD in West Bengal, a closer look at the rate structures of the four States covered in Table A.4.3 is required. Three features become apparent from this examination.

(i)   Ad valorem rates are levied only on articles numbered 1,2,3, 7 and 8 in the Table.

(ii)   With the exception of article 15, rates of duty in West Bengal are lower than (or, at best, equal to) rates prevailing in other States. Even in the case of article 15 some of the other States have higher rates of duty. Of the States, Karnataka, and Gujarat appear to have, broadly, higher fixed fees than the other two States.

(iii)   For articles 1, 2 and 3 Karnataka has the simplest rate structure, a proportional one. The rate structures for articles 7 and 8 are broadly similar across States excluding West Bengal.

If we now look at the revenue performance of the four States we find that Karnataka's revenue performance has been the best of the four States (see Tables 3.1 and 3.2) by a wide margin. We reproduce the salient figures below for convenience.

Judicial Stamp Duty Revenues

		(Rs lakh)
State	1960–61	1983–84
West Bengal	125.26	303.64
Gujarat	52.69	373.40
Karnataka	52.74	647.00
Kerala	52.87	422.24

Source: Table 3.1

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3.2.3 Thus we may conclude that high rates of fixed fees and simplicity of ad valorem rate structures are likely to be associated with relatively high revenue growth. Karnataka satisfies both conditions while West Bengal satisfies neither, thus explaining the poor revenue performance in West Bengal. Accordingly, in section 8 we make recommendations for revisions in West Bengal's JSD rate structure along the lines indicated above.

3.3. Summary and Conclusions

3.3.1 JSD have performed poorly in terms of revenues in contrast with NSD over the past 25 years. Even so, West Bengal's performance stands out as particularly poor.

3.3.2 The predominantly fixed fee structure of *JSD rates and mainly ad valorem structure of NSD rates account for the declining share of JSD in our inflation-prone economy.

3.3.3 The reasons for West Bengal's especially poor performance are the low rates of fixed fees and low and complicated ad valorem rate schedules in West Bengal in contrast with other States.

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TABLE 3.1

Share of Judicial Stamp Duties in Total Stamp Duties for Selected States
(1960-61 to 1985-86)

(in Rs.000)

(1)	Andhra Pradesh			Assam			Bihar			Gujarat			Haryana		
	Non Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1960-61	28258	9454	25.07	2527	2249	47.09	21609	9523	30.59	12350	5269	29.91	-	-	-
1964-65	30487	11127	26.74	4550	2764	37.79	40405	11557	22.24	24832	7029	22.06	-	-	-
1965-66	34006	12080	26.21	4407	2776	38.65	50742	9335	15.54	25739	7408	22.35	-	-	-
1966-67	35728	12363	25.71	5155	3228	38.51	55772	8913	13.78	29823	7607	20.32	6714	1587	19.12
1967-68	48346	14588	23.18	9029	3359	27.11	61641	7234	10.50	34784	8736	20.07	26765	4422	14.18
1968-69	56820	16033	22.01	7350	3721	33.61	49653	7141	12.57	40211	9414	18.97	36876	4879	11.68
1969-70	56607	15738	21.75	8074	4306	34.78	50941	10028	16.45	47561	8996	15.91	40015	5299	11.69
1970-71	61455	17928	22.58	8013	4229	34.55	53235	7777	12.75	53396	10041	15.83	41731	5489	11.62
1971-72	72982	18275	20.03	9206	4111	30.87	52102	11743	18.39	61489	11360	15.59	45598	6312	12.16
1972-73	44302	19208	30.24	9808	4986	33.70	71686	7260	9.20	66580	12387	15.69	50571	7085	12.29
1973-74	87368	28444	24.56	10964	4807	30.48	83948	5458	5.10	64052	13444	17.35	54955	7691	12.28
1974-75	98460	27777	22.00	12385	4800	27.93	109288	7990	6.81	60707	24994	19.16	60347	8891	12.84
1975-76	109233	25124	18.70	9588	11189	53.85	91747	14807	13.90	103008	22753	18.09	70899	10693	13.11
1976-77	129716	30103	18.84	13724	7173	34.33	93887	16230	14.74	102106	18753	15.52	59709	11399	16.03
1977-78	140834	34584	19.72	14093	6825	32.63	112809	14882	11.65	143101	21580	13.10	78460	13024	14.24
1978-79	163424	38503	19.07	16200	7808	32.52	106585	34175	24.28	181550	22829	11.17	104281	13947	11.80
1979-80	190821	43948	18.72	14978	8226	35.45	106364	26507	19.95	220548	22886	9.40	123645	14477	10.48
1980-81	240541	49042	16.94	16077	6677	29.34	78897	28961	25.85	252180	26971	9.66	151249	16138	9.64
1981-82	278919	52915	15.95	20776	10033	32.56	129747	-	-	325049	30772	8.65	212103	19705	8.50
1982-83	308460	56993	15.60	20918	7241	25.71	34305	3368	8.94	332683	30781	8.47	204824	24993	10.88
1983-84	310533	63743	17.03	31109	9746	23.86	196006	11913	5.73	337983	37340	9.95	234988	24645	9.49
1984-85(RE)	335915	72150	17.68	32020	19000	37.24	151250	7100	4.48	405750	39500	8.87	283982	22321	7.29
1985-86(BE)	372415	83350	18.29	33210	22000	39.85	156000	7500	4.59	422000	38000	8.26	438813	24908	5.37

TABLE 3.1 (Contd')

	Himachal Pradesh			Karnataka			Kerala			Madhya Pradesh			Maharashtra		
	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share Judicial Stamp Duty (%)
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
1960-61	-	-	-	13825	5274	27.61	11222	5387	32.43	9063	6716	42.56	38380	15603	28.90
1964-65	295	395	57.25	25565	6046	19.13	24174	7274	23.13	15889	8726	35.45	62124	17805	22.28
1965-66	311	425	57.74	31373	6646	17.48	28869	8507	22.76	17466	9771	35.87	63799	19028	22.97
1966-67	974	740	43.17	35091	7425	17.46	30510	8469	21.72	18981	11386	37.49	69567	21200	23.36
1967-68	2240	939	29.54	40223	7958	16.52	33233	8795	20.93	25104	12448	33.15	77858	24459	23.91
1968-69	2288	1007	30.56	40364	8605	17.57	33111	10062	23.31	28474	13859	32.74	81617	26436	24.47
1969-70	2652	991	27.20	43152	9997	18.81	41801	9810	19.01	32517	13811	29.81	92307	28812	23.79
1970-71	3053	924	23.23	48900	10419	17.56	45014	9023	16.70	36995	13259	26.38	87355	34492	28.31
1971-72	4109	976	19.19	55423	11301	16.94	45099	11972	20.98	42656	14053	24.78	109067	32952	23.20
1972-73	5135	1118	17.88	60391	14248	19.09	54464	12054	18.12	48915	14700	23.11	131807	34224	20.61
1973-74	6519	1280	16.41	46251	14435	23.79	68511	14482	17.45	51643	18231	26.09	129685	35218	21.36
1974-75	6099	1559	20.36	91362	15556	14.55	83760	14775	14.96	66670	18773	21.97	121286	22995	15.94
1975-76	6217	1462	19.04	72598	17341	19.28	93623	14876	13.71	98018	19371	16.50	153094	33495	17.95
1976-77	7998	1758	18.02	71289	21401	23.03	110215	17253	13.54	92545	18971	17.01	160156	50906	24.12
1977-78	9936	2288	18.72	97234	31743	24.61	126194	19112	13.15	107332	22309	17.21	199453	49739	19.96
1978-79	10291	2285	18.17	121523	32883	21.30	158760	22298	12.32	125256	22642	15.31	276523	63584	18.70
1979-80	12227	2029	14.23	153926	43054	21.86	163401	21967	11.85	132536	22503	14.51	239521	68792	22.31
1980-81	13654	2604	16.02	208300	47900	18.70	180551	26375	12.75	136774	23922	11.92	312097	72999	18.96
1981-82	15641	4736	23.24	216000	53400	19.82	200671	35256	14.94	234673	25699	9.87	357573	75624	17.46
1982-83	17760	3469	16.34	236442	60196	20.29	227916	37523	14.14	239095	33886	12.41	380602	85081	18.27
1983-84	20438	3563	14.85	293200	64700	18.08	262138	42324	13.90	297914	37209	11.10	431223	100315	18.87
1984-85(RE)	21041	4852	18.74	378900	67600	15.14	259100	55300	17.59	331250	39650	10.69	447980	110346	19.76
1985-86(BE)	21883	5197	19.19	452900	70600	13.49	279600	55600	16.59	352230	42770	10.83	471174	115863	19.74

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TABLE 3.1 (Contd')

	Orissa			Punjab			Rajasthan			Tamil Nadu			Uttar Pradesh		
	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duties (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)	Non-Judicial Stamp Duty	Judicial Stamp Duty	Share of Judicial Stamp Duty (%)
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(4(
1960-61	3601	2727	43.09	21259	6359	23.02	5283	3995	43.06	32687	12610	27.84	19412	22038	53.
1964-65	7503	3891	34.15	55660	11133.	16.67	9598	4566	32.24	61940	15582	20.10	36066	27881	43.
1965-66	8360	4154	33.19	46717	11695	20.02	10405	5149	33.10	64047	17466	21.43	39693	28563	41.
1966-67	8694	4361	33.40	44477	10303	18.81	11131	5285	32.19	70886	19019	21.15	46435	29544	38.
1967-68	11072	4764	30.08	41732	9365	18.33	14862	5955	28.61	87347	23142	20.95	56243	32458	36.
1968-69	11430	4875	29.90	47135	8499	15.28	17533	6117	25.86	85623	23490	21.53	58202	34917	37.
1969-70	12754	5449	29.93	55320	9586	14.77	18759	5598	22.98	102312	25397	19.89	71836	36633	33.
1970-71	15000	5996	28.56	65055	11562	15.09	20513	5821	22.10	106193	28052	20.90	84694	38191	31.
1971-72	21573	4872	18.42	70850	11991	14.47	23968	6809	22.13	112073	31491	21.94	110272	42005	27.
1972-73	22026	5247	19.24	80469	13488	14.36	31158	6787	17.89	122593	35144	22.28	115852	42520	33.
1973-74	23654	5224	18.09	93533	12302	11.62	29119	7125	19.66	180777	35545	16.43	130508	43376	24.
1974-75	29212	6629	18.50	140369	12704	8.30	37366	7523	16.76	179976	35357	16.42	198319	57584	22.
1975-76	34087	7644	18.32	141608	18349	11.47	37719	7848	17.22	169408	29401	14.79	184253	39291	17.
1976-77	32082	7959	19.88	135503	14406	9.61	48815	6404	11.60	159543	30729	16.18	262132	77050	22.
1977-78	36152	8001	18.12	169913	15984	8.60	62840	10161	13.92	203838	37137	15.40	292777	202592	40.
1978-79	44263	8778	16.55	224726	18636	7.66	76593	9384	10.91	240415	56153	18.93	302113	197978	39.
1979-80	49531	8773	15.05	249354	19857	7.38	95063	11462	10.76	268678	61742	18.69	385410	194416	33.
1980-81	52573	9952	15.92	303845	21330	6.56	116351	13524	10.44	380796	59031	13.42	372816	248573	40.
1981-82	65729	10824	14.14	405733	23097	5.39	127634	16065	11.18	386427	65226	14.44	697846	84925	10.
1982-83	77763	12502	13.85	-	-	-	151161	18118	10.70	458642	70139	13.26	791192	211647	21.
1983-84	70718	25877	26.79	386512	27757	6.70	178893	17846	9.07	487823	78106	13.80	909272	100179	9.
1984-85(RE)	79500	15300	16.14	319113	51526	13.90	208500	19000	8.35	603457	82800	12.07	942000	128425	12.0
1985-86(BE)	103500	18400	15.09	422990	111810	20.91	229913	20400	8.15	616000	87800	12.48	959000	136425	12.4

Notes: 1. Break up note available for Punjab for 1982-83.

2. For figures on West Bengal See Table 2.

Source: 1. Combind Finance and Revenue Account of the Union and State Governments in India.

2. Budget Document of the State Government.

TABLE 3.2

Annual Average Growth Rates of Judicial Stamp Duties
(1960-61 to 1983-84)

State (1)	Annual Growth Rate (2)	Rank (3)
West Bengal	3.5	14
Andhra Pradesh	8.7	7
Assam	6.6	12
Bihar	Negative	15
Gujarat	8.9	6
Haryana 1/	16.5	2
Himachal Pradesh 2/	23.6	1
Karnataka	11.5	3
Kerala	9.4	5
Madhya Pradesh	8.4	8
Orissa	10.3	4
Punjab 1/	6.6	12
Rajasthan	6.7	11
Tamil Nadu	8.3	9
Uttar Pradesh	6.8	10

Source: Computed from Tables
2 and 10.

1/ relate to the period 1966-67 to 1983-84

2/ relate to the period 1964-65 to 1983-84

TABLE 3.3

Property Transactions in Calcutta Metropolitan Area
(1972 to 1976)

Year	Sales			Mortgages			Leases			Gifts		
	Number	Value	Average Value(Rs)	Number	Value	Average Value(Rs)	Number	Value	Average Value(Rs)	Number	Value	Average Value
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
1972	2,708 (39.68)	924.75 (37.72)	34,149	676 (9.90)	646.41 (26.36)	95,623	958 (14.04)	197.13 (8.04)	20,577	484 (7.09)	71.98 (2.94)	14,87
1973	3,284 (42.93	1,070.94 (39.66)	32,611	783 (10.24	1,161.18 (43.00)	1,48,299	1,094 (14.30)	161.05 (5.96)	14,721	513 (6.71)	74.38 (2.75)	14,49
1974	3,491 (45.46)	1,158.96 (33.65)	33,199	664 (8.65)	1,715.74 (49.84)	2,58,545	840 (10.94)	204.65 (5.94)	24,363	563 (7.33)	113.38 (3.29)	20,13
1975	2,580 (42.53)	753.37 (23.35)	29,200	723 (11.92)	2,126.44 (65.93)	2,94,113	704 (11.60)	89.38 (2.77)	12,696	411 (6.77)	53.38 (1.65)	12,9F
1976	1,872 (38.14)	630.82 (25.93)	33,698	789 (16.08)	1,410.29 (57.98)	1,78,744	591 (12.04)	151.48 (6.23)	25,631	286 (5.83)	33.56 (1.38)	11,73

TABLE 3.3 (Contd')

Year	Miscellaneous			Total of Immovable Properties			Moveable Properties			Total Transactions		
	Number	Value	Average value(Rs)	Number	Value	Average value(Rs)	Number	Value	Average Value(Rs)	Number	Value	Average Value(Rs)
	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25
1972	1,999 (29.29)	611.67 (24.95)	30,599	6,825 (50.21)	2,451.94 (94.97)	35,926	6,769 (49.79)	129.79 (5.03)	1,917	13,594	2,581.73	18,99
1973	1,976 (25.83)	233.04 (8.63)	11,794	7,650 (52.69)	2,700.59 (97.56)	35,302	6,870 (47.31)	67.56 (2.44)	983	14,520	2,768.15	19,06
1974	2,121 (27.62)	250.69 (7.28)	11,819	7,679 (50.56)	3,444.42 (98.36)	44,855	7,509 (49.44)	57.42 (1.64)	765	15,188	3,501.84	23,05
1975	1,649 (27.18)	203.30 (6.30	12,329	6,067 (51.69)	3,225.87 (97.35)	53,171	5,671 (48.31)	87.75 (2.65)	1,547	11,738	3,313.62	28,23
1976	1,370 (27.91)	206.38 (8.48)	15,064	4,908 (45.84)	2,432.53 (94.21)	49,563	5,798 (54.16)	149.40 (5.79)	2,577	10,706	2,581.93	24,11

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Note: Figures in parentheses in respect of Sales, Mortgages Leases, Gifts and Miscellaneous are percentage to the Total of Immovable Properties. Figures in parentheses in respect of Total of Immovable Properties and Movable Properties are percentage to Total Transactions

Source: Government of West Bengal, Registrar of Assurances, Calcutta

4. NON-JUDICIAL STAMP DUTIES

4.1 Evolution

✓4.1.1   The first stamp law in the country was Regulation 6 of 1797 which provided for duties in Bengal, Bihar, Orissa and Banaras. Similar regulations were later introduced in other provinces. These regulations were repealed and replaced by an Act relating to stamp duty in 1860. Since then several enactments on the subject were made, which successively replaced the earlier ones, finally culminating in the Stamp Act of 1899. The Stamp Act of 1899 constitutes the current law of stamp duty in the country.

4.1.2   Originally the duties levied under the Act formed part of Central revenues. The Montford Reforms of 1919 and the Government of India Act of 1935 made stamp duties a provincial item subject to Central legislation in the treatment of certain dutiable instruments (bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts). The Constitution of India left things more or less unchanged.)The Indian Stamp Act of 1899, as amended in West Bengal, forms the basis of stamp duties in the State.

4.2 The Nature of the Base of Non-Judicial Stamp Duties

4.2.1   The base of NSD in West Bengal consists of the 65 classes of instruments listed in Schedule 1A added to the Indian Stamp Act of 1899 by the Bengal Stamp (Amendment) Act, 1922. However, the bulk of the revenue accrues from NSD levied on instruments relating to immovable property transactions. For instance, in the Calcutta Metropolitan Area documents relating to immovable property transactions registered accounted for 94 to 98 per cent of the total value of property transactions registered from 1972 to 1976 (see Table 3.3, Column 18).

4.2.2   The potential base from transactions in immovable properties in West Bengal is reduced due to the exemption of transaction

in flats made by cooperative societies in the State. It is under-
stood that measures have been taken to restrict this exemption to
flats worth Rs. 1.5 lakh through an amendment of the West Bengal
Cooperative Societies Act. However, no rules have yet been formu-
lated to make the amendment effective. Secondly, various loopholes
exist by which de facto sales of immovable property take the form
of other transactions. A detailed account of these practices is
presented in section 7.5 below. .

4.3 The Rate Structure of Non-Judicial Stamp Duties

4.3.1 Stamp duty is collected either on an ad valorem basis or
as a specific levy. With respect to some documents, duty is
collected on an ad valorem basis up to a ceiling value and there-
after a fixed fee is levied. Normally, ad valorem duty is levied
on instruments, such as those relating to immovable property,
where the economic value of the right created or transferred by
the document is obvious. The instruments on which ad valorem duty
is levied can be divided into two categories: (i) instruments for
which the conveyance rate applies and (ii) documents charged at
the bond rate. The conveyance rate is applicable to instruments
involving the transfer of full rights and interests like sales,
gifts and exchanges. The bond rate is relevant in the case of
instruments which create only limited interest over properties
such as mortgages without possession and security bonds. Specific
duties are levied on instruments for which the subject matter is
not easily amenable to valuation or when the primary object of
executing the instrument is not of a proprietory or monetary
character, such as adoption deeds, affidavits or agreements.

4.3.2 In addition to basic duty, the West Bengal Act XVII of
1964 introduced a surcharge amounting to one-fifth of the duty
payable on documents relating to conveyance, exchange of property,
further charges, gifts, leases, mortgages, reconveyance or mort-
gage, settlements, the transfer of a lease and certificates of
sale. Moreover, the West Bengal Taxation Laws (Amendment) Act 1973

imposed an additional surcharge of ten paise on all instruments mentioned in Schedule IA.

4.4   Interstate Comparison: Rate Structure for Immovable Property

4.4.1   Since a substantial proportion of NSD is collected from instruments relating to immovable property transactions, it would be useful to compare the conveyance rates applicable in West Bengal with that of other States in the country. In Table 4.1 we present the NSD leviable on selected values of property in selected States. The tax liability is computed on the basis of the basic conveyance rate schedule applicable in these States (see Table A.4.4). With the help of Table 4.1, we make the following observations.

4.4.2   First, in West Bengal, Bihar, Madhya Pradesh, Maharashtra and Rajasthan, the conveyance   rate structure is progressive.

4.4.3   Second, West Bengal has the most progressive rate structure. For instance, the marginal rate of NSD applicable in West Bengal to the highest slab of property mentioned in the rate schedule (values exceeding Rs 1 lakh) is 15 per cent. Once the surcharge of one-fifth of the duty payable is added to this, the marginal rate becomes 18 per cent. This marginal rate is higher than that prevailing in any other State (see Table 4.1 and Table A.4.4). A simple measure of progressivity is the percentage change in stamp duty liability given a one per cent change in the value of immovable property as indicated in the rate schedule. The five States with progressive rate structures have values for this measure as follows: West Bengal (1.17), Bihar (1.08), Madhya Pradesh (1.01), Maharashtra (1.01) and Rajasthan (1.11). It may be mentioned at this point that West Bengal has 16 slabs in its rate structure which is more than in most other States. Thus simplification appears possible.

4.4.4   Third, the rate structure is proportional in States like Gujarat (8 per cent), Haryana, (12.50 per cent), Himachal Pradesh

(8 per cent), Karnataka (5 per cent), Kerala (7.50 per cent), Orissa (3 per cent), Punjab (12.50 per cent), Tamil Nadu (8 per cent) and Uttar Pradesh (8.5 per cent).

4.4.5 Finally, in the case of Andhra Pradesh, the conveyance rate structure is regressive.

4.4.6 We now compare the productivity of NSD with the progressivity of the conveyance rate schedule. In Table 4.2 we present the average growth rate of NSD in different States for the years 1970-71 to 1983-84. The States with progressive conveyance rate schedules on an average registered a growth rate of about 13.63 per cent. The corresponding figure is 13.79 per cent for States having proportional rate structures. Interestingly, the average growth rates is fairly low (12 per cent) in Andhra Pradesh where the rate schedule is regressive. Thus it seems that States which have progressive conveyance rate schedules, on an average, do not fare better or worse in terms of revenue productivity than States with proportional rate structures. One of the strong reasons as to why progressivity of the rate schedule does not lead to higher productivity of NSD compared to a proportional rate structure may be that the former provides more incentive to evade duty so that the effect of progressive rates on revenue is nullified.

4.4.7 However, since the levy and collection of NSD is partially governed by the ability to pay principle according to which tax payers contribute towards revenue in relation to their relative abilities (see the discussion in section 1.2) retention of progressivity is desirable. More specifically, the ability of tax payers in the context of stamp duties is reflected in the value of transactions they engage in and therefore the duty levied should depend on the value of such transactions undertaken. Thus while preserving the basic progressivity of the conveyance rate structure in West Bengal, the rate schedule may be simplified.

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4.5 Undervaluation of Immovable Property

4.5.1 Undervaluation of immovable property is suspected to be the major mode of evading NSD. In fact underreporting the true value of property is also considered to be the major means of evading RF. The issue of undervaluation is discussed at some length in section 7 below.

4.6 Interstate Comparison: Rate structure for Selected Items

4.6.1 In Table A.4.5 we have listed selected documents and the stamp duty payable on them for selected States. Of the thirty-three items listed in Table A.4.5, more than half of them attract fixed fees. Six of them are subjected to a combination of fixed fees and ad valorem rates and the remaining items are subjected to ad valorem duty. On the basis of an interstate comparison we make the following observations.

4.6.2 First, fixed fees levied in West Bengal are in general lower than those in most of the other States (Table A.4.5). This is also true of the fixed fee component of the duty on instruments subjected to a combination of fixed fees and ad valorem rates.

4.6.3 Second, in West Bengal as in the case of many other States, no attempt is made to periodically revise fixed fees keeping in view the inflationary situation prevailing in the country.

4.6.4 Third, the ad valorem rate schedules on bonds and bottomry bonds need considerable reform in West Bengal. Since the bond rate and bottomry bond rates provide the basic rates for many other instruments subjected to ad valorem duty, we dicuss them in more detail.

4.6.5 There are two aspects of the bond rate schedule in West Bengal worth noting. First, the bond rate schedule in West Bengal is regressive compared to the progressive rate schedules in Himachal Pradesh, Madhya Pradesh, Orissa, Punjab and Tamil Nadu

and the proportional rate schedules in Andhra Pradesh, Gujarat, Karnataka, Kerala and Uttar Pradesh (see Table A.4.5). Second, in general the bond rates in the schedule, for various slabs of value or amount secured, are the lowest in West Bengal compared to the rest of the States with the exception of Bihar (Table A.4.5). The marginal rate applicable for the highest (open ended) slab in West Bengal is 1.2 per cent compared- to 5 per cent in Madhya Pradesh, 4.25 per cent in Uttar Pradesh, 4 per cent in Gujarat, 3 per cent in Andhra Pradesh, 2.80 per cent in Rajasthan, 2.5 per cent in Kerala and Tamil Nadu, and 1.5 per cent in Himachal Pradesh, Karnataka, Orissa and Punjab. These two aspects clearly call for rationalisation of the bond rate schedule in West Bengal.

4.6.6   An analysis of the bottomry bond rate schedule in West Bengal shows that the rate structure is proportional (Table A.4.5). The proportional rate in West Bengal (1.5 per cent) is comparable to that in Karnataka, but is lower than rates existing in Andhra Pradesh (3 per cent), Gujarat (4 per cent) and Kerala (2.5 per cent). In order to simplify the rate schedule and ensure uniform tax treatment of documents which are more or less similar in nature, most States provide identical proportional rate schedules for both bonds and bottomry bonds (for instance Andhra Pradesh, Gujarat, Karnataka, Kerala and Tamil Nadu). Reform of rate schedules along these lines in West Bengal would thus be worthwhile.

4.6.7   As a final comment on the rate structure of stamp duties we may mention that there is an anomaly in the dissimilar treatment of two instruments relating to "Agreements". Agreements or Memoranda of Agreements relating to matters not otherwise provided for except matters relating to cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies or receipts (Article 5) are liable to stamp duties of Rs 5.00 each. At the same time, for Agreements relating to the pawning or pledging of immovable property (Article 6) the duty chargable is Rs 10.00 for every Rs 1000.00 or part thereof the amount of loan or debt.

4.7 Summary and Conclusions

4.7.1 The intention of this section is to highlight the important features and shortcomings of the existing system of NSD in West Bengal vis-a-vis other States.

4.7.2 As a backdrop to the analysis the evolution of NSD is briefly outlined. Sixty-five classes of instruments are subjected to NSD in the State. Of these, documents relating to immovable properties account for the major share of revenue. Therefore the conveyance rate structure in West Bengal is examined in detail vis-a-vis rate structures in other States. It is concluded that the conveyance rate structure in West Bengal can be simplified while keeping the basic progressivity of the rate schedule.

4.7.3 Undervaluation of immovable property is suspected to be the major source of NSD erosion.

4.7.4 An analysis of the stamp duties falling on a number of instruments in West Bengal vis-a-vis duties in other States reveals that West Bengal has the lowest fixed fees. Secondly, it is concluded that the bond rate structure in West Bengal is regressive. Finally, harmonization of the bond and bottomry bond rate structures is possible.

TABLE 4.1

An Inter State Comparison of Stamp Duty on Selected Values of Immovable Property, 1983

Value of Property (in Rs)	West Bengal	Bihar	Andhra Pradesh	Gujarat	Haryana	Himachal Pradesh	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
100	3.00	1.50	7.50	8.00	12.50	8.00	5.00	7.50	7.00	10.00	3.00	12.50	4.75	8.00	8.50
200	6.00	3.00	12.50	16.00	25.00	16.00	10.00	15.00	14.00	20.00	6.00	25.00	11.25	15.00	17.00
300	9.00	4.50	17.50	24.00	37.50	24.00	15.00	22.50	21.00	30.00	9.50	37.50	17.00	24.00	25.00
400	12.00	6.00	22.50	32.00	50.00	32.00	20.00	30.00	28.00	40.00	12.00	50.00	22.50	32.00	34.00
500	15.00	7.50	27.50	40.00	62.50	40.00	25.00	37.50	35.00	50.00	15.00	62.50	28.00	40.00	42.50
600	18.00	9.00	32.50	48.00	75.00	48.00	30.00	45.00	42.00	60.00	17.00	75.00	33.75	48.00	51.00
700	21.00	10.50	37.50	56.00	87.50	56.00	35.00	52.50	49.00	70.00	20.00	87.50	39.00	56.00	59.50
800	24.00	12.00	42.50	64.00	100.00	64.00	40.00	60.00	56.00	80.00	23.00	100.00	45.00	64.00	68.00
900	27.00	13.50	47.50	72.00	112.50	72.00	45.00	67.50	63.00	90.00	30.00	112.50	50.25	72.00	76.50
1,000	30.00	17.00	52.50	80.00	125.00	80.00	50.00	75.00	70.00	100.00	30.00	125.00	56.25	90.00	85.00
5,000	180.00	85.00	252.50	400.00	625.00	400.00	250.00	375.00	350.00	500.00	150.00	625.00	326.25	400.00	425.00
10,000	430.00	225.00	502.50	800.00	1250.00	800.00	500.00	750.00	700.00	1000.00	300.00	1250.00	663.75	800.00	850.00
50,000	3630.00	1125.00	2502.50	4000.00	6250.00	4000.00	2500.00	3750.00	3750.00	5000.00	1500.00	6250.00	4826.25	4000.00	4250.00
1,00,000	9630.00	2250.00	5002.50	8000.00	12500.00	8000.00	5000.00	7500.00	7500.00	12000.00	3000.00	12500.00	11851.25	8000.00	8500.00
Maximum marginal rate of basic duty (in %)	15.00	3.50	5.00	8.00	12.5	8.00	5.00	7.50	7.50	15.00	3.00	12.50	13.65	8.00	8.50

Note: Computed from Table A.4.

Source: As in Table A.4.

TABLE 4.2

Average Growth Rate of Non Judicial Stamp Duties
(1970-71 to 1983-84)

(in per cent)

State (1)	Growth Rate (2)
Andhra Pradesh	12.27
Bihar	9.76
Gujarat	14.09
Haryana	13.14
Himachal Pradesh	14.55
Karnataka	13.65
Kerala	13.41
Madhya Pradesh	16.07
Maharastra	12.08
Orissa	11.71
Punajb	13.57
Rajasthan	16.73
Tamil Nadu	11.51
Uttar Pradesh	18.48
West Bengal	13.49
Average of the States with progressive conveyance rate schedule	13.63
Average of the States with Proportional conveyance rate schedule	13.79

5. REGISTRATION FEES

5.1 The Base of Registration Fees

5.1.1 Registration fees are collected under the Indian Registration Act, 1908. The main intention of this legislation is to ensure that all instruments relating to immovable property transactions above a specified minimum value are compulsorily registered. Other documents may also be registered in view of the legal benefits registration confers. The general consensus is that this levy should be considered as a charge for the specific service of 'registration' rendered by the State.[1]

5.1.2 In West Bengal the prevailing rates of registration fees are laid down in the "Table of Fees" published under government notification No. 3333 – Regn. (3rd September 1977) as amended by notification No.4045 – Regn. (2nd January 1986). Registration fees are collected either on an ad valorem basis or as specific fees. Ad valorem rates are typically levied on instruments such as conveyances, deeds of sale or gift, deeds of partition, leases and deeds of mortgage. Specific fees are collected on documents such as powers of attorney, adoption deeds and wills.

5.1.3 Documents which form the base for registration fees can be classified into those requiring compulsory registration (under section 17 of the Indian Registration Act, 1908) versus those for which registration is optional. All non-testamentatory instruments relating to immovable property (including leases of over one year, transfers, cash receipts and gifts) excluding grants of immovable property by the government are to be compulsorily registered provided their value exceeds Rs 100.00. For most other documents, including wills and documents relating to shares in joint stock companies, registration is optional. In all cases, legal benefits from registration are conferred from the date of execution of the documents rather than from the date of registration. Provisions for exacting fines for late registration (with the maximum fine

rate not exceeding ten times the normal fee) are also in existence. Provisions for the registration of documents executed outside India, if such registration is within a spcified time limit, are also present. Finally, it may be mentioned that, in almost all cases, registration involves the creation of liabilities for payment of stamp duties in addition to registration fees (this holds without exception for immovable property transactions).

5.1.4 Two points may be made regarding the base of registration fees from the above observations.

5.1.5 Firstly, some documents which, in 1908, were thought to involve relatively small considerations may now involve much larger considerations given the changing nature of business and finance in India. Thus, optional registration of such documents may mean that the existing base of registration fees is smaller than the potential base. This would appear to be particularly true of documents relating to financial asset transfers.

5.1.6 Secondly, the exemption limit of Rs 100.00 for immovable property transactions, fixed in 1908, would imply that almost all property transactions have to be registered given the sharp increase in prices since the turn of the century. This is likely to reflect undue harship for low value immovable property transactions where the benefits from registration may be outweighed by the inconvenience (see also the comments in 5.3 below).

5.2 Interstate Comparison of the Rate Structure of Registraton Fee

5.2.1 Since immovable property transactions make up almost the entire base of registration fees in value terms (Table 3.3) we restrict our comments to the conveyance rates applicable to immovable property transactions. Table 5.1 presents an inter-State comparison of registration fees on selected property values in different States. The following features may be discerned from the table.

(i) Rates on property valued at Rs 250.00 vary between Rs 2.00 (West Bengal) and Rs 15.00 (Bihar).

(ii) The maximum marginal rate varies between 0.50 per cent
      (Andhra Pradesh and Gujarat) and 2.00 per cent (Bihar).
      Except in the case of Bihar, therefore, registration fee
      rates are far lower than those for NSD (compare Tables 4.1
      and 5.1).In the case of Bihar, NSD rates are higher but by
      a small margin.

(iii) If an examination of the average rate structures prevailing
      in different States is made, the following findings
      emerge.

      a. For nine States registration rates are regressive.

      b. For two States (Kerala and Maharashtra) rates are
          proportional. The rate structure for Punjab is
          proportional for values over Rs 500.00. For Tamil
          Nadu proportionality starts after Rs 1000.00. Both
          Punjab and Tamil Nadu have regressive rate struc-
          tures at low value properties.

      c. For West Bengal the rate structure shows a zig-zag
          pattern: progressive at low values (to Rs 500.00),
          regressive at medium values (upto Rs 1000.00) and
          progressive thereafter.

Thus, overall, West Bengal's rate structure appears to be
desirable except for a few, easily corrected anomalies. This
picture is reinforced if we look at its revenue performance. Table
5.2 gives the proportion of registration fees in total SD and RF
for several States. The ratio of average rates of registration
fees to average rates of stamp duties (which can be approximately
calculated from Table 4.1) falls somewhat short of the proportion
of registration fees in total SD and RF for most States and West
Bengal is no exception. We conclude that the rate structure of
registration fees in West Bengal has no untoward revenue or equity
effects (except for the anomalies mentioned).

5.3 Tax Compliance and Administration

5.3.1 While an assessment of the administrative machinery for stamp duties and registration fees is beyond the scope of this study, it is worth pointing out that a recent report on the workings of the Registration Directorate[2] highlights three problems that are faced in administration:

    (i) Shortage of registering officers, particularly sub-registrars;

    (ii) Unsatisfactory record maintenance; and

    (iii) Shortage of essential forms.

Furthermore, in conversations with researchers from the NIPFP, registering officers indicated that item (i) above coupled with low exemption limits for compulsory registration was the cause of much inconvenience to the registrant public in rural areas, especially in the case of low value transactions.

5.3.2 Finally, as will be pointed out in a subsequent section, problems with undervaluation of transactions are likely to be the major reason for the erosion of the base of registration fees.

5.3.3 Thus, we conclude that non-compliance due to low exemption limits, administrative inconvenience and undervaluation are likely to be major problems faced in increasing the revenue potential of registration fees.

5.4 Summary and Conclusions

5.4.1 The tax base for registration fees can be rationalized with respect to exemption levels. Further it is possible that the Indian Registration Act, 1908 precludes the incorporation of certain instruments among those which must be compulsorily registered, thus limiting its potentia base. However, further study is required on the latter aspect b. re any clear conclusion can emerge.

5.4.2 The West Bengal registration fees rate structure appears satisfactory except for a few anomalies and the aforementioned exemption levels.

5.4.3 Non-compliance due to administratively caused inconvenience and undervaluation appear to be the main factors preventing registration fees from reaching their potential revenue productivity.

N O T E S

1. See for instance, Uttar Pradesh Taxation Enquiry Committee Report. Government of Uttar Pradesh, Lucknow, 1974, p. 297.

2. Notes on the Working of Registration Directorate, West Bengal, prepared by A.K. Nayak, Inspector General of Ragistration, West Bengal.

TABLE 5.1

Registration Fee Payable for Selected Immovable Property Values in Different States, 1983

(in Rs)

Selected Values of Immovable Property	West Bengal	Andhra Pradesh	Bihar	Gujarat	Haryana	Himachal Pradesh	Kerala	Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
250	2.00	3.00	15.00	4.50	8.75	7.00	2.50	4.50	2.50	4.00	5.00	3.75	3.00	7.00
500	7.00	5.00	15.00	6.00	13.75	11.00	5.00	7.50	5.00	6.00	5.00	6.25	5.00	11.00
750	8.00	8.00	25.00	7.50	21.25	17.00	7.50	12.00	7.50	9.00	7.50	10.00	8.00	17.00
1,000	8.00	10.00	25.00	10.00	26.25	21.00	10.00	15.00	10.50	11.00	10.00	12.50	10.00	21.00
5,000	44.00	50.00	105.00	50.00	76.25	61.00	50.00	55.00	50.00	59.00	50.00	25.00	50.00	51.00
10,000	99.00	100.00	205.00	75.00	138.75	111.00	100.00	105.00	100.00	119.00	100.00	45.00	100.00	111.00
50,000	539.00	300.00	1005.00	275.00	638.75	511.00	500.00	545.00	500.00	599.00	500.00	205.00	500.00	511.00
1,00,000	1089.00	550.00	2005.00	525.00	1263.75	1011.00	1000.00	945.00	1000.00	1199.00	1000.00	255.00	1000.00	1011.00
Marginal rate at the highest slab	1.10	0.50	2.00	0.50	1.25	1.00	1.00	0.80	1.00	1.20	1.00	0.10	1.00	1.00

TABLE 5.2

Registration Fees as a Proportion of Stamp Duties and Registration Fees in Selected States
(1980-81 to 1983-84)

(in per cent)

Year	West Bengal	Andhra Pradesh	Bihar	Gujarat	Haryana	Himachal Pradesh	Karnataka	Kerala	Madhya Pradesh	Maharash- tra	Orissa	Punjab	Rajas- than	Tamil Nadu	Uttar Pradesh
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
1980 - 81	12.9	17.9	25.6	5.5	8.8	12.0	11.9	19.9	9.7	10.2	20.0	9.8	6.6	13.5	9.9
1981 - 82	12.4	18.7	28.0	5.6	8.6	11.5	8.1	20.1	9.4	12.2	17.5	8.3	5.7	16.8	10.1
1982 - 83	11.6	17.8	NA	5.3	8.7	11.5	9.1	18.6	9.4	13.9	16.3	NA	5.7	16.2	9.2
1983 - 84	11.5	17.2	37.6	5.9	7.5	11.3	10.4	19.9	8.2	12.9	22.8	8.0	5.4	16.9	7.8

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Source: 1. As in Table 2

2. Budget Documents of State Governments

6. THE AGGREGATE INCIDENCE OF STAMP DUTIES AND REGISTRATION FEES ON CONVEYANCES

6.1 Objective of the Section

6.1.1   The main component of the tax base of NSD and RF is conveyances. Conveyances relating to immovable property in particular provide the largest source of revenues from NSD and RF. Since both NSD and RF are levied jointly, in almost all cases, the combined incidence of the two levies is examined in this section. The section is, therefore, concerned with the equity and revenue productivity of NSD and RF with special reference to conveyances.

6.1.2   Specifically, we explore, in this section, the equity of the conveyance rate structure and the impact of average rates, marginal rates and the progressivity of the rate structure on revenue productivity. Since information on the proportion of NSD and RF from conveyances is not available, we use aggregate NSD and RF revenue figures for our analysis. Given the predominance of duty on conveyances in NSD and RF (see the data on Metropolitan Calcutta in Table 3.3) this is unlikely to affect the validity of our conclusions.

6.2 Equity of the West Bengal Conveyance Rate Structure

6.2.1   Besides basic stamp duties and registration fees, a surcharge (20 per cent of the basic duty) and an additional surcharge (0.10 paise) is added to stamp duties in West Bengal as discussed in section 4. The combined effect of basic and additional levies is presented in Table 6.1 for selected property values. Column 10 of this Table shows that the average rate of tax is higher for properties valued at Rs 500 than at properties valued at Rs 1000. Thereafter average rates increase. Thus the tax structure is initially regressive.

6.3 Revenue Productivity and the Rate Structure

6.3.1   Table 6.2 provides details of combined basic NSD and RF for selected property values in 14 states.[1] The corresponding average rates are presented in Table 6.3. Table 6.3 shows that progressive

rate structures are present only in West Bengal, Maharashtra and Rajasthan. Other States have proportional, regressive or fluctuating rate structures. If we consider the average progressivity or regressivity of the rate structures (derived from a double log regression of tax revenues on property values) we see that West Bengal's rate structure is the most progressive (Table 6.4). It is interesting to note that eight States have regressive rate structures. Table 6.4 also gives figures for mean marginal rates (derived from a linear regression of tax revenues on property values). West Bengal and Maharashra are seen to have the highest marginal rates. Finally, Table 6.4 provides information on various indicators of revenue productivity.

6.3.2 The information in Table 6.4 can be used to assess the impact of average rates, marginal rates and progressivity on revenues. The conclusions derived are as follows.

(i) Marginal tax rates have a weak positive correlation with growth rates of revenues and per capita incidence. There is a mild negative correlation between marginal and average tax rates.(for the latter, revenue as a proportion of SDP is used as the proxy). The rank correlations are 0.2537, 0.3077 and -0.2418 respectively.

(ii) Tax progressivity has no effect on growth rates (rank correlation -0.0154), a negative correlation with per capita incidence (-0.4066) and no relation with average tax rates (0.1538).

(iii) Average tax rates are strongly linked to per capita tax incidence (0.7912) and have a weak negative correlation with the growth rate of revenue (-0.2747).

6.3.3 Before interpreting these findings, results of an alternative analysis of growth rates are presented. The following model was estimated by regression analysis using the data in Table 6.4.

$$\text{Annual Growth rate} = a_1 \text{ (marginal tax rate)} + a_2 \frac{\text{marginal tax rate}}{\text{average tax rate}}$$

$$+ \ a_3 \quad \frac{\text{marginal tax rate}}{\text{average tax rate}}^2$$

The model may be derived from economic theory[2]. The results obtained are (t-values in parentheses):

$a_1 = 1.1628$ $a_2 = 0.00704$ $a_3 = -0.05289$

    (5.77427)   (5.28898)   (6.26235)

(standard error of estimate: 0.02564)

Using this model we can find the marginal tax rate which leads to the maximum growth rate of revenues given that the average tax rate in West Bengal (i.e., the tax to SDP ratio) is 0.33 per cent. The marginal tax rate thus calculated is 10.28 per cent compared to the existing mean marginal rate of 15.58 per cent. The estimated growth rate of revenues at this marginal rate is 16.95 per cent compared to West Bengal's growth rate of 13.7 per cent.

6.3.4 We thus conclude that in the case of marginal tax rates, the weak linear association reported above is because of the inverse U-shaped relation observed between the growth rate and marginal tax rates in the alternative analysis. West Bengal's mean marginal conveyance rate is seen to be too high for maximum revenue productivity (the case is further strengthened once it is recalled that surcharge is ignored in this analysis).

6.3.5 Turning now to progressivity, there is conflicting evidence on the relation between it and revenues. Further study (based on better information) is required in this regard. However, given the lack of a relation between progressivity and NSD or progressivity and RF found earlier (see Sections 4 and 5) we tentatively conclude that there is no trade-off between revenue productivity and a socially desirable progressive rate structure.

6.3.6 Finally, while the close link between average tax rates and per capita incidence is expected, there appears to be

"diminishing returns", since States with high average rates appear to have low growth rates, though the association is quite weak. The findings for average rates are consistent with the findings for marginal rates.

6.3.7 It is appropriate at this juncture to remind the reader that the analysis above treats the level of tax evasion as given. It is more than likely that higher tax rates will be optimal if effective methods of coping with evasion are devised.

6.4 Summary and Conclusions

6.4.1 An analysis of the equity of the West Bengal conveyance rate structure and the impact of the rate structure on revenue productivity is conducted in this section.

6.4.2 Given the surcharge and the additional surcharge, the conveyance rate structure is found to be regressive at the lower end.

6.4.3 The mean marginal conveyance rate in West Bengal is too high (by about 5 per cent) for maximum revenue productivity.

6.4.4 There is unlikely to be a trade-off between progressivity and tax revenues.

6.4.5 While revenues increase with average tax rates, there is weak evidence that the rate of increase is lower at high average tax rates as compared to low average tax rates.

N O T E S

1. Due to lack of information for some States, only basic NSD are considered in the computation. Surcharge and additional surcharge are n. " included.

2. The tax function may be written as $T = T(Y)$ where T is tax revenue and Y is the base. Then $g_T = (m/a)g_Y$ where g_T, g_Y are the growth rates of T and Y, m is the marginal tax rate and a is the average tax rate. In general, the growth rate of Y will be function of marginal and average tax rates and other factors: $g_Y = f(m, a, \text{other factors})$. Other factors include the level of tax evasion and underreporting, the sensitivity of the number of transactions to the tax rate, local characteristics of the tax jurisdiction, etc. Making the simplifying assumption of a continuous tax function and taking a linear approximation this becomes: $g_Y = a_1 a + a_2 + a_3 m$. Thus $g_T = a_1 m + a_2 (m/a) + a_3 (m^2/a)$ as given above.

TABLE 6.1

Stamp Duties and Registration Fees Payable on Selected
Property Values in West Bengal

Value of Immovable Property	Stamp Duty				Registration Fees	Stamp Duty and Registration Fees	(in %)		
	Basic Duty	Surcharge	Additional Surcharge	Total			Average rates (per cent)		
							Stamp Duty	Registration Fees	Stamp Duty and Registration Fee
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
500	15.00	3.00	0.10	18.10	7.00	25.10	3.62	1.40	5.02
1,000	30.00	6.00	0.10	36.10	8.00	44.10	3.61	0.80	4.41
3,000	105.00	21.00	0.10	126.10	26.00	152.10	4.20	0.87	5.07
7,500	305.00	61.00	0.10	366.10	59.00	425.10	4.85	0.79	5.67
30,000	2,030.00	406.00	0.10	2,436.10	301.00	2,737.10	8.12	1.00	9.12
75,000	6,630.00	1,326.00	0.10	7,956.10	796.00	8,752.10	10.61	1.06	11.67
1,00,000	9,630.00	1,926.00	0.10	11,556.10	1,071.00	12,627.10	11.56	1.07	12.13

Source: Table A.4.

TABLE 6.2

Combined Basic Stamp Duties and Registration Fees Payable on Selected
Values of Instruments Relating to Immovable
Property in Different States

(In Rupees)

Value of Instrument (in rupees)	West Bengal	Andhra Pradesh	Bihar	Gujarat	Haryana	Himachal Pradesh	Kerala	Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
100	5.00	9.00	6.50	11.00	16.25	11.10	8.50	9.00	11.25	5.0	15.50	7.25	16.00	11.50
500	22.00	32.50	22.50	46.00	76.25	51.00	42.50	42.50	55.00	20.00	67.50	34.25	45.00	53.50
1,000	38.00	62.50	42.00	90.00	151.25	101.00	85.00	85.00	110.50	40.00	135.00	68.25	90.00	106.00
5,000	189.00	302.50	190.00	450.00	826.25	811.00	425.00	405.00	550.00	209.00	800.00	351.25	450.00	401.00
10,000	494.00	602.50	325.00	875.00	1388.75	911.00	850.00	805.00	1100.00	419.00	1350.00	709.75	900.00	876.00
20,000	1439.00	1145.00	655.00	1825.00	2845.00	1811.00	1700.00	1715.00	2200.00	600.00	2795.00	1648.75	1800.00	1901.00
50,000	4169.00	2802.50	2030.00	4275.00	6888.75	4511.00	4250.00	4295.00	5500.00	2099.00	6750.00	5031.25	4500.00	4676.00
1,00,000	10719.00	5552.50	4255.00	8525.00	13763.75	9011.00	8500.00	8444.20	13000.00	**4199.00**	13500.00	11706.25	9000.00	9426.00
2,00,000	26829.00	11100.00	11015.00	17025.00	27513.75	18011.00	17000.00	16745.00	28000.00	8399.00	26000.00	23056.25	18000.00	18976.00
5,00,000	75129.00	15050.00	27515.00	42525.00	68763.00	45011.00	42500.00	41645.00	76000.00	21999.00	51000.00	56906.25	45000.00	47476.00
10,00,000	155629.00	30000.00	55015.00	85025.00	137513.75	90011.00	85000.00	83145.00	156000.00	42999.00	126000.00	135556.25	90000.00	94976.00
Maximum Marginal Rate	16.10	8.50	5.50	8.50	13.75	9.00	8.50	3.30	16.00	4.20	13.20	13.70	9.00	9.50

Notes:
1. Surcharge and additional surcharge, if levied, have not been taken into account due to data unavailability in some cases.
2. Maximum registration fees leviable in Punjab are Rs. 1,000/-.

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TABLE 6.3

Average Rates of Combined Basic Stamp Duties and Registration Fees on Selected Property Values in Fourteen States

Value of Instrument(Rs)	West Bengal	Andhra Pradesh	Bihar	Gujarat	Haryana	Himachal Pradesh	Kerala	Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
100	0.05	0.05	0.07	0.11	0.16	0.11	0.08	0.09	0.11	0.05	0.15	0.07	0.10	0.11
500	0.04	0.07	0.05	0.09	0.15	0.10	0.08	0.08	0.11	0.04	0.13	0.07	0.09	0.11
1,000	0.04	0.06	0.04	0.09	0.15	0.10	0.08	0.08	0.11	0.04	0.13	0.07	0.09	0.11
5,000	0.04	0.06	0.04	0.09	0.17	0.16	0.08	0.08	0.11	0.04	0.16	0.07	0.09	0.08
10,000	0.05	0.06	0.03	0.09	0.14	0.09	0.08	0.08	0.11	0.04	0.13	0.07	0.09	0.09
20,000	0.07	0.06	0.03	0.09	0.14	0.09	0.08	0.09	0.11	0.03	0.14	0.08	0.09	0.10
50,000	0.08	0.06	0.04	0.09	0.14	0.09	0.08	0.09	0.11	0.04	0.13	0.10	0.09	0.09
1,00,000	0.11	0.06	0.04	0.09	0.14	0.09	0.08	0.08	0.13	0.04	0.13	0.12	0.09	0.09
2,00,000	0.13	0.06	0.06	0.09	0.14	0.09	0.08	0.08	0.14	0.04	0.13	0.13	0.09	0.09
5,00,000	0.15	0.03	0.06	0.09	0.14	0.09	0.08	0.08	0.15	0.04	0.10	0.13	0.09	0.09
10,00,000	0.16	0.03	0.06	0.09	0.14	0.09	0.08	0.08	0.16	0.04	0.13	0.14	0.09	0.09
	(progressive)	(Regressive)	(U shaped)	(Regressive)	(Fluctuating)	(Regressive)		(Fluctuating)	(Progressive)	(U shaped)	(Fluctuating)	(Progressive)	(Regressive)	(Fluctuating)

TABLE 6.4

Inter-States Comparison of Conveyance Rate Structure and Revenue Productivity of Non Judicial Stamp Duties and Registration Fees

Serial Number	State	Mean Marginal Tax Rate (%)	Rank of (2)	Index of Progressivity	Rank of (4)	Average Annual Growth Rates(%)	Rank of (6)	Per Capita Incidence (Rs)	Rank of (8)	Taxes as a Proportion of GDP (%)	Rank of (10)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	West Bengal	15.597	2	1.16586	1	13.7	7	7.36	9	0.33	10
2.	Andhra Pradesh	2.965	14	0.90704	14	12.6	12	8.00	8	0.42	6
3.	Bihar	5.532	12	1.00482	4	11.9	13	4.51	14	0.38	9
4.	Gujarat	8.5	9	0.97927	11	14.9	4	10.98	5	0.39	8
5.	Haryana	13.747	3	0.98053	9	13.7	7	20.50	2	0.65	4
6.	Himachal Pradesh	8.994	8	0.97143	12	14.9	4	6.02	11	0.27	13
7.	Kerala	8.0	11	1.0	5	14.6	6	14.29	3	0.81	1
8.	Madhya Pradesh	8.314	10	0.99537	7	16.6	3	6.59	10	0.40	7
9.	Maharashtra	15.598	1	1.03804	3	13.4	10	9.18	7	0.31	11
10.	Orissa	4.322	13	0.99556	6	12.9	11	4.53	13	NA	—
11.	Punjab	12.179	5	0.97433	13	13.5	9	25.43	1	0.66	3
12.	Rajasthan	13.599	4	1.08939	2	17.1	2	5.65	12	0.30	12
13.	Tamil Nadu	9.0	7	0.99382	8	11.8	14	13.34	4	0.74	2
14.	Uttar Pradesh	9.495	6	0.97966	10	18.7	1	9.34	6	0.59	5

Notes: 1. Mean marginal tax rate : Slope Coefficient in
Regression Y = a + bx, Y = Tax revenue, Y = Property value
Source of Data : Table-18
2. Index of progressivity : Slope Coefficient in Regression
log Y = a + b log x, y and x as in Note 1.
3. Growth rates for the years 1970-71 to 1983-84
4. Columns (8) and (10) are for 1983-84. Figures refer to combined
stamp duties and registration fees.
5. Rank correlation coefficients (3) and (7) : 0.2527, (3) and (9) : 0.3077,
(3) and (11) = 0.2418, (5) and (7) : -0.0154, (5) and (9) : -0.4066, (5) and
(11) : 0.1538, (7) and (11) : 0.2747, (9) and (11) : 0.7912

Sources: Tables 8 and 9 for columns (8) and (10). Other columns computed.

7. UNDERVALUATION OF IMMOVABLE PROPERTY AND EVASION OF STAMP DUTIES AND REGISTRATION FEES

7.1 Overview

7.1.1 In this section, undervaluation of immovable property, which is suspected to be the major reason for the poor revenue productivity of SD and RF, is given detailed treatment. By its very nature, an enquiry into undervaluation will be plagued by the lack of adequate information. We believe that this paucity of information is not sufficient reason to abdicate the responsibility for studying this serious problem in a manner which makes the best possible use of the available information, however scanty. Bearing this limitation in mind, we study the available evidence on undervaluation in order to come up with concrete recommendations for measures to combat this menace.

7.2 The Incentive to Undervalue

7.2.1 As discussed in the introduction (section 1), the main incentive to undervalue comes from the fact that the benefits from registration bear no relation to the declared value of the transaction. Instead, benefits accrue from the act of registration itself. Additionally, the existence of black money in the economy acts as a spur to undervaluation since part payment in "white" funds and part payment in "black" funds helps the buyer to utilise liquid black money balances. The seller of a property also benefits since undervaluation facilitates evasion of capital gains taxes. Further, both parties gain from wealth tax evasion. Finally, it may be conjectured that, to some extent, undervaluation is abetted by corrupt administrative officials at various levels who stand to gain, through the taking of bribes, from such undervalued transactions. The extent of such corruption, whether negligible or of epidemic proportions, is difficult to assess. In sum, all parties involved in a transaction or its registration are in a position to benefit from undervaluation and thus have the incentive to connive in such activities.

7.3 The Evidence : Expert Opinion and Earlier Studies

7.3.1 Several expert committees, appointed to look into the tax

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systems of different States or into related matters, have put forward the opinion that undervaluation of immovable property is the major reason for the unproductivity of SD and RF[1]. To quote from one of them (the Karnataka Taxation Review Committee):

> "The Committee strongly suspects that evasion of the stamp duty by undervaluation of properties is very widespread. The Committee regards this aspects of these duties very seriously as it believes that revenue from these duties can better be increased by plugging evasion rather than by increasing the rate itself". (p.214)

A second source of evidence on undervaluation is the recent comprehensive study of the black economy in India conducted by the NIPFP.[2] On the basis of a study of real estate transactions in three metropolitan cities, this report concluded that undervaluation of property transactions was, conservatively, as follows.

Underreporting as a percentage of declared value

Year	Delhi	Bombay	Madras
1978-79	50	35	-
1979-80	60	55	11
1980-81	66	48	23
1981-82	73	114	32
1982-83	91	65	48

Source: See footnote 2.

7.3.2   Another recent study at the NIPFP[3] estimated that underreporing of transactions in land and buildings was between Rs. 980 crore and Rs. 2205 crore for the whole of India for 1970-71. The corresponding estimate for 1983-84 was Rs. 5097 crore to Rs. 11469 crore. The study points out that for non-agricultural land avoidance of income tax is the main motivation for underreporting while for agricultural land the

incentive to underreport stems from SD and RF liabilities.

7.3.3 For West Bengal, no estimates are available for undervaluation with respect to SD and RF. However, evidence on undervaluation of immovable properties for the purpose of property tax is available in a recent report on Property Tax Reform in West Bengal[4]. Several features of this report deserve to be highlighted. The base for property taxation in West Bengal is "the gross annual rent at which the land or building might at the time of assessment be reasonably expected to let from year to year."[5] The report points to (i) wide disparities on rateable values within the same area and in some cases, within the same multioccupant complex; (ii) clear cases of undervaluation in several instances on the basis of case studies; (iii) difficulties faced by authorities in assessing fair rents and in having rateable values raised due to difficulties in establishing undervaluation in courts of law, given the paucity of legally admissible evidence and the strict attitude taken by courts. Important from the point of view of this study are the results of an informal survey presented in the Property Tax Report, which point to underreporting of rent of a high order when the practice of taking "salami", an initial lump sum payment at the time of letting, is accounted for.[6] The Report, in presenting these results, makes the obvious connection between the practice of taking "salami" and taking a part of sales proceeds "under the table" if the property is sold. Since capitalised rental values and market values are closely related, understated rentals and undervalued sales transactions reinforce each other. Finally, the Property Tax Report refers to several other studies which shed some light on the question of undervaluation.

7.3.4 As a final piece of evidence we cite the findings of a recent Commission, appointed by the Government of Kerala, to look into the question of fixing fair values of properties for the purpose of assessing stamp duties[7]. A summary of these findings is given in Appendix 1 of this report. On the basis of a sample survey of 36 areas in Kerala, in which all documents for property registration during 1984 were examined, the Commission concluded

that undervaluation upto the extent of 90 per cent of actual value occurred.

7.3.5 Thus, available evidence for various parts of India, including West Bengal, points inescapably to the serious nature of undervaluation.

7.4 The Evidence : Statistical Evidence for West Bengal

7.4.1 In principle it is possible to apply economic theory and statistical methods to obtain a fairly accurate picture of undervaluation. This is, however, contingent on the availability of proper data. While not necessarily requiring data on undervaluation per se, data on a number of other economic variables are required. In analysing the nature and extent of undervaluation we were hampered by the unavailability of the following data.

District-wise data for West Bengal on

(i)   Domestic product/income.

(ii)   Construction costs.

(iii) Distribution of properties registered according to value.

(iv)   Nature of properties registered: commercial/non-commercial.

(v)   Type of transaction: sale, mortgage, lease, etc.

(vi)   Location of properties registered: urban/rural.

(vii) Official estimates of land and building values.

7.4.2 District-wise data that were available consisted of number of transactions, their aggregate value and aggregate revenue

figures (Table 7.1). Some additional data were also available for the Calcutta Metropolitan region (Table 3.3). Finally, we had recourse to published data at the State level. Using just these data however we are able to arrive at the following conclusions.

1. On the basis of an inter-State comparison, it is clear that there is no relation between the rate of growth of SD and RF revenues and the rate of growth of urban population.

    Since urban property values are generally higher than rural property values and since this differential is likely to be increasing over time, there should be a strong link between urbanization and growth in per capita SD and RF. As Table 7.2 shows, this expectation is not supported by the data. For both periods studied, 1960-61 to 1970-71 and 1970-71 to 1981-82, the data show that no link between the two growth rates existed. This may be interpreted as evidence that undervaluation is more severe in urban areas as compared to rural areas.

2. From data on building costs an index was constructed for building costs in Metropolitan Calcutta. Secondly, an index of gross domestic capital formation in real estate was constructed from the National Accounts Statistics. These data, though crude, should bear some link to average declared property values. In fact, due to increasing population pressure, urbanization and rising income, the property value index should increase faster than the other two indices. However, means tests for the years 1976 to 1982 show that, for selected districts, the difference between average declared property values and either the building cost index or the real estate index was either statistically insignificant or statistically significant but negative. The test results are summarized below:

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Results of Tests for Differences in Means

District	(1)	(2)	Value of t-statistic for (1)	Value of t-statistic for (2)
Bankura	Negative	Negative	1.2298	1.7314*
Birbhum	Positive	Negative	0.1312	1.4576
Calcutta	Positive	Positive	1.2347	0.0444
Cooch Bihar	Negative	Negative	0.7018	1.7411*
Midnapore	Negative	Negative	0.6466	1.4355
Purulia	Positive	Negative	0.0036	1.5861
W.Dinajpur	Negative	Negative	0.3328	1.5003

Notes:(1):Mean difference between declared property value index
        (computed from Table 7.1) and building costs index.
     (2):Mean difference between declared property value index
        and gross capital formation in real estate index.
      * Significant at the 5 per cent level.

This evidence further supports the hypothesis
of undervaluation. In fact,this test is not sensitive to
undervaluation in the initial year (1976) but only to
increases in the extent of undervaluation since then.
We therefore conclude that the extent of undervaluation
has been increasing over time.

3. Using the information in Table 7.1 an attempt was made
   to determine, through regression analysis, if (1) per
   capita real income had a significant effect on real
   declared property values and (2) if real building costs
   had a significant effect on real declared property
   values. Both common sense and earlier empirical work in
   economics lead us to believe that a significant
   relationship is to be expected in both cases if declared
   property values and actual property vaues are identical.
   Our findings are as follows (see Appendix 2 for
   complete details of experiments):

   (i) There is no relationship between building costs and
       declared property values. This is further evidence
       of undervaluation.

(ii) The results on the influence of (current and permanent) income on declared property values are mixed, permitting no firm conclusion.

4. Several characteristics of the pattern of undervaluation can be gleaned from a further analysis of Table 3.3 and 7.1. These findings are now reported.

(i) From Table 3.3 it may be ascertained that declared values of immovable properties are highest for mortgage transactions followed by sales, leases and gifts in that order in Metropolitan Calcutta. Thus, undervaluation is likely to be most severe in transactions involving gifts of immovable property. As against this the bulk of transactions (38 per cent to 45 per cent in value terms) is in sales transactions. Thus, vigilance in the area of sales and gift transactions is likely to yield the highest dividends in terms of revenue.

(ii) Figures for the percentage annual increase in registration fee collection across districts for 1973-1982 are as follows:

Growth Rates of Registration Fees

District	Annual Average growth rate of registration fee collections (%)
Bankura	7.8
Birbhum	10.4
Burdwan	6.7
Calcutta	23.0
Cooch Bihar	9.2
Darjeeling	0.0
Jalpaiguri	23.5
Midnapore	8.9
Purulia	23.1
West Dinajpur	8.3

Notes: Darjeeling figures are for 1980-82;
Jalpaiguri figures are for 1981-82.

7.4.3 Since the lowest growth rates are in Darjeeling, Burdwan, Bankura and Midnapore, undervaluation may be suspected to be most severe in these districts. As against this, Calcutta has the highest average property values, so that, absolute undervaluation may be higher in Calcutta even if the proportion of undervaluation is smaller than in the aforementioned districts. Thus concentration of vigilance efforts in these five districts is likely to pay dividends in terms of revenue.

7.5 Methods of Avoidance of Stamp Duties and Registration Fees

7.5.1 The previous sub-sections of this part of the report have dealt with the problem of evasion of SD and RF through undervaluation of immovable property. While the method of such evasion is clear — not declaring the true consideration involved in a transaction — the same cannot be said of methods by which taxes are avoided legally. Legal methods of avoidance of SD and RF which have come to light are dealt with in this sub-section.

7.5.2 The purpose of this sub-section is to enquire into methods by which legal title to immovable property can be transferred without falling within the purview of the Indian Registration Act, 1908 (for brevity, we refer to it as "the Act").

7.5.3 First, property transferred through bequests do not fall within the purview of the Act since it explicitly excludes testamentary documents from compulsory registration (vide section 18). While this is clearly not a major source of avoidance, the abolition of estate duties in the 1985-86 Union budget is likely to lead to a shift from inter vivos transfers to testamentary transfers which will result in some decline in the SD and RF base.

7.5.4   Second, the question of _de_ _facto_ transfers of non-transferable property is often raised. Non-transferability for a specified period, which is often a clause in cooperative or government-initiated housing schemes, may be circumvented as follows. An "agreement to sell" between the property owner and the prospective buyer is executed. This is supported by, first, a power of attorney, making the buyer the sole agent of the seller regarding sale of the property and second, an appropriate clause in the seller's will bequeathing the property to the buyer. The property then passes into the hands of the buyer, though the title still nominally rests with the seller. The buyer acquires legal title to the property either on the expiry of the period of non-transferability, at which point a sale deed is executed, or when the statutory time limit (normally 12 calendar years) after which an agreement to sell is deemed to be a sale[8] is reached or, third, on the early death of the seller.

7.5.5   While powers of attorney are subject to SD and RF at the normal conveyance rates[9], scope for avoidance of SD and RF still exists. The three cases of transfer of property rights to the buyer are taken up separately. If the transfer is affected through a deed of sale at the time of expiry of the period of non-transferability, the consideration involved may not reflect the current market price of the property but rather the amount specified in the agreement to sell. As against this, however, there is no offsetting provision in the West Bengal Stamp Act so that duties payable at the time of execution of the power of attorney are not set off against duty payable at the time of sale[10]. Thus, in this case, both avoidance of duties and overpayment of duties is possible. With the remaining two cases of transfer of title, payment of SD and RF at conveyance rates is avoided.

7.5.6   A third method of avoidance is the transfer of property (and possession of the same) by means of an agreement to sell without the execution of a power of attorney. This may be feasible in the case of close relatives who will not require the "insurance" provided by a power of attorney. Once again the three cases mentioned above arise. In the first case, ultimate execution of a sale deed, duties are ultimately paid (perhaps on a consideration which does not reflect the current market price).

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There is then a delay in the receipt of revenues by the government which reflects a loss in present value terms even if there is no cash loss in terms of the duty paid. In the other two cases there is a loss of SD and RF.

7.5.7 Finally, we may mention that new instruments, as for example "agreements to develop", are becoming increasingly popular. Thus new methods of avoidance are springing up which need to be carefully watched.

7.6 Estimates of Revenue Loss from Undervaluation and Avoidance

7.6.1 We now present some crude estimates of the extent of revenue loss from undervaluation. The method employed for this purpose is as follows:

Step 1:   From Table 2.2 the sum of columns (2) and (8) are taken as our starting estimate for duties on immovable property.

Step 2:   On the basis of the Mathew Commission report, undervaluation is estimated to be between 50 per cent and 120 per cent with a preferred estimate of 90 per cent (see Section 7.3). Thus the figures from Step 1 are inflated by these amounts.

Step 3:   Since, in West Bengal, SD and RF duties are progressive, adjustments are made for the estimated increase in the average tax rate.

The estimated increase in the average tax rate is computed as follows:

Step 1:   Average declared property vaues for different years are taken from Table 7.1. For 1982-83 onwards the 1982 figure adjusted for the trend growth rate is taken.

Step 2:   These figures are then inflated by 50 per cent, 90 per cent and 120 per cent to reflect undervaluation.

Step 3:   Average tax rates at each of these property values is estimated by interpolation from column 10 of Table

6.1. Increases in average tax rates are then computed.

Estimates of Revenue Loss Due to Undervaluation

(Rs. crore)

| Year | Loss due to undervaluation | | |
	50%	90%	120%
1975–76	8.64	15.51	20.68
1976–77	9.08	16.32	21.75
1977–78	9.06	16.31	21.79
1978–79	10.03	17.98	24.11
1979–80	11.13	20.06	26.78
1980–81	12.92	23.27	31.05
1981–82	15.61	28.15	37.61
1982–83	18.23	32.85	43.85
1983–84	19.88	35.83	47.89
1984–85	23.00	41.14	53.33

Source: Computed.

7.6.2   From the data given above, it is evident that undervaluation has been rising over time. According to our preferred estimate (90 per cent undervaluation), revenue losses due to undervaluation increased from Rs. 15.51 crore in 1975–76 to Rs. 41.14 crore in 1984–85. If we add to this the loss of revenues due to West Bengal's low tax effort (suitably inflated for undervaluation) total SD and RF losses amount to about Rs. 70 crore per annum in recent times.

7.7 Combating Undervaluation : The West Bengal Experience

7.7.1   It appears from personal conversations between registration officials and researchers from the NIPFP that conscious efforts to check undervaluation are of comparatively recent origin in West Bengal. The Registration (West Bengal Amendment) Act of 1984 gave registering officers the power to report transactions to the judicial department if the value set forth in the document

registered fell short of the fair market value. The government
could then invoke the provisions of the Land Acquisition Act
(1894) and acquire property. The deterrent effect of this
Amendment is minimal as the registering authorities have no
reliable way of assessing fair market value. It appears that, in
practice, the value of a property registered is compared with the
registered values of similar properties - a practice with obvious
weaknesses. Furthermore, it is claimed by registering officials
that the Amendment and the acquisition provision are being
exploited by some unscrupulous officials to harass the registrant
public by exacting bribes. Thus, while no firm data can be
obtained on the effect of the Amendment given its recent nature,
the information that is available suggests that the new provisions
have had a minimal if not a positively detrimental impact.

7.7.2 A much discussed method of coping with undervaluation is
the "minimum rateable value" approach by which norms for property
values in different areas are provided to registering offices. A
Central Valuation Board (CVB) has been set up in West Bengal for
this purpose by the West Bengal CVB Act (1978). The CVB is to lay
down norms for assessment of property values for municipal taxa-
tion purposes and duties for each ward/zone/municipality taking
into account several characteristics of properties to be assessed.
The CVB has yet to come up with valuation guidelines.

7.8 Combating Undervaluation : The Experience of Other States with the Minimum Rateable Value Approach

7.8.1 The four southern States have, for some time, been
following a minimum value approach in assessing SD and RF.
Typically, norms are supplied to registering offices. In the event
that the declared value falls below the norm for some transaction,
the matter is put up to the collector who then determines rateable
value in accordance with rules laid down for the purpose, after
hearing from the parties concerned. Mechanisms for appeal against
the collector's decision also exist. Norms are revised from time
to time.

7.8.2 In this context, the experience of Kerala is revealing (see Appendix I). The Mathew Commission points out that only a small number of transactions were referred to the collector despite widespread undervaluation. Furthermore, only a few of the cases referred to the collector resulted in increases in rateable values after appellate proceedings. Thus the amendment to the Kerala Stamp Act (introducing section 45A) which instituted this procedure, has not helped in stemming underreporting.

7.8.3 The success of minimum values in these four States can be further analysed by comparing the rate of increase of buoyancy for these four States with the rate of increase in other States. Since minimum values are a recent innovation, we compare the rate of growth of buoyancy for the 1970-71 to 1983-84 period over the 1960-61 to 1970-71 period. Since minimum values were in force for a part of the former period, the rate of growth of buoyancy for the four southern States should be higher than that for other States if minimum values have been effective in stemming under-valuation. The figures which are gleaned from Table 2.3, are as follows.

	Absolute increase in buoyancy	Rate of growth of buoyancy (%)
Average of four Southern States	0.0431	4.6975
Average of all other States	0.0609	6.4278

While further study is required before a final conclusion on the effect of minimum values can be reached, the data cited are not encouraging.

7.9 Combating Undervaluation : The Self Assessment Approach

7.9.1 Some economists have proposed that self-assessment of property values will result in their proper valuation[10].

Basically, self-assessment works as follows. The taxpayer declares the property/transaction value. The tax authorities threaten to impose severe penalties (typically, taking over the property and paying the taxpayer the declared value or perhaps a consideration that is 10 per cent to 15 per cent in excess of the declared value) if undervaluation is detected.

7.9.2   For concreteness a particular scheme (which is a modified version of a scheme proposed by Harberger and Kaldor - see footnote 11) is outlined and commented on. The scheme is as follows:

(i)   A fixed percentage of randomly selected properties registered in a given period in each declared value class is put up for auction by an appropriate - preferably autonomous - agency of the government. The random selection rule is laid down before hand, thus allowing registering offices no discretion in their selection.

(ii) If the highest bid exceeds the declared value, the registrant is given the option of either accepting the bid value and paying additional taxes plus a penalty on the amount of undervaluation (the difference between bid value and declared value) or relinquishing the property to the government for the declared value (plus perhaps 10 per cent to 15 per cent of declared value).In the first case the government uses a portion of the penalties to compensate the individual who made the winning bid. In the second case the government sells the property to the person who made the highest bid.

(iii) A minimum accepable bid (equal to declared value) is laid down in the auction announcement so that the cost to the government is minimal in case there are no bidders willing to bid higher than the declared value.

(iv) Typically, the percentage of properties auctioned each

period in a given declared value range should equal
the marginal tax rate for that declared value range
for the scheme to have sufficient deterrent effects.

7.9.3   Several features of this scheme should be noted:

First, given a prespecified random selection rule, and an
autonomous auctioning authority, the scope for bribery and other
corrupt practices on the part of officials is much reduced.

Second, the scheme provides for the determination of the fair
market value of properties by direct appeal to the market. Thus no
need for a complicated – and inevitably imperfect – valuation
exercise arises. The need for a Central Valuation Board or even
property value norms is thus avoided.

Third, the scheme has been presented for sales transactions, but
is equally applicable to gifts, mortgages or lease transactions.

Fourth, administrative procedures for this scheme are relatively
simple.

Fifth, the cost administering the scheme is minimal. In fact,given
a suitable penalty structure, the scheme may be self financing.

Finally, in case it is desired to scrutinise all properties,
market bids for auctioned properties can provide norms for the
scrutiny of the declared value of properties not auctioned in the
first instance.

7.9.4   As far as we have been able to determine no self-assess-
ment scheme with a random property selection rule has ever been
tried, hence, to our knowledge, no evidence as to the success or
failure of such a scheme exists.

7.10 Combating Undervaluation: Acquisition Proceedings

7.10.1 Both the minimum rateable value approach and the self-assessment approach depend, for their success, on the ability to effectively use acquisition provisions in the law as a deterrent. Tandon's study on underreporting of real estate transactions[12] provides detailed evidence of the dismal performance of acquisition proceedings thus far. He reports the following figures for acquisitions by the Income Tax Department.

Aquisitions upto 31.12.1985

Item	Number of Cases
Forms received	88,60,277
Acquisition proceedings	99,844
of which Calcutta	4,833
Acquisition orders passed	614
of which Calcutta	29
Acquisition effected	15
of which Calcutta	1

The picture that emerges from his figures is thus extremely bleak.

7.10.2 The study goes on to identify the following reasons for the failure of acquisition proceedings.

    (i)   Limited staff with the ITO.

    (ii) The time limit for issuance of acquisition orders is too short, given the information requirements for successfully preparing an acquisition brief. This often leads to non-compliance with statutory information requirements.

    (iii) The operation of the doctrine of Mens Rea.

    (iv) Difficulties in establishing the fair market value of a property.

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.7.10.3 Tandon concludes that, as a result, acquisition provisions have had a negligible impact in curbing underreporting. Acquisition activities have, instead, had a significant impact on the cost of operation of the ITO. They have also lead to demoralisation of the staff of the ITO, harrassment to taxpayers and increased distortions in the real estate market. We may conclude that acquisition procedures need to be drastically streamlined if undervaluation is to be curbed. This, in our judgement, would be easier if self-assessment rather than the minimum rateable value approach is adopted.

7.11 Summary and Conclusions

7.11.1 Data limitations prevent us from studying the phenomenon of undervaluation with a high degree of confidence. Nevertheless, an attempt is made to assess undervaluation.

7.11.2 Due to lack of a link between registration fees and the benefits from registration, possibilities for wealth tax and capital gains tax evasion, black money and the opportunity for taking bribes, all parties concerned in registering transactions have the incentive to connive in undervaluation of immovable property.

7.11.3 Expert opinion and earlier studies lead us to conclude that undervaluation of immovable property is widely practised. The extent of undervaluation is suspected to be around 90 per cent.

7.11.4 From the statistical analysis the following conclusions emerge despite severe data limitations:

(i) Undervaluation is more severe in urban areas.

(ii) Undervaluation has been increasing over time.

(iii) Undervaluation of gift and sale transactions are likely to be most severe.

(iv) In percentage terms undervaluation is most severe in Darjeeling, Burdwan, Bankuna and Midnapore districts though in absolute terms undervaluation is likely to be highest in Calcutta.

7.11.5. Tax avoidance through agreements to sell and powers of attorney lead to a slippage in the potential base for SD and RF.

7.11.6 Revenue loss due to undervaluation is estimated to have risen from Rs. 15.51 crore in 1975-76 to Rs. 41.14 crore in 1984-85. Total revenue losses due to the low average tax effort and undervaluation are therefore currently running at about Rs. 70 crore per annum.

7.11.7 The West Bengal efforts to combat undervaluation have been either unsuccessful or detrimental despite the 1984 amendment to the Registration Act. The Central Valuation Board constituted in 1978 has yet to start providing norms for registering offices.

7.11.8 Acquisition provisions in Indian Law have failed to stem undervaluation as they have been, by and large, unimplementable due to various reasons.

7.11.9 The minimum rateable value approach appears to have had no impact on undervaluation in States where it has been tried. However, further study is required before firm conclusions can be reached.

7.11.10 Self-assessment appears to offer a promising route in checking undervaluation. However, properly designed self-assess-

ment schemes have yet to be tried out anywhere.

<center>N O T E S</center>

1. See, for example, (i) Government of Gujarat, Report of the Gujarat Taxation Enquiry Commission, 1980, (ii) Government of Uttar Pradesh, Report of the Uttar Pradesh Taxation Enquiry Committee, 1980, (iii) Government of Kerala, Report of the Kerala Taxation Enquiry Committee, 1980 and and (iv) Government of Karnataka, Report of the Karnataka Taxation Review Committee, 1981.

2. Acharya, Shankar, et. al. Aspects of the Black Economy in India, 1985: see especially pp. 224-250.

3. Tandon, Nand Kumar. (1986). Underreporting of Real Estate Transactions in the Underground Economy. Mimeo. New Delhi, NIPFP.

4. National Institute of Public Finance and Policy, Property Tax Reform in West Bengal, 1981: see especially the results of sample surveys and case studies in Chapters I & II.

5. Ibid., p.33

6. See their Table I.27. Salami ranged from 15 to 100 times the annual rental at the time of the survey. On the basis of sample capitalization calculations we may conclude that in some cases underreporting as a percentage of rateable value was as high as 400 per cent in some cases.

7. One Man Commission (Zachariah Mathew, Chairman) appointed by the Government of Kerala (vide G.O. Ms. No. 42/85/TD) for fixing of fair value of properties to determine stamp duty.

8. The exact position in law is that the title remains with the original owner. What is extinguished is the right to remedial action to enable the owner to repossess the property. For example Sushil Ansal vs. Commissioner of Income Tax (1986) 58 CTR (Delhi) 27.

9. West Bengal Stamp Manual, Article 48(f), schedule 1A. Agreements to sell are covered by Article 5(d) and a fixed fee of Rs 5.00 is levied on such agreements. It may be noted that 48(f) specifies that duties are payable only when the power of attorney is given for a consideration.

The consideration is, of course, to be inferred from a con-
current document of the transaction, the agreement to sell.

10. The Bombay Stamp Act has recently been amended
    (explanation to Article 25, Schedule I) to allow the
    levying of duties at conveyance rates on agreements to sell
    if at the same time possession of the property also
    changes. However, some anomalies remain with respect to
    refunds and set-offs of duties paid. See the Economic
    Times, May 1, 1986 and May 6, 1986.

11. For a detailed assessment and further references see the
    West Bengal Property Tax Report, op. cit., Chapter 3.

12. Tandon (1986), op. cit.

TABLE 7.2

Number of Documents Transacted, Aggregate Value of the Deeds and the Registration Fee Collected in Different Districts of West Bengal

(Rs'000)

Districts	1975			1976			1977			1978		
	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee
1. Bankura	72,092	2,64,125 (3,664)	968 (13)	63,820	1,69,159 (2,651)	841 (13)	55,715	1,48,794 (2,671)	757 (13)	52,224	1,15,926 (2,220)	795 (15)
2. Birbhum	87,021	1,07,960 (1,229)	937 (11)	81,325	1,08,043 (1,329)	899 (11)	76,415	1,22,295 (1,600)	851 (11)	70,935	2,08,876 (2,945)	1,010 (14)
3. Burdwan	1,03,624	–	1,932 (19)	1,05,025	–	1,901 (18)	97,637	–	1,940 (20)	93,717	–	1,799 (19)
4. Calcutta	15,457	2,19,700 (14,214)	1,958 (127)	12,580	1,71,600 (13,641)	1,462 (116)	12,568	3,12,580 (24,871)	3,168 (252)	11,259	3,71,020 (32,953)	4,231 (376)
5. Cooch Behar	1,04,892	53,527 (510)	707 (7)	98,749	80,951 (820)	635 (6)	94,528	82,393 (872)	655 (7)	72,559	74,528 (1,027)	646 (9)
6. Darjeeling (Sub-Division)	–	–	–	–	–	–	–	–	–	–	–	–
7. Jalpaiguri (Sub-Division)	–	–	–	–	–	–	–	–	–	–	–	–
8. Midnapore	2,94,782	5,15,351 (1,748)	3,277 (11)	2,74,365	4,06,981 (1,483)	2,980 (11)	2,12,820	4,97,081 (2,336)	2,789 (13)	1,92,492	3,16,808 (1,546)	2,846 (15)
9. Purulia	68,341	41,552 (608)	476 (7)	52,650	38,326 (728)	397 (8)	54,098	40,254 (744)	432 (8)	45,269	46,012 (1,015)	501 (11)
10. West Dinajpur	1,15,002	1,34,579 (1,125)	989 (8)	1,07,607	1,03,210 (959)	879 (8)	86,695	1,04,096 (1,201)	855 (10)	90,832	1,39,117 (1,532)	1,034 (11)
Total (10 Districts)	7,62,967	13,36,794 (1,752)	11,244 (14.74)	6,91,097	10,78,270 (1,560)	9,994 (14.46)	5,92,839	13,07,491 (2,205)	11,442 (19.30)	5,35,570	12,72,287 (2,376)	12,862 (24.02)

TABLE 7.2 (Contd')

Districts	1979			1980			1981			1982		
	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee	Number of Documents	Aggregate Value	Registration Fee
1. Bankura	54,479	1,12,624 (2,067)	1,026 (19)	49,292	1,20,405 (2,443)	909 (18)	54,188	89,913 (1,659)	1,158 (21)	56,582	1,10,285 (1,949)	1,217 (22)
2. Birbhum	70,176	1,29,025 (1,833)	1,037 (15)	79,396	1,39,036 (1,751)	1,305 (16)	76,463	1,71,528 (2,243)	1,464 (19)	76,810	1,90,277 (2,477)	1,653 (22)
3. Burdwan	1,06,608	–	2,490 (23)	1,19,170	–	2,905 (24)	1,24,637	–	3,585 (30)	1,32,296	–	4,005 (30)
4. Calcutta	11,239	3,47,100 (30,884)	3,666 (326)	11,905	3,58,720 (30,132)	3,958 (332)	16,008	3,62,750 (22,661)	4,009 (250)	15,484	7,47,654 (48,286)	8,365 (540)
5. Cooch Behar	61,939	59,939 (968)	632 (10)	73,333	98,632 (1,345)	819 (11)	88,156	91,504 (1,038)	956 (11)	72,372	94,485 (1,306)	1,083 (13)
6. Darjeeling (Sub-Division)	–	–	–	14,650	3,135 (214)	128 (9)	14,320	2,935 (205)	127 (9)	13,919	3,035 (218)	129 (9)
7. Jalpaiguri (Sub-Division)	–	–	–	–	–	–	45,326	87,555 (1,932)	790 (17)	46,265	94,566 (2,044)	988 (21)
8. Midnapore	1,86,451	2,97,635 (1,596)	2,546 (14)	1,75,180	2,86,543 (1,636)	2,919 (17)	1,88,212	2,97,452 (1,580)	3,565 (19)	2,06,691	3,21,964 (1,558)	4,185 (20)
9. Purulia	51,385	51,728 (1,007)	533 (10)	46,881	47,910 (1,022)	533 (11)	44,287	79,741 (1,801)	598 (14)	50,004	57,731 (1,155)	1,496 (30)
10. West Dinajpur	95,881	1,30,162 (1,358)	1,147 (12)	1,02,079	1,28,642 (1,260)	1,318 (13)	1,00,797	1,35,576 (1,345)	1,408 (14)	1,10,595	1,47,724 (1,336)	1,577 (14)
Total (10 Districts)	5,31,750	11,28,213 (2,122)	13,077 (24.59)	5,52,724	11,83,023 (2,140)	14,794 (26.77)	6,27,757	13,18,955 (2,101)	16,760 (26.70)	6,48,722	17,67,721 (2,725)	24,698 (39.07)

Notes: 1. Figures within brackets indicate the average value per document in rupees.

2. For calculation of average aggregate value of all districts, Burdwan is excluded from the total number but it is included in the total for the calculation of average Registration Fee for all Districts.

Source: Respective District Sub Registration Offices.

TABLE 7.3

Growth Rates of Stamp Duties and Registration Fees and Urbanization

State	1960-61 to 1970-71			1970-71 to 1981-82		
	Proportionate change in Urban Population	Proportionate change in the Percent of Urban Population	Proportionate change in Per Capita Stamp Duties and Registration Fees	Proportionate Change in Urban Population	Proportionate change in the Percent of Urban Population	Proportionate change in Per Capita Stamp Duties and Registration Fees
1.	2.	3.	4.	5.	6.	7.
Andhra Pradesh	0.3438	0.1121	0.7328	0.5349	0.2210	2.2599
Assam	0.7500	0.2926	0.8627	0.5714	0.1488	0.7789
Bihar	0.4500	0.1939	0.8916	0.6034	0.2657	0.5159
Gujarat	0.4074	0.0851	1.8020	0.4359	0.1284	3.1922
Haryana	NA	NA	NA	1.6667	0.2589	2.5966
Karnataka	0.3519	0.0881	1.4468	0.5616	0.2014	2.3130
Kerala	0.3462	0.0658	1.4758	0.4286	0.1778	2.6840
Madhya Pradesh	0.7021	0.1610	1.4286	0.6286	0.2700	2.9118
Maharashtra	0.4035	0.1013	1.8069	0.4500	0.1399	1.9008
Orissa	0.7273	0.3851	0.6667	0.7895	0.4661	1.8583
Punjab	NA	NA	NA	0.4848	0.1689	3.0029
Rajasthan	0.4242	0.1088	1.3469	0.6596	0.2146	2.7130
Tamil Nadu	0.3696	0.1227	1.4634	0.3175	0.1027	1.7129
Uttar Pradesh	0.3229	0.1009	1.4697	0.6850	0.3122	3.6442
West Bengal	0.2759	0.0006	0.5789	0.3604	0.0829	1.8905

Rank Correlation Coefficients : (1) and (3) 0.0659
(2) and (3) -0.1264
(5) and (7) 0.1357
(6) and (8) 0.1607

Correlation Coefficients : (1) and (3) 0.0205
(2) and (3) 0.1185
(5) and (7) 0.1555
(6) and (8) 0.1025

Source of Date: 1. Budget Documents of the State Governments.

2. Office of the Registrar General of India (for population figures)

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8. RECOMMENDATIONS

8.1 Introductory Remarks

8.1.1   Conclusions which emerge from our study of SD and RF are summarised in the concluding sub sections of each of the previous sections. We now make specific recommendations based on our analysis with a view to improving the equity and simplicity of SD and RF and enhancing revenue productivity. In the sub sections which follow we distinguish between recommendations pertaining to the tax base and recommendations pertaining to the rate structure. We also distinguish between recommendations which may be implemented immediately and recommendations which may be implemented in future.

8.2 Judicial Stamp Duties

8.2.1   No recommendations are made for the base of this duty. Recommendations (1) to (7) pertain to the rate structure. All recommendations may be taken up for immediate implementation.

(1)   For any article the minimum or single fee leviable should be raised to Rs 2.00 if it is currently below Rs 2.00.

(2)   The following rate structure is proposed for article (1)

> (i) Rs 0.50 per Rs 5.00 or part thereof if the value does not exceed Rs 100.00 subject to a minimum fee of Rs 2.00.

> (ii) Rs 1.00 per Rs 10.00 or part thereof if the value exceeds Rs 100.00.

(3)   For articles (7) and (8) a single marginal rate of 10 per cent is recommended subject to a minimum fee of Rs 2.00.

(4)   For article (16) the minimum rate should be raised to Rs. 25.00.

(5)   For articles (18) to (24) the single/minimum rate should

be set at Rs 50.00.

(6)   For the posts mentioned in Article 24(c) a fee of Rs 200.00
        should be levied.

(7)   Fixed and minimum rates should be reviewed every five
        years so that rates remain in line with costs. The follow-
        ing schedule for revision of rates may be adopted:

        (i)   If inflation since the previous revision in
                rates is less than 25 per cent, no change in
                rates need be made.

        (ii)   If inflation since the pevious revision in
                rates is in excess of 25 per cent single and
                minimum rates should be revised upwards by an
                amount equal to the rate of inflation subject
                to the rates being rounded off to the nearest
                rupee for rates below 10 rupees and to the
                nearest multiple of 10 rupees for rates in
                excess of 10 rupees.

8.2.2   The inflation rate should, as far as possible be computed
on actual increases in costs of administration. In the absence of
such data the wholesale price index may be used.

8.2.3   Rationale for Recommendations (1) to (7): see the analysis
in section 3.2.

8.3 Non-Judicial Stamp Duties

8.3.1   Recommendation (8) pertains to the base of these duties
while recommendations (9) to (14) suggest changes in the rate
structure. All recommendations in this section may be taken up for
immediate implementation.

(8)   Rules pertaining to the July 1977 Amendment to Section 53
        of the West Bengal Cooprative Societies Act, 1973 should
        be framed in order to effectively bring transactions with

respect to flats in cooperative societies within the ambit
of compulsory registration (See section 4.2).

(9) The minimum amount of fixed fees levied on any instrument
should be Rs. 2.00. Further, wherever ad valorem rates
are specified as amounts per slab of the consideration
involved in an instrument, such amounts should be at least
Rs. 2.00 (See section 4.6).

(10) Fixed fees should be revised periodically in accordance
with recommendation (7) (See section 4.6).

(11) The duties chargeable on certain articles mentioned below
should be revised as indicated in Annexure 8.1 (See section
4.6).

(12) Surcharge and additional surcharge may be merged with the
basic duty on conveyances and other documents where
applicable. The new combined rates of duty may be as in
recommendation (13).

Rationale for (12): In West Bengal, at present, a sur-
charge amounting to one-fifth of the stamp duty payable is
levied on instruments relating to conveyance, exchange of
property, further charge, gift, lease, mortgage, recon-
veyance or mortgage, settlement, transfer of lease and on
certificate of sale. Further, an additional surcharge of
ten paise is levied on all instruments subjected to duty.

(13) The combined rate structure for conveyances may be as
given in Annexure 8.2 (See sections 4.4, 6.2 and 6.3).

(14) Duty on share warrants (Article 59) should be delinked
with conveyance and a new rate structure formulated.

Rationale for (14): The proposed changes in the conveyance
rate schedule will result in inconsistencies in the levy
of duty on share warrants.

8.4 Registration Fees

8.4.1   Recommendation (15) pertains to the base of this duty while recommendations (16) to (18) pertain to the rate structure. All recommendations may be taken up for immediate implementation.

(15)   A comprehensive legal review of documents for which registration is now optional should be undertaken with a view to increasing the tax base. This review should be supplemented by a survey which has as its objective the determination of how widespread the use of such documents is and the range of considerations involved in such documents. These studies may form the basis of future changes in the base of registration fees (See sections 5.1 and 5.3).

(16)   The exemption limit above which registration of immovable properties is compulsory should be raised. Three separate limits are recommended.

   (i)   For Metropolitan Calcutta and 24 Parganas the exemption limit should be Rs 10,000.

   (ii)   For class I towns according to the census classification the exemption limit should be Rs 5,000.

   (iii) For other areas the exemption limit should be Rs 2,000.

   Rationale for (16): As pointed out in Section 5.1, the minimum property value norm has not been revised since 1908 despite rising prices. The exemption limits are proposed taking into account the inconvenience to the registrant public, property size and revenue potential.

(17)   The registration fee rate structure, where ad valorem, should be made proportional. The rate should be fixed at 1

per cent of the consideration involved in the document registered rounded up to the nearest rupee. For immovable property transactions the rate should be fixed at 1 per cent of the market value of the right transferred rounded up to the nearest rupee.

Rationale for(17): Such revision will remove the anomaly mentioned in section 5.3. Furthermore, while the combined incidence of SD and RF should be progressive (see section 6.3) only one of the component duties need have a progressive rate structure. Thus, proportional registration fees at about the rates currently prevailing are recommended to promote administrative simplicity.

(18) Rates of duty on which fixed fees are levied should be revised in accordance with Recommendation (7). The minimum fixed fee should be Rs. 2.00.

Rationale for (18): As with recommendation (7).

8.5 Remedies for Undervaluation

8.5.1. Recommendations (19) to (25) suggest means of coping with undervaluation . All recommendations may be taken up for immediate implementation. Further recommendations emerging from the enquiries outlined in various recommendations may be taken up, on their merits, in future.

(19) The penalty structure as laid down in sections 64 and section 68 of the West Bengal Stamp Manual (revised edition) should be revised as follows:

> The locutions "shall be punishable with fine which may extend to five thousand rupees" in section 64 and "shall be punishable with fine which may extend to one thousand rupees" in section 68 should both be changed to "shall be punishable with fine equal to one half of the amount of revenues of which the government would have been defrauded or

ten thousand rupees whichever is more".

(20) A new section 5(d) should be inserted in schedule 1A to the Indian Stamp Act, 1899 as subsequently amended in West Bengal. This section may be as follows:

if relating to the sale, lease, mortgage, development or any other matter in connection with immovable property

Provided duty has not been assessed on a power of attorney or other document pertaining to the transaction at rates applicable on conveyance (No.23).	The same duty as conveyance (No.23) assessed on the market value of the right so transferred.
Provided duty has been assessed on a power of attorney or other document pertaning to the transaction at rates applicable on conveyance (No.23).	Rs. 50.00

(21) The current section 5(d) may become section 5(c). Appropriate revisions may be made in the Schedule, concurrent with the introduction of section 5(d) so that double taxation is avoided (as for example when an agreement to sell becomes a sale or when an agreement to sell is rescinded). The norm for this matter should be as follows. The same duty should be levied in connection with an immovable property transaction in present value terms regardless of the timing of different components of the transaction.

(22) An indepth study of the experience of the Registration Directorate in implementing the Registration (West Bengal Amendment) Act of 1984 should be undertaken with a view to strengthening the administrative machinery in this regard.

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(23)   A study of the experience of the States of Kerala,
         Karnataka, Andhra Pradesh and Tamil Nadu with minimum
         rateable value should be entrusted to an appropriate
         agency with a view to drawing on their experience in
         implementing such a scheme in West Bengal. This study
         should include in its terms of reference

         (i)   An examination of rate structure and rate
                setting practices in the four States.

         (ii)   A study of amendments to various acts enacted
                in connection with minimum rateable values.

         (iii) Examination of administrative difficulties in
                implementing minimum rateable values.

         (iv)   Estimation of the cost of administering the
                schemes.

         (v)   Any other matter found to be relevant to the
                subject under study.

(24) An enquiry into the reasons for the failure of the Central
      Valuation Board to come up with norms for rateable values
      should be instituted so that measures to enable them to
      speedily accomplish their task may be devised.

(25) An indepth study should be instituted into the feasibility
      of a self-assessment scheme along the lines of the scheme
      set out in section 7.7. If possible, a pilot scheme should
      be instituted in one selected district so that its merits,
      in practice, vis-a-vis a minimum rateable values approach
      may be assessed.

8.5.2   Rationale for (19) to (25): The rationale for recommen-
dation (19) is obvious: Fixed fees do not automatically keep pace
with inflation nor do they bear any relation to the seriousness of
the crime. For recommendations 20 and 21 see Section 7.5. For the

remaining recommendations see section 7.7.

8.6 General Recommendations

8.6.1   Recommendations (26) to (30) are not related specifically to any one duty but relate to improving the productivity of SD and RF in a general way. Recommendation (26) may be taken up for immediate implementation while other recommendations may be taken up in due course.

(26)   A study of the administration of the Registration Directorate may be entrusted to experts in public administration. The terms of reference of the study should take note of the report of the Inspector General of Registration (see Section 5B). The costs of administration and the appropriate administrative machinery to minimize avenues for illegal practices should also be entrusted for study to the committee (See section 5.3).

(27)   Provisions should be made for the collection and maintenance of proper data on duty collection under different heads, costs of administration and comparative information on other States with a view to facilitating periodic reviews of SD and RF. The use of a computer for this purpose is strongly recommended.

(28)   Machinery for the automatic review of the rates and the tax base should be set up. In particular the function of the contemplated office should include matters relating to Recommendations (7), (10), (14), (18) (23) and (25).

(29)   A schedule of review and
office as in Recommenda
frequency at which suc
prepared should be made out.

8.6.2   Rationale for Recommendations (27) to (29): The general
difficulty we faced in obtaining adequate information on essential
items and the infrequent revisions in the stamp duty and registra-
tion Acts – especially with respect to rate structures – has moti-
vated this recommendation. See also section 7.3.

(30)   It is. imperative that immediate steps be taken to stem
         undervaluation. While recommendations (19), (20) and (21)
         may be taken up immediately, the fact-finding recommended
         in (22) and (25) should be completed as soon as possible.
         The decision to introduce either a minimum value scheme or
         a self-assessment scheme (we prefer the latter) should
         then be expeditiously taken and implemented.

Annexure 8.1: Proposed Revision in Stamp Duties

Articles	Existing Stamp duty (in Rs)	Recommended Stamp Duty (in Rs)
(i) Article 5(d): Agreement or Memorandum of an Agreement if relating to matters not otherwise provided for except matters relating to cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies or receipts.	5.00	10.00 for every Rs 1000 or part thereof the amount involved
(ii) Article 7: Appointment in execution of a power, whether of trustees or of property, movable or immovable, where made by any writing not being a will.	37.50	50.00
(iii) Article 15: Bond [as defined by section 2(5)] not being a debenture (No.27) and not being otherwise provided for by this Act, or by the Court Fees Act, 1870	See Table A.4	3.00 for every Rs 100 of the amount or value secured
(iv) Article 16: Bottomry Bond, that is to say any instrument whereby the master of a seagoing ship borrows money on the security of the ship to enable him to preserve the ship or prosecute her voyage.	See Table A.5	Same as recommended for article 15: Bond
(v) Article 17: Instrument of cancellation.	25.00	35.00

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(vi) Article 39(a): Memorandum of Association of a company — (a) if accompanied by articles of association under section 26 of the Companies Act, 1956.	60.00	100.00

Annexure 8.2: Proposed Conveyance Rate Schedule

Slabs	Stamp Duty
Where the higher of	Five per cent of the higher amount rounded up to the nearest rupee.
(i) the amount of value of the consideration for such conveyance set forth therein or	
(ii) the fair market value of the right transferred by the conveyance	
does not exceed Rs. 5000.00	
Where it exceeds Rs. 5000.00 but does not exceed Rs. one lakh.	Rs. 250.00 plus ten per cent of the excess of the higher amount over Rs. 5000.00 rounded up to the nearest rupee.
Where it exceeds Rs. one lakh.	Rs. 4550.00 plus 15 per cent of the excess of the higher amount over Rs. one lakh rounded up to nearest rupee.

Summary of Report of one man Commission (Zachariah Mathew) appointed 27-4-1985 (G.O. MS. No. 42/85/TD) for fixing fair value of property to determine stamp duty by the Government of Kerala

(1)   On the basis of a sample survey of 36 areas in Kerala in which all sale documents for property during 1984 were looked at, the Commission concluded that undervaluation to the extent of upto 90 per cent of actual considerations involved in the sale occurred. This was concluded on the basis of a comparison of the average value in documents to estimated property values in the area.

(2)   Section 45A in the Kerala Stamp Act whereby Registering officers could refer documents, wherein he believed the value of the property/consideration was not accurate, to the collector, failed to check evasion. The reason was because it was hard to prove understatement of "consideration in the document".

(3)   Accordingly the Commission recommended that "consideration in the document" be replaced by "market value". Further the Commission suggested that "fair value" be treated as identical with market value. If in fact this opinion was not generally held, then, since fair value would in any case have a relation to market value, the Commission recommended that the rate structure of duties be appropriately revised rather than attempt to define "fair value" in any other way.

(4)   The Commission suggested that for Kerala the best method of assessing market value was to specify, for the use of Registrars average market values for large areas taken together (such as a Panchayat). It further recommended that the higher of the two figures, average market value and value of the consideration stated, should be the basis of assessment. It also suggested that a procedure be evolved whereby those claiming property values less than the average market value could obtain documentary evidence from the appropriate revenue authority.

(5)   The Commission considered nine sources of information for the setting of average values. Of these, transactions in which at

least one of the transactors in a sale/rental was a public sector undertaking or other organ of the government were recommended as reliable sources of information. Local enquiries to discover the standard of public amenities provided and other local conditions were also not ruled out.

APPENDIX 2

REGRESSION ANALYSIS OF UNDERVALUATION ACROSS DISTRICTS OF WEST BENGAL

A.2.1 The Data. Data used consisted of the following:

(1) Districtwise break up for 1976 to 1983 of average declared property values for the seven districts Bankura, Birbhum, Calcutta, Cooch Bihar, Midnapore, Purulia and West Dinajpur.

(2) An index of building costs for Calcutta compiled from data from the National Building Organization for eight years (See Appendix 3)

(3) State per capita SDP for 1975 to 1983.

(4) State per capita SDP originating in non-agriculture for 1975 to 1983.

(5) Consumer Price Index for urban non-manual employees for Calcutta.

The data for other districts were incomplete. The data series under items 3, 4 and 5 were from commonly available published sources. Whenever necessary (as with the price index) geometric interpolations were performed to get estimates of calendar year data from financial year data.

A.2.2 The statistical methods and their rationale

If declared values were truly reported, then the average declared value would bear a close relationship with the average market price of properties. Variables like costs and per capita income should then be important determinants of this price after inter-district variation is accounted for. If this is not the case, then we may conclude that undervaluation is present. Accordingly, two supply and demand models for the market for immovable property were constructed.

Model I: $Q^d_t = a_0 + a_1 Y_t + a_2 P_t + e_{1t}$ ...Demand equation

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$$Q^s_t = b_0 + b_1 P_t + b_2 C_t + e_{2t} \quad \ldots \text{Supply equation}$$

$$Q^s_t = Q^d_t \qquad \ldots \ldots \text{Equilibirum condition}$$

Model II   Same as above except that the partial adjustment

equation $\overline{Q^d_t} - \overline{Q^d_{t-1}} = g(Q_t - \overline{Q^d_{t-1}})$ was added to take

account of the durable good nature of property. The equilibrium

condition is now $\overline{Q^d_t} = \overline{Q^s_t}$. Above:

$\overline{Q^d_t}$ = Quantity of property demanded in year t.

Q^s_t = Quantity of property supplied in year t.

Q_t = Notional demand for property in year t (equals $\overline{Q^d_t}$

in the first model).

Y_t = Per capita income in year t.

P_t = Price of immovable property (proxied by average
declared value) in year t.

C_t = Cost of construction index for year t.

e_{it} = Disturbance terms.

A.2.3 Experiments Tried

(1)   Double log and linear versions of both models for all variants using ordinary least squares.

(2)   Incorporation of dummy variables.

    (i) for all districts

    (ii) For only Calcutta

    (iii) For all districts except Calcutta (i.e., data for only six districts were used treating Calcutta as a special case due to its predominantly urban nature).

(3)   Three different income concepts

    (i) Current per capita SDP.

    (ii) Current per capita SDP originating in non-agriculture.

    (iii) Permanent income: This was measured as a weighted average of current and lagged per capita SDP with the weights varying between 0.1 and 0.9. Alternatively, current and lagged income were included in the specification.

(4)   Real and nominal variables, using the previously cited consumer price index as the deflator.

A.2.4 Results

(1)   The fit of both double log and linear models is similar so that results from both should be accounted for.

(2)   Appropriate statistical tests (F-tests) lead us to retain models incorporating dummy variable for all districts. Other models (including the model with no dummies) are statistically less satisfactory. No special status for Calcutta appears warranted.

(3)   Permanent income is the most significant income variable. There is little different in goodness of fit when non-agricultural income rather than total income is used.

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(4)   Real variables models perform marginally better than nominal variables models in most cases.

(5)   The durable goods model has the best fit overall though individual variables have poor significances with these models.

(6)   Important results for a selection of experiments with the best overall statistical fit are given in Table A.3.1.

(7)   Permanent income and building costs are jointly significant at the 5 per cent level or better. However current income and building costs are not jointly significant at these levels.

(8)   Turning to individual significances we have:

(i) Building costs are never significant and always have the wrong sign.

(ii) Permanent income (and current income) are not significant in the durable goods model. Permanent income (but not current income) is significant at the 5 per cent or 1 per cent level in the simple model.

(iii) The dummy variables are jointly significiant at the 1 per cent level in all experiments. However, in some cases individual dummy variables are not significant.

(9)   From the ranks of the dummy variables, declared property value.ranks (from highest to lowest) are as follows: Calcutta, Birbhum, Purulia, West Dinajpur, Cooch Bihar, Midnapore, Bankura.

(10)   The coefficients of permanent and current income are unstable across regression experiments.

Note: It may be mentioned that efforts to procure official figures on rental norms for properties leased in by the government have been made. These efforts have proved unsuccessful so far.

TABLE A.3.1

Selected Regression Results for Inter District Analysis of
Declared Property Values in West Bengal

Serial number	Real per Capita SDP	Real per Capita Permanent (1) Income	Real Building Costs	Real Lagged Average Declared Property Values	Real Lagged Building Costs	R^2	$\bar{R}^2$	SEE
Linear Regressions								
(1)	2.72153	—	(0.08641)	—	— —	0.56443	0.47731	0.29298
t values	1.42767	—	(0.33183)	—	— —	—	—	—
(2)	—	6.67296	(0.44245)	—	— —	0.63441	0.52529	0.27912
t values	—	2.5075	(1.77791)	—	— —	—	—	—
(3)	0.02166	—	(0.23122)	(0.37862)	(0.37862)	0.68947	0.60775	0.27679
t values	0.00738	—	(0.33649)	(0.26219)	(0.69909)	—	—	—
(4)	—	3.42978	(0.43518)	(0.08501)	(0.22060)	0.69091	0.61968	0.27254
t values	—	0.98617	(0.86693)	(0.49581)	(0.44735)	—	—	—
Double Log Regressions								
(5)	3.05846	—	(0.08866)	—	— —	0.59903	0.53378	0.25587
t values	1.94055	—	(0.35198)	—	— —	—	—	—
(6)	—	6.20053	(0.41363)	—	— —	0.61810	0.55359	0.22824
t values	—	2.68068	(1.76706)	—	— —	—	—	—
(7)	0.38647	—	(0.29955)	0.11230	(0.34860)	0.73806	0.67345	0.21358
t values	0.17804	—	(0.50979)	0.65247	(0.76098)	—	—	—
(8)	—	1.04422	(0.32966)	0.10315	(0.32202)	0.73847	0.53835	0.21341
t values	—	0.28378	(0.74064)	0.58660	(0.75970)	—	—	—

Notes: 1. Constant terms and values of dummy variables are not reported.
2. Permanent income is estimated as a weighted average of current
and lagged per capital real SDP. The best regressions by the
R^2 and t values are reported. The weights on current income
in regressions (2), (4), (6) and (8) are respectively 0.3,
0.1, 0.4 and 0.5.
3. The dependant variable is real average declared property value
in all cases.
4. Data was for the 7 districts referred to in the text for the
years 1975 to 1983

Source: Computed

APPENDIX 4

APPENDIX TABLES

TABLE A.4.1

Test Statistics for Table-3 Buoyancy Estimates

States	1960-61 to 1970-71				1970-71 to 1983-84				1960-61 to 1983-84			
	t Value	R^2	F Value	DWS	t Value	R^2	F Value	DWS	t Value	R^2	F Value	DWS
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Andhra Pradesh	7.0840	0.8479	50.1830	1.8680	13.1150	0.9348	172.0036	1.9030	22.7651	0.9593	518.2490	1.6187
Assam	15.6340	0.9645	244.4223	2.2958	16.4163	0.9574	269.4940	2.3537	23.2013	0.9607	538.3024	0.8454
Bihar	10.0531	0.9182	101.0656	1.3962	6.4630	0.7768	41.7703	1.3894	18.0365	0.9367	325.3154	1.3550
Gujarat	13.2234	0.9511	174.8580	1.4160	14.6515	0.9471	214.6676	1.7824	34.5381	0.9819	1192.8823	1.6195
Haryana	-	-	-	-	14.3695	0.9451	206.4819	1.0573	10.2660	0.8682	105.3902	1.6574
Karnataka	22.7221	0.9829	516.2952	2.3769	12.9831	0.9335	168.5613	2.0785	30.8962	0.9775	954.5777	1.8294
Kerala	12.5782	0.9462	158.2106	0.7114	32.1792	0.9885	1035.4993	1.3537	40.4499	0.9867	1636.1923	0.5557
Madhya Pradesh	14.7912	0.9605	218.7792	2.4451	16.3524	0.9571	267.4004	1.6312	39.2246	0.9859	1538.5710	1.6859
Maharashtra	19.6891	0.9773	387.6623	1.1058	13.1780	0.9354	173.6590	1.0489	32.2627	0.9793	1040.8835	1.0092
Orissa	18.4671	0.9743	341.0327	2.5475	12.5592	0.9348	157.7340	1.7489	33.6941	0.9818	1135.2903	1.7151
Punjab	-	-	-	-	18.8889	0.9675	356.7919	1.7054	26.8388	0.9783	720.3200	1.7825
Rajasthan	7.2824	0.8549	53.0338	1.8505	13.2325	0.9359	157.0993	1.4063	25.8946	0.9682	670.5316	1.4102
Tamil Nadu	5.5164	0.7718	30.4302	0.6167	14.69.91	0.9451	216.0634	1.1417	17.0692	0.9298	291.3582	0.5313
Uttar Pradesh	13.5116	0.9530	182.5627	0.7553	14.8972	0.9487	221.9250	1.6180	31.2483	0.9780	976.4543	1.2975
West Bengal	8.5022	0.8892	72.2879	0.7470	22.6874	0.9772	514.7186	1.6207	31.4731	0.9783	990.5549	0.7538

Note: 1. For Haryana and Punjab the initial year is 1966-67.

2. For Orissa the final year is 1982-83 as SDP figures are available only upto that year.

3. State Net Domestic Product is used as a proxy for the tax base. See footnote 3 in the text.

Source: 1. Budget Documents of the State Governments

2. Reserve Bank of India, Reserve Bank of India Bulletins (Various Issues).

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TABLE A.4.2

Test Statistics for Table 3 Elasticity Estimates

	1960-61 to 1983-84				1970-71 to 1983-84				1960-61 to 1983-84			
	t-value	R2	F-value	DWS	t-value	R2	F-value	DWS	t-value	R2	F-value	DWS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Andhra Pradesh	7.0840	0.8479	50.1830	1.8680	12.5719	0.9294	158.0532	2.0532	21.5521	0.9548	464.4935	1.6408
Assam	15.6340	0.9645	244.4223	2.2958	19.5576	0.9696	382.4982	2.7790	30.3728	0.9767	922.5085	1.3543
Bihar	9.1409	0.9028	83.5566	1.1651	3.0910	0.4432	9.5543	1.0826	10.4981	0.8336	110.2100	0.8230
Gujarat	11.4991	0.9363	132.2281	1.4056	11.0541	0.9106	122.1934	1.1736	24.7678	0.9654	613.4439	1.0314
Haryana	-	-	-	-	15.1009	0.9500	228.0363	1.2594	10.1333	0.8652	102.6834	1.6979
Karnataka	22.7221	0.9829	516.2952	2.3769	9.7529	0.8881	95.2160	2.0245	27.0606	0.9708	732.2764	1.9669
Karala	8.8562	0.8971	78.4325	0.7009	24.2754	0.9800	589.2961	1.1441	30.0300	0.9762	901.7997	0.5508
Madhya Pradesh	12.5668	0.9461	157.9252	2.0858	15.7665	0.9540	248.5837	1.1614	36.5434	0.9838	1335.4181	1.3026
Maharashtra	19.6891	0.9773	387.6623	1.1058	7.6550	0.8300	58.5994	1.5035	19.2362	0.9439	370.0316	1.1822
Orissa	18.4671	0.9743	341.0327	2.5475	12.5623	0.9348	157.8106	1.6635	33.6718	0.9818	1133.7876	1.6419
Punjab	-	-	-	-	18.3416	0.9656	336.4146	1.4864	26.9819	0.9785	728.0230	1.6464
Rajasthan	7.2395	0.8535	52.4107	1.8284	4.9526	0.6715	24.5282	1.2994	14.6756	0.9073	215.3725	1.1323
Tamil Nadu	5.0650	0.7403	25.6541	0.5705	11.5649	0.9177	133.7477	1.1216	14.6040	0.9065	213.2762	0.5427
Uttar Pradesh	16.0432	0.9662	257.3836	0.9302	12.9774	0.9335	168.4140	2.0702	33.4738	0.9807	1120.4970	1.8503
West Bengal	8.1944	0.8818	67.1477	0.9758	7.7183	0.8323	59.5720	0.6899	16.4929	0.9252	272.0165	0.6997

Note: 1. For Haryana and Punjab the initial year is 1966-67

2. For Orissa the final year is 1982-83 as SDP figures are available only up to that year.

3. State Net Domestic Product is used as a proxy for the tax base. See Footnote 3 in the text.

Source of data: 1. Budget Documents of the State Governments.

2. Reserve Bank of India, Reserve Bank of India Bulletine (various issues).

Judicial Fees on Selected Articles for Four States
(As in 1993)

Articles	West Bengal	Gujarat	Karnataka	Kerala
1. Plaint written statement pleading a set-off or counter claim or memorandum of appeal (not otherwise provided for in the Act) or of cross objection presented to the High Court or any Civil or Revenue Court except the Court mentioned in Section 3.				
i) When the amount or value of the subject matter does not exceed Rs. 75, and	Rs.0.40 for every Rs. 5/- or part thereof	Rs.0.50 if the amount or value does not exceed Rs. 5 if the amount or value exceeds Rs.5 but does not exceed Rs. 100: Rs.0.50 for every Rs.5 or part thereof	When the amount or value does not exceed Rs.10: Re 1.00 When the amount or value exceeds Rs.10: Re 1.00 for every Rs.10 or part thereof	When the amount or value does not exceed Rs.5: Rs.0.40 When the amount or value exceeds Rs.5 but does not exceed Rs.100: Rs. 0.40 for every Rs.5 or part thereof
ii) When the amount or value exceeds Rs. 75 but does not exceed Rs. 100, and	Rs.0.50 for every Rs. 5 or part thereof			
iii) When the amount or value exceeds Rs.100 but does not exceed Rs.150, and	Rs.1.65 for every Rs.10 or part thereof	when the amount or value exceeds Rs.100 but does not exceed Rs.1,000: Re.1.00 for every Rs.10 or part thereof		When the amount or value exceeds Rs.100 but does not exceed Rs.1,000 : Rs.0.80 for every Rs.10 or part thereof
iv) When the amount or value exceeds Rs.150 but does not exceed Rs.1,000, and	Rs.1.15 for every Rs.10 or part thereof			
v) When the amount or value exceeds Rs 1,000 but does not exceed Rs.7,500, and	Rs.7.50 for every Rs100 or part thereof	When the amount or value exceeds Rs.1,000 but does not exceed Rs.5,000. Rs.6.25 for every Rs100 or part thereof. When the amount or value exceeds Rs.5,000 but does not exceed Rs.10,000: Rs.25 for every Rs250 or part thereof		When the amount or value exceeds Rs.1,000: Re 1 for every Rs. 10 or part thereof
vi) When the amount o value exceeds Rs.7,500 but does not exceed Rs.10,000, and	Rs.15.00 for every Rs.250 or part thereof			
vii) When the amount or value exceeds Rs.10,000 but does not exceed Rs.20,000, and ___	Rs.22.00 for every Rs.500 or part thereof	Rs. 35 for every Rs.500 or part thereof		
viii) When the amount or value exceeds Rs.20,000 but does not exceed Rs.50,000, and	Rs.30 for every Rs1,000 or part thereof	when the amount or value exceeds Rs.20,000 but does not exceed Rs30,000: Rs.45 for every Rs.1,000 or part thereof. When the amount or value exceeds Rs.30,000 but does not exceed Rs.50,000 Rs.6 for every Rs.2,000 or part thereof		

Articles	West Bengal	Gujarat	Karnataka	Kerala
(x) When the amount or value exceeds Rs. 50,000.	Rs.37.50 for every Rs.5,000 or part thereof; the maximum fee leviable is Rs 10,000	When the amount or value e-xceeds Rs.50,000 but does not exceed Rs.100000 Rs.80 for every Rs.5,000 or part thereof. When the amount or value exceeds Rs.100000: Rs.100.00 for every Rs.10,000 or part thereof; the maximum fee leviable is Rs.15,000		
2. Applications for review of judgement, if presented on or after the 19th day from the date of the decree	The fee leviable on the plaint or memorandum or appeal	The fee leviable on the plaint or memorandum of appeal	The fee leviable on the plaint or memorandum of appeal	One-half of the fee payable on the plaint or memorandum of appeal comprising the relief sought in the application
3. Application for reviewing of judgement, if presented before the 19th day of the decree	One-half of the fee leviable on the plaint or memorandum of appeal	One-half of the fee leviable on the plaint or memorandum of appeal	One-half of the fee leviable on the plaint or memorandum of appeal	for review.
4. Copy or transalation of a judgement or order not being, or having the force of decree				
(a) if the amount or value of the subject matter is Rs50; or less than Rs50	Rs.0.40	Re.1.00	Re.1.00 Rs.0.50 in case of criminal court	Rs.0.50
(b) if the amount or value exceeds Rs.50	Rs.0.75			Rs.1.00
(c) when such a judgement or order is passed by the High Court	Rs.1.50	Rs.2.00		Rs.2.00
5. Copy of a decree or order having the force of a decree				
When such decree or order is made by any Civil Court, other than the High Court, or by any Revenue Court –				
(a) If the amount or value of the subject matter of the suit wherein such decree or order is made is Rs 50 or less than Rs. 50	Rs. 0.50	Rs.2.00 Rs.3.00 in the case of District Courts	Rs. 1.00	Rs. 0.75
(b) If such amount or value exceeds Rs.50	Re.1.00			Rs.1.50
(c) When such decree or order is made by the High Court		Rs.6.00	Rs.4.00	Rs.5.00
6. Copy of any document liable to stamp duty under the Indian Stamp Act, 1999 when left by any party to a suit or proceeding in place of the original withdrawn				
(a) When the stamp duty chargeable on the original does not exceed Rs.0.50	The amount of duty chargeable on the original	The amount of duty chargeable on the original when the duty leviable on the original does not exceed Re.1.00	As in Gujarat	As in West Bengal
(b) In any other case	Rs. 0.50	Rs. 1.25	Re.1.00	Rs. 0.75

Articles	West Bengal	Gujarat	Karnataka	Kerala
7. The probate of a will or letters of administration with or without will annexed				
i) When the amount or value exceeds Rs. 2,000 but does not exceed Rs.10,000	2 per cent	2.5 percent of the value exceeding Rs. 1,000	As in Gujarat	When the amount or value exceeds Rs.1,000 but does not exceed Rs. 5,000 : 2 percent of the amount or value
ii) When the amount or value exceeds Rs.10,000 but does not exceed Rs.50,000	3 percent of the value exceeding Rs.10,000	3.5 percent of the value exceeding Rs.10,000	3.75 percent of the value exceeding Rs.10,000	
iii) When the amount or value exceeds Rs.50,000 but does not exceed Rs.1,00,000	4 percent of the value exceeding Rs.50,000	5 percent of the value exceeding Rs.50,000	5 percent of the value exceeding Rs.50,000	When the amount or value exceeds Rs. 5,000: 3 percent of such amount or value
iv) When the amount or value exceeds Rs.1,00,000 but does not exceed Rs.2,50,000	5 percent of the value exceeding Rs.1,00,000	5 5/8 percent of the value exceeding Rs.1,00,000 upto value of Rs.2,00,000 6.25 percent of the value exceeding Rs.2,00,000	As in Gujarat	
v) When the amount or value exceeds Rs.2,50,000 but does not exceed Rs.3,00,000	5.5 percent of the value exceeding Rs.2,50,000	6 7/8 percent of the value exceeding Rs.2,50,000	6 7/8 percent of the value exceeding Rs.2,50,000	
vi) When the amount or value exceeds Rs.3,00,000 but does not exceed Rs.4,00,000	6 percent of the value exceeding Rs. 3,00,000	7.5 percent of the value exceeding Rs.3,00,000	7.5 percent of the value exceeding Rs.3,00,000	
vii) When the amount or value exceeds Rs.4,00,000 but does not exceed Rs.5,00,000	6.5 percent of the value exceeding Rs.4,00,000	8 1/8 percent of the value exceeding Rs.4,00,000	8 1/8 percent of the value exceeding Rs.4,00,000	
viii) When the amount or value exceeds Rs.5,00,000	7 percent of the value exceeding Rs.5,00,000	8.75 percent of the value exceeding Rs.5,00,000	8.75 percent of the value exceeding Rs.5,00,000	
Maximum marginal rate	7 percent	8.75 percent	8.75 percent	3 percent
8. Certificate under the Indian Succession Act, 1925. When the amount or value of any debt or security specified in the certificate under section 374 of the Act exceeds Rs.1,000:		The fee leviable in the case of a probate on the amount or value of any debt or security specified in the certificate under section 374 of the Act, and one-half times this fee on the amount or value of any debt or security to which the certificate is extended under section 376 of the Act	The fee leviable in the case of a probate on the amount or value of any debt or security specified in the certificate under section 374 of the Act and one and half times this fee on the amount or value of any debt or security to which the certificate is extended under section 376 of the Act	(i) Where the amount or value of the debt or security or cost specified in the certificate does not exceed Rs.5,000: 2 percent of the amount or value
i) On the first Rs. 10,000	2 percent			(ii) Where such amount or value exceeds Rs.5,000: 3 percent of such amount or value.
ii) On the next Rs. 40,000	3 percent			
iii) On the next Rs. 50,000	4 percent			
iv) On the next Rs.1,50,000	5 percent			

Articles	West Bengal	Gujerat	Karnataka	Kerala
When the aggregate amount or value of any debts or securities specified in the certificate and of any debts or securities to which the certificate has been extended under section 376 of the Act, exceeds Rs.1,000:				
(i) on the next Rs 50,000	5.5 percent			
(ii) on the next Rs1,00,000	6.0 percent			
(iii) on the next Rs1,00,000	6.5 percent			
iv) on the remainder amount	7.0 percent			
Application or petition				
(i) When presented to any officer of the Customs or Excise Department or to any Magistrate by any person having dealings with the Government, and when the subject matter of such application relates exclusively to these dealings	Rs. 0.15	Rs.0.20	Rs.0.50	(i) Which involves the exercise or non-exercise of power conferred by law or rule having the force of law: Re 1 (ii)In other cases Rs. 0.25
(ii) When containing a complaint or charge of any offence other than an offence for which police-officers may under the Criminal Procedure Code, arrest without warrant and presented to any Criminal Court.	Re.1.00 in case of complaint presented to a Criminal Court Rs. 0.75 in other cases	Rs.0.65	Re.1.00	Re.100
(iii) For arrest or attachment before judgement or for temporary injunction				
(a) When presented to a Civil Court other than theHigh Court in relation to any suit or proceeding -		Rs. 2.50	Re.1.00	
(1) If the value of the subject matter is less than Rs 50	Re. 1.00			Re.1.00
(2) If the value is Rs. 50 and above	Rs. 2.50			Rs. 2.50
(b) When presented to the High Court	Rs. 5.00		Rs. 2.50	Rs. 5.00
(iv) For probate or letters of administration to have effect throughout India	Rs.25.00	Rs.2.50 - Rs.12.50	Rs.25.00	Rs.25.00
10. Application to any Civil Court that records may be called for from another Court (in addition to the fee leviable on the application)	Rs.0.75	Rs. 2.00	Re. 1.00	Rs. 0.75
11. Application for leave to sue as a papuer	Re. 0.50	Rs. 1.00	Rs. 0.75	Rs. 0.75

Articles	West Bengal
12. Application for leave to appeal as a papuer	
(a) when presented to a District Court	Re 1.00
(b) when presented to a Commissioner of the High Court	Rs. 2.00
13. Undertaking under section 43 of the Indian Divorce Act, 1969	Rs. 0.50
14. Every copy of power of attorney when filed in any suit or proceeding	Rs. 0.75
15. Mukhtarnama, Vakalatanama or any paper signed by an advocate signifying or intimating that he is retained for a party, when presented for the conduct of any one case	
(a) to the High Court	Rs. 5.00
(b) to any Civil or Criminal Court	Rs. 2.00
(c) Board of Revenue or to any Revenue Court	Rs. 2.00
(d) to any Collector or Magistrate or to any Executive Officer including any officer charged with the executive administration of a Division	Rs. 2.00
16. Agreement in writing stating a question for a opinion of the Court under the Code of Civil Procedure, 1908	
(i) When presented to any Court subordinate to the High Court	Rs. 10.00
(ii) When presented to the High Court	Rs. 100.00
17. Caveat	Rs. 10.00
18. Petition in a suit under the Native Converts' Marriage Dissolution Act, 1866	Rs. 5.00
19. Every petition under the Indian Divorce Act, 1969 except petitions under section 44 of the same Act, and every memorendum of appeal under section 55 of the same Act	Rs.20.00

TABLE A.4.3 (Contd')

Gujarat	Karnataka	Kerala
Rs. 2.00	Rs. 1.25	Re. 1.00
Rs. 5.00	Rs. 2.50	Rs. 2.00
Rs. 1.25	Re. 1.00	Re. 1.00
—	Rs. 0.75	Rs. 0.75
Rs. 4.00	Rs. 3.00	Rs. 5.00
Re. 1.00	Re 1.00	Rs. 2.00
Rs. 2.00 }	Rs. 2.00 }	Rs. 3.00
		Rs. 5.00
Rs.25.00	Rs.15.00 if the value of the subject matter does not exceed Rs. 5,000 Rs.100.00 in any other case	As in Karnataka
Rs.12.50	Rs. 12.50	Rs. 10.00
Rs. 10.00 if the amount or value does not exceed Rs. 2,000	Rs. 6.25 if the amount or value does not exceed Rs. 2,000	
Rs.37.50	Rs. 30.50	Rs.10.00
Rs.37.50	Rs.30.00	Rs.30.00

TABLE A.4.3 (Contd')

Articles	West Bengal	Gujarat	Karnataka	Kerala
20. Petition under section 9, 10 or 13 of the Hindu Marriage Act, 1955	Rs. 5.00	Rs. 37.50	Rs. 30.00	Rs. 30.00
21. Petition under section 22,23,27 or 28 of the Special Marriage Act, 1954	Rs. 5.00	Rs. 37.50	Rs. 30.00	Rs. 30.00
22. Plaint or memorandum of appeal under the Parsi marriage and Divorce Act, 1865	Rs. 20.00	Rs. 37.50	Rs. 30.00	Rs. 30.00
23. Plaint or memorandum of appeal when presented to a Court under the Dissolution of Muslim Marriage Act, 1939	Rs. 10.00	Rs. 37.50	Rs. 30.00	Rs. 10.00
24. Election petition questioning the election of a person in respect of the office –				
(a) A member of a Panchayat	Rs. 15.00	Rs. 10.00	Rs. 15.00	Rs. 25.00
(b) Councillor or a member of a Municipality, District, Local Board or such other Local Authority	Rs. 15.00	Rs. 15.00	Rs. 50.00	Rs. 50.00
(c) of a Mayor or Depty Mayor or Concillor or a Municipal Corporation or President, Vice-President, Chairman or Vice-Chairman of any local authority referred to in (b)	Rs. 15.00	Rs.100.00	Rs.200.00 Rs. 100.00 in the case of a member of a City Municipal Corporation or Council	Rs.200.00

Value of property	West Bengal[1]	Andhra Pradesh	Bihar	Gujarat	Haryana
(1)	(2)	(3)	(4)	(5)	(6)
Upto Rs 50	1.50	7.50	0.75	8.00 for every Rs 100 or part thereof (in respect of co-operative societies Rs 4.00 for every Rs 100 or part thereof)	6.25
Over Rs 50 to Rs 100	3.00	Rs 5.00 for every Rs 100 or part thereof if the value exceeds Rs 50 but does not exceed Rs 1000 (Clause b)	1.50		12.50
Over Rs 100 to Rs 200	6.00		3.00		25.00
Over Rs 200 to Rs 300	9.00		4.50		37.50
Over Rs 300 to Rs 400	12.00		6.00		50.00
Over Rs 400 to Rs 500	15.00		7.50		62.50
Over Rs 500 to Rs 600	18.00		9.00		75.00
Over Rs 600 to Rs 700	21.00		10.50		87.50
Over Rs 700 to Rs 800	24.00		12.00		100.00
Over Rs 800 to Rs 900	27.00		13.50		112.50
Over Rs 900 to Rs 1000	30.00		17.00		125.00
Over Rs 1000 to Rs 5000	Rs 30 plus Rs 18.75 for every Rs 500 or part thereof in excess of Rs 1000	If the value exceeds Rs 1000, the same duty as under clause b for the first Rs 1000 and for every Rs 500 or part thereof in excess of Rs 1000; Rs 25	For every Rs 500 and part thereof in excess of Rs 1000; Rs 8.50.		And for every Rs 500 or part thereof in excess of Rs 1000; Rs 62.50
Over Rs 5000 to Rs 10,000	Rs 180 plus Rs 25 for every Rs 500 or part thereof in excess of Rs 5000		If value exceeds Rs 5000 and does not exceed Rs 1,50,000; 2.25 % of written value		
Over Rs 10,000 to Rs 50,000	Rs 430 plus Rs 45 for every Rs 500 or part thereof in excess of Rs 10,000				
Over Rs 50,000 to Rs 1,00,000	Rs 3630 plus Rs 60 for every Rs 500 or part thereof in excess of Rs 50,000		For value exceeding Rs 1,50,000; 3.5% of the written value		
Over Rs 1,00,000	Rs 9630 plus Rs 75 for every Rs 500 or part thereof in excess of Rs 1,00,000				

Notes: 1. Surcharge and Additional Surcharge are also imposed in addition to the basic duty; the former amounts to one-fifth of the basic duty chargeable and the latter amount to one-half.

2. This is with regard to property situated within the Bangalore urban Agglomeration.

3. For properties situated outside Municipal Corporations and Municipalities, Rs 5 for every Rs 100 for part thereof.

4. This applies only in Greater Bombay. For cities having a population of more than 2 lakhs the rates are } First Rs 40,000; 5% } next Rs 40,000; 8% } above Rs 80,000; 10%

in respect of places having a population of 50,000 or more but less than 2 lakh, the rates are } First Rs 30,000; 5 % } next Rs 30,000; 6 % } above Rs 60,000; 8 %

5. This rate is applicable in respect of Madras, Madurai, Coimbatore, Salem and Tiruchirapalli. In other places it 7.00 for every Rs 100 or part thereof.

* Rates set forth in the document in the first in respect of States like Uttar Pradesh, Punjab, Rajasthan, Madhya Pradesh, they remaining States the duty is market value of the property.

Stamp Duty on Conveyances in Selected States[a], 1983

(In Rupees)

Himachal Pradesh	Karnataka[3]	Kerala	Madhya Pradesh	Maharashtra[4]	Orissa	Punjab	Rajasthan	Tamil Nadu[5]	Uttar Pradesh
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
4.00	2.50	Rs 7.50 for every Rs 100 or part thereof	4% If market value exceeds Rs 50 but does not exceed Rs 10000; 7%	First Rs 50,000:10% Next Rs 50,000:12% Above Rs 100000:15%	1.50	6.25	2.25	8.00 for every Rs 100 or part thereof	4.00
8.00	5.00				3.00	12.50	4.75		8.50
16.00	10.00				6.00	25.00	11.25		17.00
24.00	15.00				8.50	37.50	17.00		25.50
32.00	20.00				12.00	50.00	22.50		34.00
40.00	25.00				15.00	62.50	28.00		42.50
48.00	30.00				17.00	75.00	33.75		51.00
56.00	35.00				20.00	87.50	39.00		59.50
64.00	40.00				23.00	100.00	45.00		68.00
72.00	45.00				30.00	112.50	50.75		76.50
80.00	50.00				30.00	125.00	56.25		85.00

Himachal Pradesh	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
And for every Rs 500 and part thereof in excess of Rs 1000; Rs 40.00	And for every Rs 500 or part thereof in excess of Rs 1000; Rs 25.00				And for every Rs 500 and part thereof in excess of Rs 1000; Rs 15	And for every Rs 500 thereof in excess of Rs 1000; Rs 62.50	Rs 1000 to Rs 10,000: Rs 33.75 for every Rs 500 or part thereof in excess of Rs 1000.

Rs 10,000 to Rs 25,000: Rs 45.00 for every Rs 500 or part thereof in excess of Rs 10,000 | | For every Rs 500 or part thereof in excess of Rs 1000; Rs 42.50 |

If market value exceeds Rs 10000; 7.5%

Rs 25,000 to Rs 50,000: Rs 56.25 for every Rs 500 or part thereof in excess of Rs 25,000

For values in excess of Rs 50,000: Rs 68.25 for every Rs 500 or part thereof in excess of Rs 50,000

TABLE A.4.5

Rate Structure of Stamp Duties on Selected Instruments in Selected States
(As in 1983)

(Rs.)

Instruments	West Bengal	Andhra Pradesh	Bihar	Gujarat	Himachal Pradesh	Karnataka	Kerala
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Acknowledgement	0.20	0.25	0.15	0.50	0.25	0.20	0.25 [1]
2. Administration-bond: a. Where the amount does not exceed Rs 1000	Same duty as a bond	Three-fourths of the duty as a bond	1.00 for every Rs 100 or part thereof	4.00 for every Rs 100 or part thereof subject to a maximum of 40.00	Same duty as a bond		2.50 for every Rs 100 or part thereof
b. In any other case	30.00	30.00	Same as bond rate		15.00	30.00	
3. Adoption deed	50.00	35.00	20.00	50.00	37.50	45.00	50.00
4. Affidavit	5.00	5.00	2.00	10.00	3.00	5.00	5.00
5. Agreement or memorandum of an agreement: a. If relating to the sale of a bill of exchange	0.50	1.00	0.20	0.50	0.40	0.75	1.00
b. If relating to the sale of a Government Security	0.25 for every Rs 10,000 or part thereof to a maximum of Rs 50.00	0.50 for every Rs 10,000 or part thereof subject to a maximum of Rs 75.00	0.15 for every Rs 10,000 or part thereof subject to a maximum of Rs 15.00	0.25 for every Rs 10,000 or part thereof subject to a maximum of Rs 40.00	0.25 for every Rs 10,000 or part thereof subject to a maximum of Rs 22.50	0.35 for every Rs 10,000 or part thereof subject to a maximum of Rs 55.00	1.00 for every Rs 10,000 or part thereof
c. If relating to sale of a share in an incorporated company or other body corporate	0.50 for every Rs 5,000 or part thereof			0.25 if value does not exceed Rs 2,500; if it exceeds Rs 0.35 for every Rs 5,000 or part thereof		0.25 for every Rs 2,500 or part thereof	
d. If relating to storing of agricultural produce in cold storage	1.00 for every 1000 kilograms or part there of						
e. In respect of others	5.00	5.00	0.75	10.00	2.25	5.00	3.00
Appointment in execution (of a power)	37.50	60.00	25.00	250.00; in the case of trustees Rs 100.00	37.50	75.00	75.00
Apprenticeship deed	15.00	15.00	7.50	50.00	As in Schedule I of Indian Stamp Act	15.00	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8. Articles of association of a company:							
a. Where share capital does not exceed N 1,00,000	150.00 ⎫	150.00 ⎫	50.00 ⎫	200.00	60.00 ⎫	200.00 ⎫	200.00
b. Where share capital exceeds N 1,00,000	300.00 ⎭	⎭	⎭	1000.00 3/	120.00 ⎭	⎭	
9. Articles of clerk-ship	250.00		250.00				370.00
10. Award:							
a. Where value does not exceed N 1,000	Same duty as a bond	Same duty as a Bottomry bond	7.50	Same duty as a bond subject to a maximum of N 40.00	Same duty as a bond	Same duty as a bond	Same duty as a Bottomry bond
b. Where value exceeds N 1,000 but does not exceed N 5,000	30.00	50.00	7.50	N 40.00	1.15 subject to a maximum of 112.50	40.00	30.00
c. For every additional N 1,000 or part thereof in excess of N 5,000	1.00 subject to a maximum of N 100.00	2.00 subject to a maximum of N 200.00	0.80 subject to a maximum of N 50.00		0.50	2.00	1.50
11. Bond:							
a. Where the value secured does not exceed N 10.00	0.20	3.00 for every N 100.00 or part thereof provided the amount secured does not exceed N 1,000;	0.15	4.00 for every N 100.00 or part thereof the amount secured	0.30	1.50 for values not exceeding N 100.00	2.50 for every N 100.00 or part thereof the amount or value secured
b. Where it exceeds N 10.00 but does not exceed N 50.00	0.50		0.25		0.60		
c. Where it exceeds N 50.00 but does not exceed N 100.00	1.00		0.65		1.15		
d. Where it exceeds N 100.00 but does not exceed N 200.00	2.00		1.25		2.25	3.00	
e. Where it exceeds N 200.00 but does not exceed N 300.00	3.60		2.25		3.40	4.50	
f. Where it exceeds N 300.00 but does not exceed N 400.00	4.80	15.00 for every N 500.00 or part thereof in excess of N 1,000	3.00		4.50	6.00	
g. Where it exceeds N 400.00 but does not exceed N 500.00	6.00		3.75		5.60	7.50	
h. Where it exceeds N 500.00 but does not exceed N 600.00	7.20		4.50		9.00	9.00	
i. Where it exceeds N 600.00 but does not exceed N 700.00	8.40		5.25		10.50	10.50	
j. Where it exceeds N 700.00 but does not exceed N 800.00	9.60		6.00		12.00	12.00	
k. Where it exceeds N 800.00 but does not exceed N 900.00	10.80		6.75		13.50	13.50	
l. Where it exceeds N 900.00 but does not exceed N 1000.00	12.00		7.50		15.00	15.00	
And for every N 500.00 or part thereof in excess of N 1000.00	6.00		4.25 2/		7.50	7.50	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2. Bottomry bond:							
a. Where the value secured does not exceed ₦ 50.00	0.75	3.00 for every ₦ 100.00 or part thereof if the value secured does not exceed ₦ 1,000; when if exceeds ₦ 1,000, for every ₦ 500.00 or part thereof ₦ 15.00		Same duty as a bond	0.60	Same duty as bond	2.50 for every ₦ 100.0 or part there the amount or value secur
b. Where it exceeds ₦ 50.00 but does not exceed ₦ 100.00	1.50				1.15		
c. Where it exceeds ₦ 100.00 but does not exceed ₦ 200.00	3.00				2.25		
d. Where it exceeds ₦ 200.00 but does not exceed ₦ 300.00	4.50				3.40		
e. Where it exceeds ₦ 300.00 but does not exceed ₦ 400.00	6.00				4.15		
f. Where it exceeds ₦ 400.00 but does not exceed ₦ 500.00	7.50				5.60		
g. Where it exceeds ₦ 500.00 but does not exceed ₦ 600.00	9.00				6.75		
h. Where it exceeds ₦ 600.00 but does not exceed ₦ 700.00	10.50				7.90		
i. Where it exceeds ₦ 700.00 but does not exceed ₦ 800.00	12.00				9.00		
j. Where it exceeds ₦ 800.00 but does not exceed ₦ 900.00	13.50				10.15		
k. Where it exceeds ₦ 900.00 but does not exceed ₦ 1000.00	15.00				11.25		
And for every ₦ 500.00 or part there of in excess of ₦ 1000.00	7.50				5.60		
3. Instrument cancellation	25.00	30.00	10.00	20.00	15.00	30.00	30.00
4. Certificate of sale:							
a. Where the purchase money does not exceed ₦ 10.00	Same duty as a conveyance	1.00	0.20	Same duty as a conveyance	Same duty as a conveyance	1.00	Same duty as a conveyance
b. Where the purchase money exceeds ₦ 10.00 but does not exceed ₦ 25.00		1.50	0.40			1.50	
c. In any other case	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance			Same duty as a conveyance	
5. Certificate or other documents evidencing the right or title otherwise then by transfer	0.50	0.30		1.00	0.40	0.50	0.50
6. Composition-deed	50.00	35.00	15.00	100.00	30.00	45.00	35.00
7. Certified copy of Extract	5.00	2.50 - 5.00	0.75 - 1.50	10.00	1.50 - 3.00	3.00 - 6.00	2.50 - 5.00
8. Delivery order in respect of goods	1.00	0.20		10.00	0.25	0.25	0.30
9. Instrument of Divorce	50.00	5.00	20.00	50.00	30.00	10.00	10.00
0. Entry as an Attorney	500.00	250.00	500.00 - 750.00		750.00		250.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
21. Letter of Allotment of Share	0.50	0.30		1.00	0.30	0.50	0.40
22. Letter of Licence	50.00	35.00	15.00	30.00	30.00	45.00	40.00
23. Memorandum of Association of a Company:							
a. If accompanied by articles of association	60.00	90.00	30.00	100.00	60.00	120.00	150.00
b. If not so accompanied							
i. where the share capital does not exceed Rs 1,00,000	200.00)	240.00)	80.00)	Same duty as on Articles of Association)	150.00)	320.00)	250.00)
ii. where it exceeds Rs 1,00,000	300.00)	)	)	)	)	)	)
24. Mortgage of a crop:							
a. When the loan is repayable in three months							
i. for every sum secured not exceeding Rs 200.00	0.20	0.40	0.15)	0.25	0.15	0.50	0.50
ii. for every Rs 200.00 or part thereof secured in excess of Rs 200.00	0.20	0.40	0.15)		0.15	0.50	0.50
b. When the loan is repayable between 3 to 18 months							
i. for every sum secured not exceeding Rs 100.00	0.40	0.60	0.20)	1.00 for every Rs 100.00 or part thereof	0.30	1.00	0.75
ii. for every Rs 100.00 or part thereof secured in excess of Rs 100.00	0.40	0.60	0.20)		0.30	1.00	0.75
25. Notarial Act	5.00	3.50	1.50	10.00	4.50	5.00	5.00
26. Instrument of partition	Same duty as a bond	Same duty as a Bottomry bond	Same duty as a bond	Same duty as a bond	Same duty as a bond	Same duty as a bond	Same duty as a Bottomry bond
27. Instrument of Partnership:							
a. Where the capital of the partnership does not exceed Rs 500.00	20.00	15.00	5.00)	100.00 for every Rs 10,000 subjected to a maximum of Rs 1000.	3.75	20.00)	15.00 where the share capi does not excee Rs 1000; in any other case Rs 60.00
b. Where the capital exceeds Rs 500.00, but does not exceed Rs 10,000	50.00)	60.00 if capital exceeds Rs 500.00, but does not exceed Rs 5,000 Rs 100.00 in any other case	20.00)		22.50)	80.00)	
c. Where the capital exceeds Rs 10,000 but does not exceed Rs 50,000	100.00)	)	)	)	)	)	)
d. where the capital exceeds Rs 50,000	150.00)	)	)	)	)	)	)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
28. Dissolution of partnership	25.00	50.00	10.00	Same duty as a conveyance	15.00	40.00	30.00
29. Power of Attorney:							
a. When executed for the sale purchase of procuring the registration of one or more documents in relation to a single transaction or for admitting execution of one or more such documents	5.00	1.50	0.75	10.00	1.5'	1.50	1.50
b. When required in suits or proceedings under the presidency Small Cause Courts Act, 1882	5.00		0.75	10.00	1.50		
c. When authorising one person or more to act in a single transaction other than the case mentioned in clause(a)	6.00	3.00	1.50	10.00	3.00	3.00	3.00
d. When authorising not more than 5 persons to act jointly and severally in more than one transaction or generally	50.00	20.00	7.50	50.00	15.00	22.00	20.00
e. When authorising more than 5 but not more than 10 persons to act jointly and severally in more than one transaction or generally	100.00	25.00	15.00	100.00	30.00	41.00	40.00
f. When given for consideration and authorising the attorney to sell any immovable property	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance
g. In any other case	6.00 per person	4.00 per person	1.50 per person	10.00 per person	3.00 per person	5.00	5.00 Per person
30. Protest of a Bill or Note	5.00	3.00	2.00	10.00	3.00	5.00	5.00
31. Warrant for goods	1.00	1.00	0.40	1.00	1.15	1.50	1.50
32. Protest of a master of aship	5.00	5.00	2.00	10.00	0.75	2.00	5.00
33. Shipping Order	0.20	0.20	1.00	0.50	0.15	0.20	0.30

Instruments	Madhya Pradesh	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh
	(9)	(10)	(11)	(12)	(13)	(14)
1. Acknowledgement	0.25		0.25	1.00	0.15	0.50
2. Administration-bond:						
a. Where the amount does not exceed Rs 1000	Same duty as a bond	Same duty as a bond	Same duty as a bond	Same duty as a bond	Same duty as a bond	Subject to a maximu of Rs 200.00, the same duty as a bond
b. In any other case			15.00	37.50		
3. Adoption-deed	100.00	30.00	37.50	30.00	35.00	75.00
4. Affidavit	4.00	4.00	3.00	5.00	5.00	5.00
5. Agreement or memorandum of an agreement:						
a. If relating to the sale of a bill of exchange	0.50 for every Rs 10,000 or part thereof if the amount does not exceed Rs 5,00,000; thereafter, 1.00 for every additional Rs 10,000 or part thereof	0.40 for every Rs 10,000 or part thereof subject to a maximum of Rs 30.00	0.40	1.00	1.00	0.60
b. If relating to the sale of a Government Security			0.25 for every Rs 10,000 or part thereof subject to a maximum of Rs 22.50	1.00 for every Rs 10,000 or part thereof subject to a maximum of Rs 30.00	0.30 for every Rs 10,000 or part thereof subject to a maximum of Rs 50.00	0.30 for every Rs 10,000 subject to a maximum of Rs 45.00
c. If relating to sale of a share in an corporeted company or other body corporate					0.15 for every Rs 25,00.	
d. In respect of others	5.00	1.50	2.25	2.00	2.50	6.00
6. Appointment in execution (of a power)	45.00	50.00	37.50	38.00	60.00	50.00
7. Apprenticeship deed	15.00	15.00	5.00	15.00	12.00	12.00
8. Articles of association of a company:						
a. Where share capital does not exceed Rs 1,00,000	50.00 upto Rs 5,000	95.00	60.00	113.00	150.00	300.00
b. Where share capital exceeds Rs 1,00,000			120.00			
9. Articles of clerk-ship	300.00		250.00	250.00		400.00

	(9)	(10)	(11)	(12)	(13)	(14)
10. Award:						
a. Where value does not exceed ₨ 1,000	Same duty as a bond	Same duty as a Bottomry bond	Same duty as a bond	Same duty as a bond	Same duty as a Bottomry bond	Same duty as a bond
b. Where value exceeds ₨ 1,000 but does not exceed ₨ 5,000	35.00	19.00	15.00	37.50	30.00	1.50 for every ₨ 1,000 in excess of ₨ 1,000
c. For every additional ₨ 1,000 or part thereof in excess of ₨ 5,000	2.00	1.00 subject to a maximum of ₨ 100.00	1.15 subject to a maximum of ₨ 112.15		1.50 subject to a maximum of ₨ 130.00	
11. Bond:						
a. Where the value secured does not exceed ₨ 10.00	3.5% with a minimum of 0.50	0.35	0.30	0.75	0.50	0.50
b. Where it exceeds ₨ 10.00 but does not exceed ₨ 50.00		0.45	0.60	1.25	1.00	2.00
c. Where it exceeds ₨ 50.00 but does not exceed ₨ 100.00		1.00	1.15	2.25	2.00	4.25
d. Where it exceeds ₨ 100.00 but does not exceed ₨ 200.00	3.75% for values not exceeding ₨ 5,000	2.50	2.25	4.50	4.00	8.50
e. Where it exceeds ₨ 200.00 but does not exceed ₨ 300.00		3.75	3.40	6.75	6.00	12.75
f. Where it exceeds ₨ 300.00 but does not exceed ₨ 400.00		4.75	4.50	8.50	8.00	17.00
g. Where it exceeds ₨ 400.00 but does not exceed ₨ 500.00	5.00% for values exceeding ₨ 5,000	6.00	5.60	10.75	10.00	21.25
h. Where it exceeds ₨ 500.00 but does not exceed ₨ 600.00		8.50	9.00	17.00	15.00	25.50
i. Where it exceeds ₨ 600.00 but does not exceed ₨ 700.00		10.00	10.50	19.75	17.00	29.75
j. Where it exceeds ₨ 700.00 but does not exceed ₨ 800.00		12.00	12.00	22.50	20.00	34.00
k. Where it exceeds ₨ 800.00 but does not exceed ₨ 900.00		13.00	13.50	24.00	22.50	38.25
l. Where it exceeds ₨ 900.00 but does not exceed ₨ 1000.00		15.00	15.00	28.00	25.00	42.50
And for every ₨ 500.00 or part thereof in excess of ₨ 1000.00		7.50	7.50	14.00 [5/]	12.00	21.25
12. Bottomry bond:						
a. Where the amount or value secured does not exceed ₨ 50.00	Same duty as a bond	0.80	0.60	Same duty as a bond	For every ₨ 130.00 or part thereof upto ₨ 1000 ₨ 3.00	Same duty as a bond
b. Where it exceeds ₨ 50.00 but does not exceed ₨ 100.00		1.50	1.15			
c. Where it exceeds ₨ 100.00 but does not exceed ₨ 200.00		3.00	2.25			
d. Where it exceeds ₨ 200.00 but does not exceed ₨ 300.00		4.25	3.40		For every ₨ 500.00 or part thereof in excess of ₨ 1000: 15.00	

	(9)	(10)	(11)	(12)	(13)	(14)
a. Where it exceeds ₨ 300.00 but does not exceed ₨ 400.00	Same duty as a) bond	6.00	4.50	Same duty as a) bond	)	) Same duty as a) bond
f. Where it exceeds ₨ 400.00 but does not exceed ₨ 500.10		7.50	5.60		)	)
g. Where it exceeds ₨ 500.00 but does not exceed ₨ 600.00		8.50	6.70		)	)
h. Where it exceeds ₨ 600.00 but does not exceed ₨ 700.00		10.00	7.90		)	)
i. Where it exceeds ₨ 700.00 but does not exceed ₨ 800.00		12.00	9.00		)	)
j. Where it exceeds ₨ 800.00 but does not exceed ₨ 900.00		13.00	10.15		)	)
k. Where it exceeds ₨ 900.00 but does not exceed ₨ 1000.00		15.00	11.25		)	)
And for every ₨ 500 or part thereof in excess of ₨ 1000.00		7.50	5.95		)	)
13. Instrument of cancellation	20.00	15.00	15.00	12.00	25.00	25.00
14. Certificate of sale:						
a. Where the purchase money does not exceed ₨ 10.00	0.35	0.40	Same duty as a) conveyance	0.50	1.00	Same duty as a) conveyance)
b. Where the purchase money exceed ₨ 10.00 but does not exceed ₨ 25.00	0.75	0.80	)	0.75	1.50 For ₨ 25.00 to ₨ 50: 3.00	)
c. In any other case	Same duty as a conveyance	Same duty as a conveyance	)	Same duty as a conveyance	Same duty as a conveyance	)
15. Certificate or/documents evidencing the right or tittle otherwise than by transfer	0.30		0.40		0.30	0.50
16. Composition-deed	40.00	30.00	30.00	34.00	35.00	50.00
17. Certified copy of extract⁵/	3.00 – 4.00	1.50 – 3.00	1.15 – 3.00		2.50 – 5.00	2.25 – 3.00
18. Delivery order in respect of goods	0.20		0.25	1.00	0.15	0.50
19. Instrument of divorce	30.00	4.00	30.00	8.00	5.00	25.00
20. Entry as an Attorney	250.00		750.00	250.00	312.30	500.00

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
21.	Letter of Allotment of Share	0.20		0.30	0.25	0.30	0.50
22.	Letter of Licence	30.00	30.00	30.00	23.00	35.00	30.00
23.	Memorandum of Association of a Company:						
	a. If accompanied by articles of association	100.00	60.00	60.00	68.00	100.00	200.00
	b. If not so accompanied	Same duty as a) Articles of association	) 150.00)	) 150.00)	) 225.00)	) 250.00)	) 500.00)
	i. where the share capital does not exceed ₦ 100,000		)	)	)	)	)
	ii. where it exceeds ₦ 100,000		)	)	)	)	)
24.	Mortgage of a corp:						
	a. When the loan is repayable in 3 months:						
	i. for every sum secured not exceeding ₦ 200.00	0.30	0.30	0.15	0.25	0.50	0.35
	ii. for every ₦ 200.00 or part thereof secured in excess of ₦ 200.00	0.30	0.30	0.15	0.25	0.50	0.35
	b. When the loan is repayable between 3 to 18 months						
	i. for every sum secured not exceeding ₦ 100.00	0.40	0.40	0.30	0.50	1.00	0.60
	ii. for every ₦ 100.00 or part thereof secured in excess of ₦ 100.00	0.40	0.40	0.30	0.50	1.00	0.60
25.	Notarial Act	4.00	3.00	4.50	3.00	5.00	3.50
26.	Instrument of partition	Same duty as a bond	Same duty as a Bottonry bond	Same duty as a bond	Same duty as a conveyance	Same duty as a Bottonry bond	Same duty as a bond
27.	Instrument of partnership:						
	a. Where the capital of the partnership does not exceed ₦ 500.00	Same duty as a bond if capital does not exceed ₦ 2000.	9.50)	3.75	12.00	20.00	Same duty as a bond if capital does not exceed ₦ 40,00 In any other case bond rate for ₦ 4,000.
	b. Where it exceeds ₦ 500 but does not exceed ₦ 10,000	For ₦ 2,000 to ₦ 5,000:	)	22.50)	45.00)	65.00)	)
	c. Where it exceeds ₦ 10,000 but does not exceed ₦ 50,000	100.00; in any other case 150.50	)	)	)	)	)
	d. Where the capital exceeds ₦ 50,000		4.00)	)	)	)	)
28.	Dissolution of partnership	35.00		15.00	23.00	35.00	Bond rate for ₦ 1000

	(9)	(10)	(11)	(12)	(13)	(14)
29. Power of Attorney:						
a. When executed for the sole purpose of procuring the reqistration of one or more documents in relation a single transaction or for admitting execution of one or more such documents	2.50	1.50	1.50	2.00	1.50	3.00
b. When required in suits or proceedings under the presidency small cause courts Act, 1882	2.50	1.50	1.50			
c. When authorising one person or more to act in a single transaction other than the case mentioned in clause (a)	5.00	3.00	3.00	3.00	2.50	6.00
d. When authorising not more than 5 persons to act jointly and severally in more than one transaction or generally	20.00	15.00	15.00	12.00	20.00	24.00
e. When authorising more than 5 but not more than 10 persons to act jointly and severally in more than one transaction or generally	35.00	30.00	30.00	23.00	35.00	48.00
f. When given for consideration and authorising the attorney to sell any immovable property	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance	Same duty as a conveyance
g. In any other case	4.15 per person	3.00 per person	3.00 per person	3.00 per person	3.50 per person	6.00 par person
30. Protest of a Bill or Note	3.^	4.00	3.00	3.00	3.00	5.00
31. Warrent for goods	.75	0.80	1.15	1.00	1.50	3.00
32. Protest of a master of a ship	3.00	4.00	1.00	1.00	3.00	5.00
33. Shipping Order	0.20		0.15	0.30	0.15	0.50

Notes: 1/ For amount or value exceeding Rs 20 but not exceeding Rs 100 : 0.20 Rs 10. to Rs 500 : 0.40 Rs 500 to Rs 1000 : 0.50. When it exceeds Rs 1000 : 1.00

2/ Where it exceeds Rs 5000 and does not exceed Rs 50,000: 1½ of the written value. Where it exceeds Rs 50,000: 2% of the written value.

3/ Provided the share capital does not exceed Rs 5,00,000. Rs 5,00,000 to Rs 15,00,000 Rs 3,000 Rs 15,00,000 to Rs 30,00,000 Rs 6,000 Rs 30,00,000 to Rs 50,00,000 Rs 10,000 Rs 50,00,000 to Rs 100,00,000; Rs 15,000 More than Rs 100,00,000 : Rs 20,000

4/ Where it exceeds Rs 500,000 but does not exceed Rs 100,00,000 On the first Rs 5,00,000 : Rs 250 On the next Rs 5,00,000 : Rs 500 On the next Rs 15,00,000 : Rs 750 On the next Rs 25,00,000 : Rs 1000 On the next Rs 50,00,000 : Rs 1250 When it exceeds Rs 100,00,000 Rs 5000

5/ Provided the amount exceeds Rs 1,000 but does not exceed 50,000; Where the amount exceeds Rs 50,000 for every Rs 500 or part thereof; 22.50

6/ First figure relate to (i) if the original was not chargeable with duty or if the duty with which it was chargeable does not exceed Rs 1; the second figure relate to (ii) in any other case.

TABLE A. 4.6

Data Used in Computations

Year (1)	Cost of Construction Index for Calcutta (2)	Implicit Price Deflator of Gross Domestic Capital Formation in Real Estate (3)	Net State Domestic product of West Bengal (Rs crore) (4)
1960-61			1339.50
1961-62			1396.50
1962-63			1499.00
1963-64			1743.70
1964-65			1928.70
1965-66			2070.20
1966-67			2327.70
1967-68			2684.90
1968-69			2743.40
1969-70			2993.00
1970-71			3168.10
1971-72			3490.00
1972-73			3571.70
1973-74			4366.30
1974-75			5150.60
1975-76			5395.30
1976-77	168	189	5935.70
1977-78	173	191	6423.20
1978-79	190	194	6727.70
1979-80	251	216	7361.90
1980-81	281	253	8495.00
1981-82	300	289	9070.40
1982-83	360	351	9975.30
1983-84			12328.80

Source: 1. Government of India, Central Statistical Organisation, New Delhi.

2. Government of India, National Building Organisation, New Delhi.