

# DOING

## **Doing Business with City Governments**

# BUSINESS



**National Institute of Urban Affairs**  
**Core 4B, India Habitat Centre**  
**Lodhi Road, New Delhi - 110003**

Research Study Series No: 109

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Studies on

**Preparation of Guidelines For  
Model System For Procedures Under**

**“DEALING WITH LICENSES AND  
REGISTERING PROPERTY”**

Sponsored by

**Department of Industrial Policy and Promotion  
Ministry of Commerce and Industry  
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**National Institute of Urban Affairs  
New Delhi**

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This study is a result of teamwork. Several government offices, researchers, field level workers all across the country have been engaged in various stages of data collection. Thanks are due to the Municipal Commissioners of the study cities, the Sub-Registrars, officials at various government agencies, as well as people from various income brackets who helped us in gathering information for the study.

Various government institutions like All India Institute of Local Self Government (Mumbai), Institute of Local Government and Urban Studies (Kolkata), Kerala Institute of Local Administration (Trivandrum) have rendered their help in data collection in their respective cities. Mr. Vasanth Rao, Special Officer Fiscal Policy Analysis Cell, Government of Karnataka, and Mr. J.K. Gupta, Town Planner from Chandigarh have helped in collecting information from Bangalore and Ludhiana respectively. The team would like to sincerely thank them. We would also like to thank Mr. Vergheese from Jawaharlal Nehru University for helping us in statistical analysis.

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## Preface

In spite of improvements in the macro environment in India, the time required in getting formalities cleared in starting a business is perceived as very long. Setting up of new business enterprises is hindered by legal, administrative and bureaucratic bottlenecks, which come in the way of securing a license or getting a property registered.

In a serious desire to improve the business environment in the country, the Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce and Industry, Government of India, assigned the National Institute of Urban Affairs (NIUA) the task of preparation of guidelines for streamlining the procedures with regard to “dealing with licenses” and “property registration”. This study sponsored by the DIPP, Government of India, tries to identify reforms to ease doing business in the country based on a detailed empirical study of the prevailing procedures related to the above parameters across ten select cities. The reforms would serve as a model guideline for the urban local bodies and development authorities across the country.

We sincerely believe that this report will improve the business climate in the country and also provide key inputs for urban reforms under the Jawaharlal Nehru National Urban Renewal Mission of the Government of India. The study would also be of interest to researchers, academic and research institutions, and international organizations interested in the subject and will provide an initial roadmap for the urban local bodies and development authorities to identify and implement reforms to ease doing business.

This study was very ably coordinated by Dr. Debolina Kundu, Associate Professor, NIUA. She and the team deserve special credit for undertaking the research and bringing out the research report.

**Prof. Chetan Vaidya**  
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## Executive Summary

It is a general perception that stringent procedures for licensing and registration have stood in the way of doing business in Indian cities. Extensive documentary evidence and several no objection certificates from various agencies results in high costs and excessive delay in obtaining construction license. Further, age-old methods associated with manual system of registration also lead to enormous delay in registration of property, which hinders business development.

In a serious desire to improve the business environment in the country, the Department of Industrial Policy and Promotion under the Ministry of Commerce and Industry, Government of India initiated this study to identify reforms/guidelines related to issue of building licenses and property registration. The Government of India assigned the National Institute of Urban Affairs the task of preparation of guidelines for streamlining the procedures with regard to “property registration” and “dealing with licenses” based on a thorough study of prevailing procedures. The study entitled “Studies on Preparation of Guidelines for Model System for Procedures under Dealing with Licenses and Registering Property” identifies the reforms for replication by parastatal and urban local bodies across the country based on a detailed empirical study of the prevailing procedures (including time and cost) across ten cities. Mumbai being the most populous city of the country represents India in global comparison.

The study identifies the key areas of reform based on best practices and proposes guidelines drawing lessons from the reforms already underway that could be adopted to ease licensing procedures and property registration in India. The guidelines are prescriptive in nature, and are based on best practices/ reforms already underway in different countries and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) cities, in addition to the observations in the cities selected for the study.

The present study brings forth the fact that reforms have facilitated doing business in many Indian cities although some cities are still affected by cumbersome procedures involving high costs and delays particularly in obtaining construction license. Bangalore, Delhi and Surat involve least procedures in obtaining construction license. Bangalore also requires least time (92 days) as compared to 149 days in Mumbai and 285 days in Ranchi. Delhi incurs the least cost and Kolkata the maximum when construction cost as a percentage of per capita income of the respective city is considered.

With regard to property registration, the study shows that with the introduction of computerized system of registration, the time taken for registering property has come down drastically in most of the cities. Kolkata is the only city among the ten selected cities where manual system of registration is still prevalent which results in delay. The delay in most of the other cities is basically due to the time taken for mutation. Trivandrum and Bangalore are the two cities where mutation takes place within 7 to 10 days.

The study, further, shows that reforms are underway in various cities in the country. It is heartening to note that many agencies are actively engaged in the process of reforming regulatory procedures and a number of innovative practices have been developed within the country. For example, with the introduction of computerized system of registration, the time taken to register property has come down in many cities. Similarly, adoption of computer-aided evaluation and single window system for building plan approval has helped in reducing red tape in some cities. These practices need to be further improved and widely disseminated to bring about a paradigm shift in the existing regulatory regime. Amendment of building byelaws to reduce the stipulated time for plan approval and mandatory inspections and making provisions for appointment of an “Architect on Record” to make the plan approval time bound and address all related eventualities are also recommended guidelines. In addition to boosting private investments, this would also expand the reach of regulation by bringing more businesses and workers into the formal sector.

The property registration system in India calls for radical reforms so that the rigid and complex system valuation of properties and calculations of stamp duty and registration can be simplified to bring transparency and one-stop service to the common man. Linking the system to land records and property transactions through computerization as has happened in Karnataka (KAVERI) and Andhra Pradesh (CARD) would provide complete transparency of land records and ease transfer of property. Adoption of reforms for speedy mutation can further ease doing business in the country.

# CHAPTERS

## **CHAPTER 1: Introduction**

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### **1.1 Introduction**

The past decade and a half has witnessed a series of reforms in institutional structure having a bearing on the functioning of the domestic economy and its growth. This has resulted in a greater role for the private sector and a corresponding withdrawal of the state. As a result, the macro-economic environment can be seen to have become more stable and financial markets improved. Moreover, the policy initiatives of the Government of India on deregulating Indian industry, allowing the industrialists freedom and flexibility in responding to market stimuli have facilitated and fostered Indian industrial growth resulting in, what presently is being visualized as, the emergence of an economic giant on the world scene.

Notwithstanding the improvements in the macro environment, the time required in starting or getting formalities cleared in running a business is perceived as very long. Setting up of new business enterprises is hindered by legal, administrative and bureaucratic bottlenecks, which come in the way of securing a license or getting a property registered, resulting in high cost and delays in starting a business or running it efficiently.

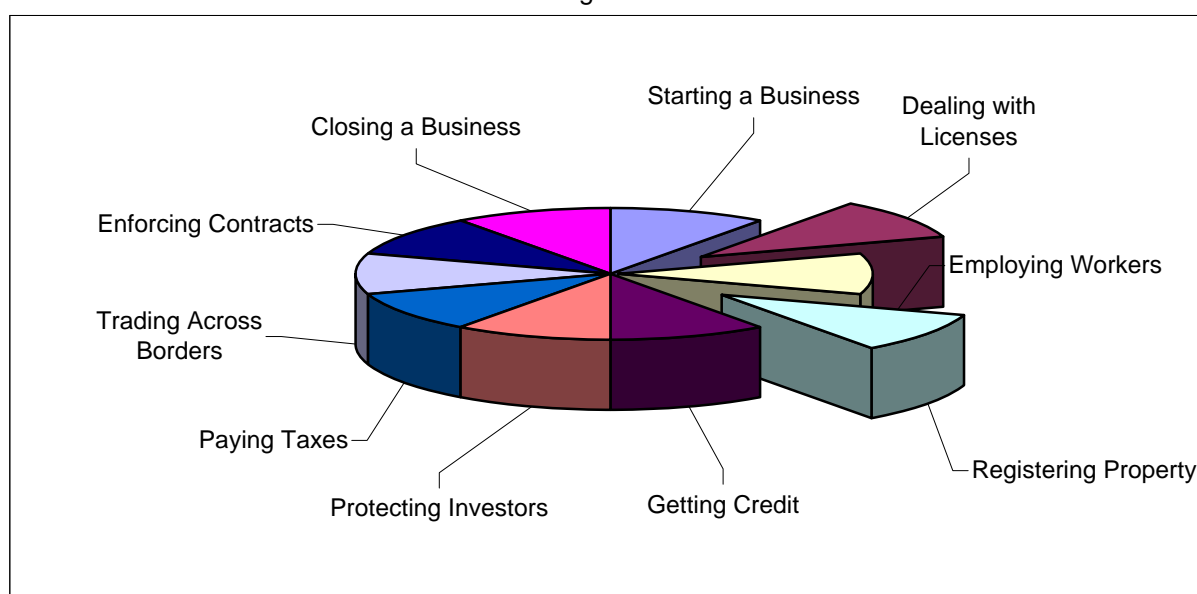
In India, a very small percentage of business enterprises form part of the organized sector. This is mainly because of the stringent procedures for registration and licensing of business establishments, requiring extensive documentary evidence and several No Objection Certificates (NOCs) from various agencies, resulting in high costs and excessive delay.

The Doing Business team of the World Bank has brought out a Report in 2007 entitled “Doing Business in Indian Cities” based on an extensive study of South Asian countries employing parameters of starting a business, dealing with licenses,

employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business (Fig. 1.1)<sup>1</sup>.

### Doing Business Indicators of the World Bank

Fig. 1.1



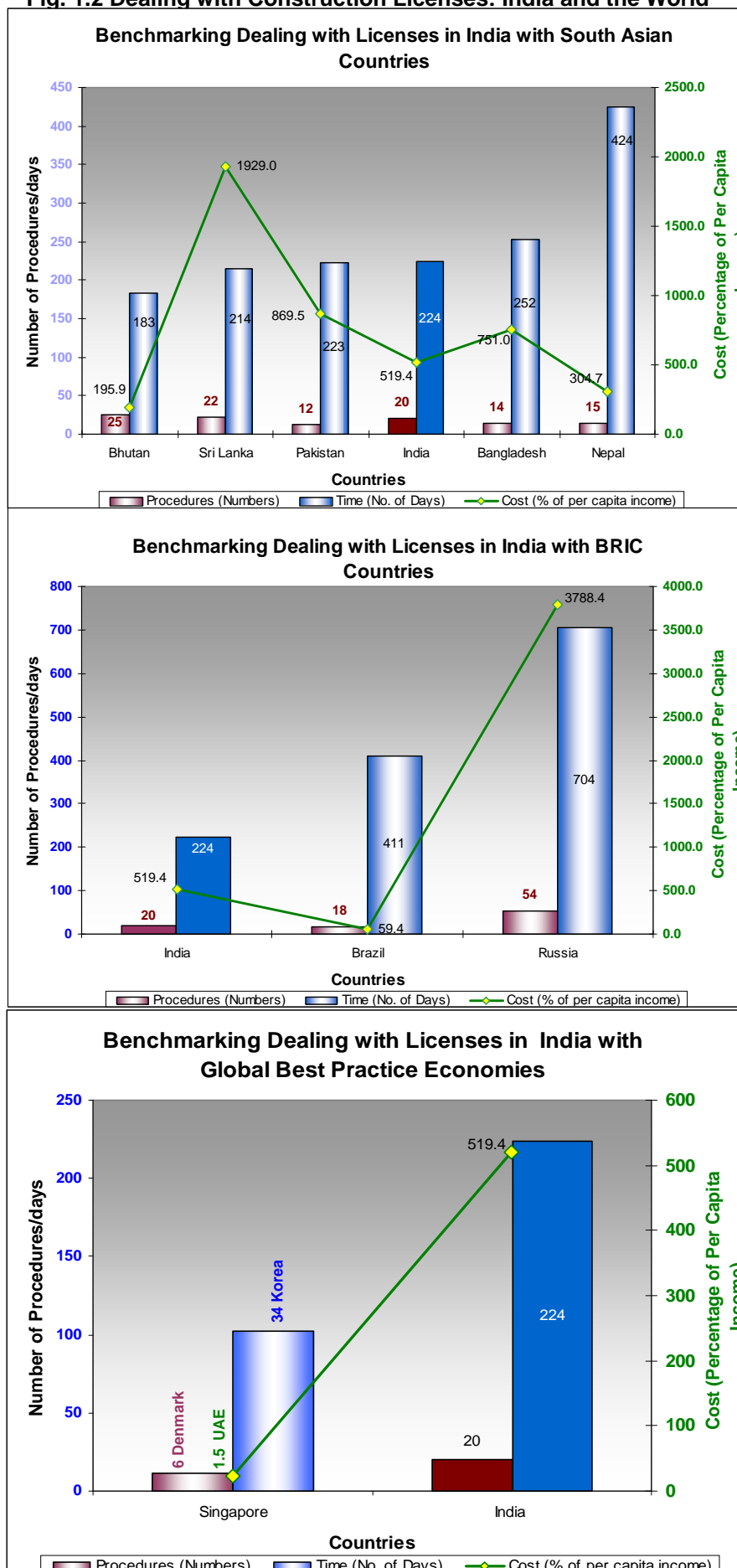
Source: Based on Doing Business study, 2008

The report ranked Indian cities on a scale of doing business comparable to other countries. The study brought forth the wide variations in the time and cost of doing business in Indian cities as well as the overall poor business environment prevalent in India (Figures 1.2 & 1.3).

The Doing Business South Asia Report, 2007 is a good initial exercise on ranking nations and respective sub national units on a standardized scale, which is globally uniform and accepted. However, there is a need to follow it up with a more detailed country-specific evaluation of business regulations in Indian cities.

<sup>1</sup> The *Doing Business* Team of the World Bank initiated a study on measuring the procedures, cost and time of doing business across the globe since 2003. The *Doing Business Reports* are brought out each year that identify the procedures, costs and time linked to various parameters of Doing Business as well as related reforms across and within countries.

**Fig. 1.2 Dealing with Construction Licenses: India and the World**



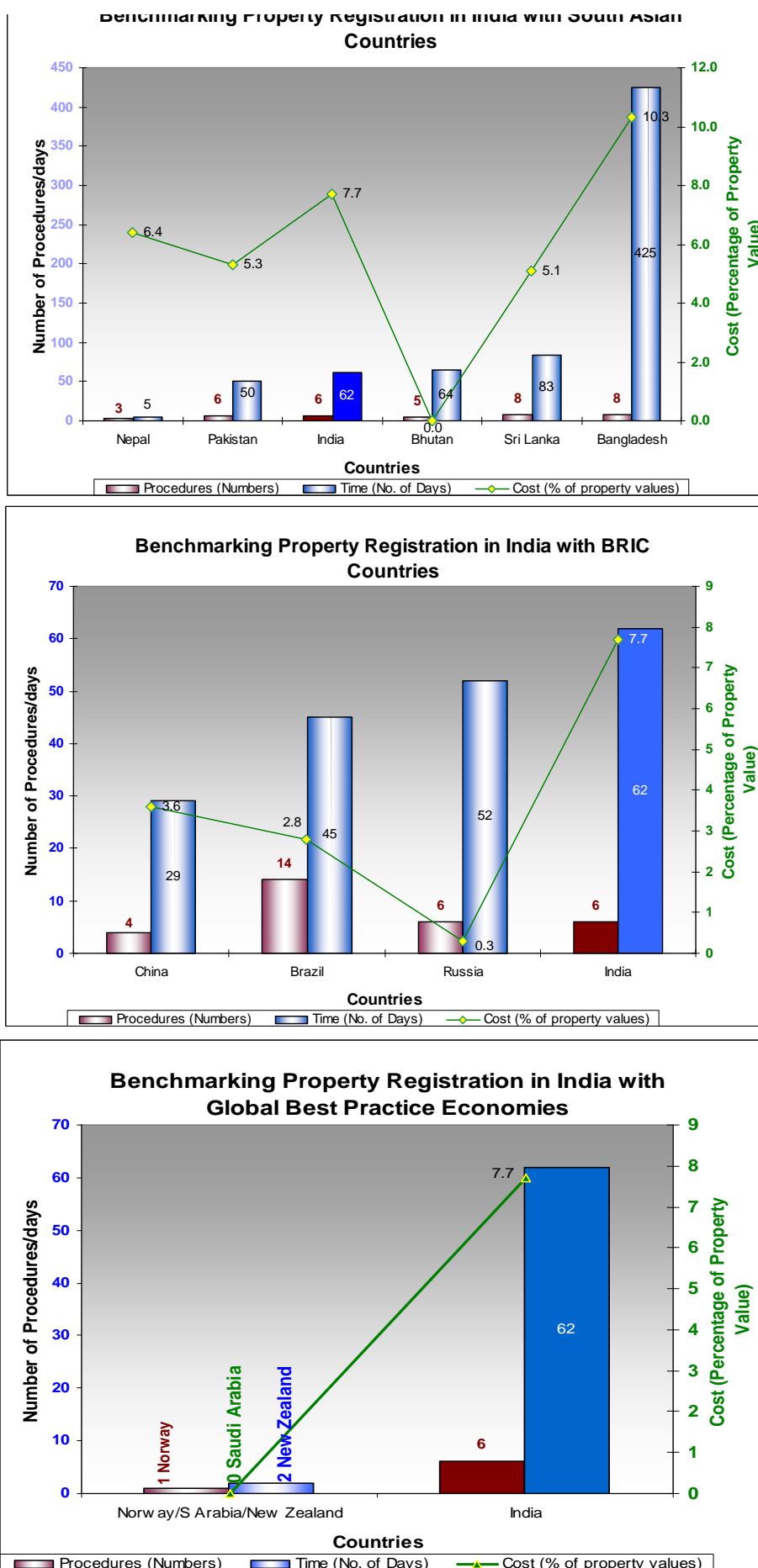
**Box 1.1: Dealing with Construction Licenses: India and the world**

- Among **South Asian countries** India occupies an intermediate position in terms of procedures, time and cost of obtaining construction licenses with Pakistan reporting least number of procedures, Bhutan minimum number of days (183) as well as cost (195.9% of the per capita income of the country).
- Among **BRIC countries**, India occupies the first position in terms of number of days taken to obtain construction license. It occupies 2<sup>nd</sup> position in terms of number of procedures and cost incurred. Brazil occupies first position in terms of both number of procedures involved (18) and cost incurred (59.4%).
- Among **global best practice economies**, Denmark stands at number one position with only six procedures. In terms of time taken to obtain construction license, Korea stands at first position taking only 34 days to obtain construction license whereas, UAE occupies number one position in terms of cost (1.5%).\*

\* It would be important to note that the per capita income of a developing country like India is very low as compared to the UAE or Singapore which reported between 25 to 33 times higher per capita income than India in 2007. Thus, the cost of construction license when calculated as a percentage of per capita income works out to be negligible in high-income countries. This is not the case in developing countries where even a modest cost gets reflected as a very high percentage of per capita income.



**Fig. 1.3 Property Registration: India and the World**



**Box 1.2: Property Registration: India and the world**

➤ Among **South Asian countries** India occupies an intermediate position in terms of procedures, time and cost of registering property with Nepal reporting least number of procedures (3) and minimum number of days (5) and Bhutan with zero cost.

➤ Among **BRIC countries**, India occupies an intermediate position in terms of procedures (6). It takes the maximum number of days to register property (62) and cost (7.7%). China occupies first position in terms of procedures (4) and Russia accounts for the least cost of registering property (0.3%).

➤ Among **global best practice economies**, Norway stands at number one position with only 1 procedure required to register property, New Zealand stands at first position taking only 2 days in terms of time taken, whereas, Saudi Arabia occupies number one position in terms of least cost (0.0%) to register property.

As per the Doing Business methodology, Mumbai represents India since it is the most populous city of the country as per the 2001 Population Census.

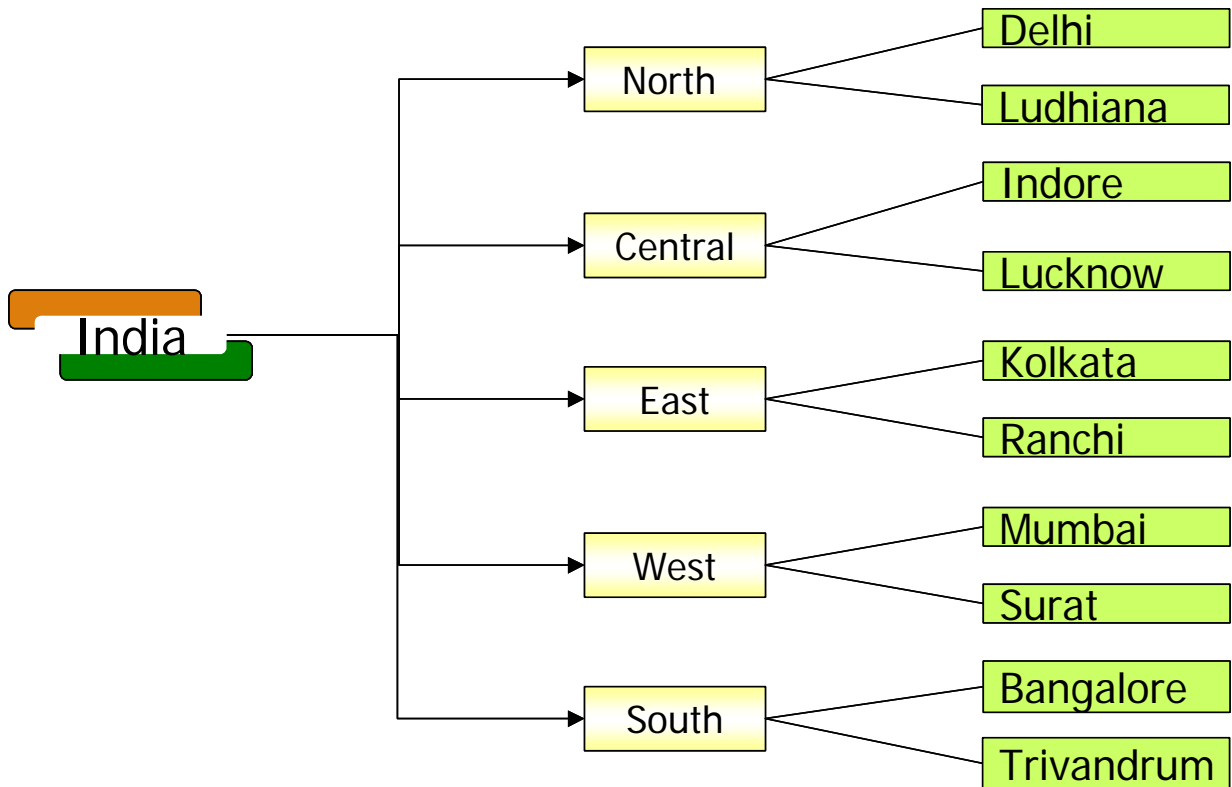
In a serious desire to improve the business environment in the country the Government of India (GOI) decided to bring about reforms across the nation to facilitate business development. In this context, the Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce and Industry, assigned the National Institute of Urban Affairs the task of preparation of guidelines for streamlining the procedures with regard to “property registration” and “dealing with licenses” based on both secondary and primary data. This study is the first of its kind taken up by the Government of India, which tries to establish ease of doing business empirically by ranking cities on a scale.

The present report, titled “Guidelines for Model System for Procedures under Dealing with Licenses and Registering Property in India”, identifies good practices that can be a model for replication by para-statal and Urban Local Bodies across the country. The following section describes the scope and objective of the study with regard to the parameters of “dealing with licenses” and “property registration”.

## **1.2 Scope and Objective of the Study**

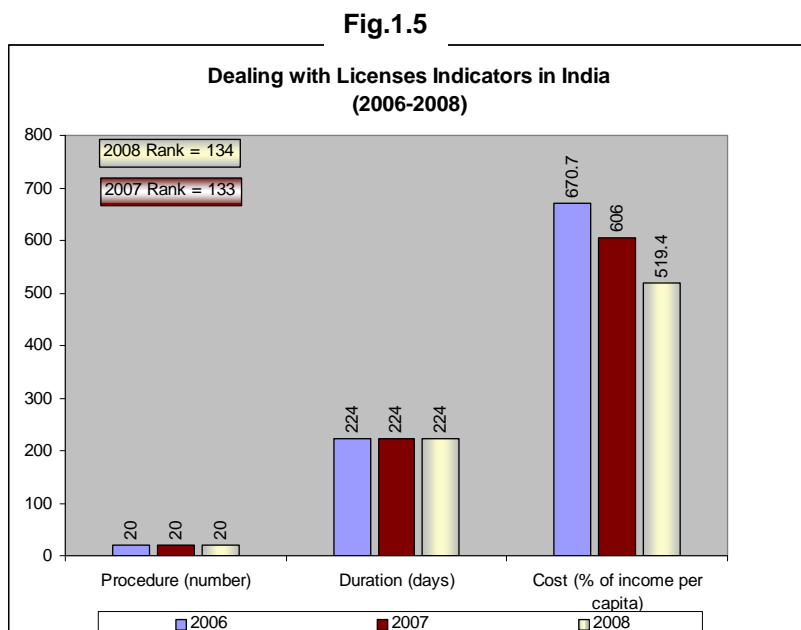
The study covers two cities each in five regions in the country. Delhi and Ludhiana have been selected in the North region while Kolkata and Ranchi are in the study from the East. Similarly, Mumbai and Surat from the West, Trivandrum, Bangalore and Cochin from the South and Indore and Lucknow from the Central region have been included in the study (Figure 1.4). This has been done to capture the inter city variations in the procedures, related documentary requirements, time and cost etc. in the country. The geographical coverage is same for both the parameters.

**Fig. 1.4. Scope of the Study (Geographical Coverage)**



### 1.3 Parameter: Dealing with Licenses

Stringent licensing norms are important for public safety and health. However, if



Source: Based on Doing Business Reports

regulations are very rigid and cumbersome, entrepreneurs tend to avoid the same and operate their business informally. It is a general perception that cities in India do not offer a business friendly environment. Business development is

constrained by a license/ permit regime that is time-intensive and costly. Getting clearances from various authorities is a long drawn process leading to reduced competitiveness and serious bottlenecks in growth.

As mentioned earlier, obtaining construction license is one of the parameters of the doing business study. In terms of number of procedures, time taken and cost involved in securing construction license; India is placed at rank-134 as per the World Bank Report, 2008 (fig.1.5).

### **Scope:**

The present study makes a departure from the *Doing Business* scope with regard to the parameters of dealing with licenses. *The World Bank Report* uses licenses for Construction activity only for the study of licensing. The present study, however, has expanded the scope of analysis to incorporate informal sector as well. Licensing for setting up factories, trading and transport activity have also been included within the scope of the study.

### **Objective:**

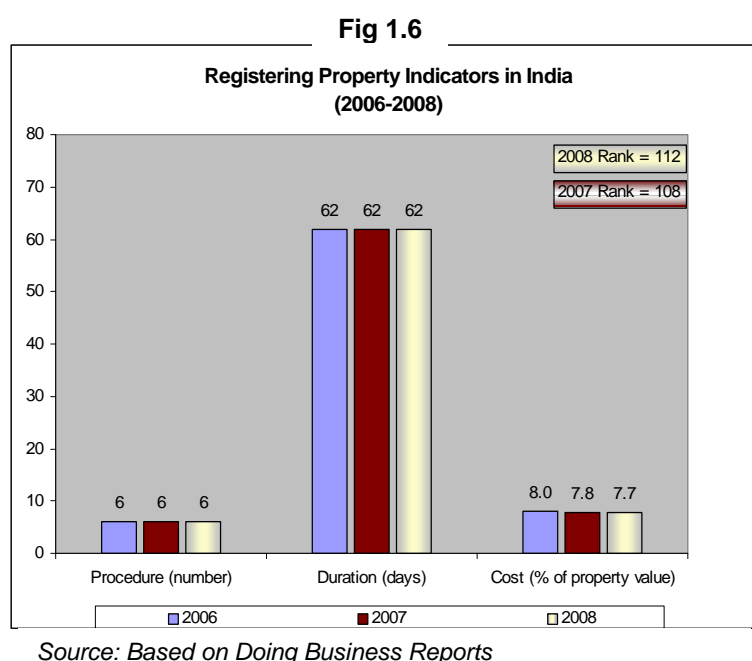
The basic objective of the study is to examine the procedures and process of securing building permit, factory, trade and transport licensing, and identifying replicable best practices so that efficiency in the system can be increased. In other words, the study tries to achieve the following:

- Examine the prevailing procedures for obtaining clearances from several urban development agencies for commencing construction/building activity
- Analyze the time taken and cost involved at various stages of scrutiny and clearance by the public authorities
- Analyze the provisions in the existing byelaws and procedures and identify those provisions, which are redundant and real bottlenecks in obtaining construction license
- Develop comprehensive guidelines for optimizing the procedures for clearances to serve as guide for Urban Local Bodies and Development Authorities

## 1.4 Parameter: Property Registration including Mutation

Registration of property transaction confers clear property title to the person buying the property. Securing clear rights to any property fosters business, as clear land titles helps in furthering investment and trade. Entrepreneurs can obtain mortgages on their homes or land and start business provided they have clear and marketable land titles. In countries where registering property is cumbersome and costly, property transaction takes place informally which results in huge loss of revenues to the federal or local government, as well as financial loss to the entrepreneurs.

As mentioned earlier registering property is one of the parameter of the doing business study (fig.1.1). India ranked 108<sup>th</sup> in registering property, involving completion of 6 procedures taking 62 days in 2007 as per the Doing Business report (2007). Further, 8 per cent of the property value was spent to register the transfer of ownership, placing India among the upper rung of South Asian countries. India's rank further slipped to 112<sup>th</sup> position in the 2008 report. The number of procedures (6) and duration (62 days) remained same consecutively for the years 2006 to 2008 resulting in slipping in rank (fig. 1.6). It is only the cost parameter, which has registered a marginal decline from 8 percent to 7.7 percent over the last three years as per the doing business study.



India's rank further slipped to 112<sup>th</sup> position in the 2008 report. The number of procedures (6) and duration (62 days) remained same consecutively for the years 2006 to 2008 resulting in slipping in rank (fig. 1.6). It is only the cost parameter, which has registered a marginal decline from 8 percent to 7.7 percent over the last three years as per the doing business study.

Within India the time taken and cost to register property differs, mainly due to the time taken to mutate a property title and to register the transfer at the office of the sub-registrar. Importantly, the differential rates of stamp duty and transfer charges

account for the variation in costs across regions or cities. Given the above background, the scope and objective of the present study is outlined as follows.

**Scope:**

The procedures under the parameter “Registering Property” and mutation has been studied across the country with a view to analyse the deficiencies in the system and identify the best practices in different cities. Finally, the report also suggests a model, which can be adopted by cities and states across the country.

**Objective:**

The basic objective of the present study is to develop guidelines to streamline the process of registering property and mutation system across cities. It proposes restricting the number procedures to the minimum, thereby reducing the time and easing the procedure for registration. Since the number/type of procedures, their duration and cost varies from state to state, it has been considered appropriate to undertake a detailed study with the following objectives:

- Examine the prevailing procedures for registering property and mutation while recording the time (days) taken and cost incurred at different stages of scrutiny/clearance of applications at the city level
- Develop comprehensive guidelines for optimizing the procedures for clearances to serve as guide for Urban Local Bodies (ULBs) and Development Authorities (DAs).

## CHAPTER 2: Methodology

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### 2.1 Introduction:

The present study has adopted the overall framework of the Doing Business methodology and the underlying assumptions in order to ensure comparability. It has, however, expanded the scope of the study as well as the modified the methodology to include primary surveys as well.

### 2.2 Definitions and Assumptions on Procedures and Related Time and Cost in Issue of Construction License:

The present study takes into account all the procedures required to build a standardized warehouse. These procedures include submitting all relevant project specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and conducting all necessary inspections as per bye-laws. The study also records procedures for obtaining all utility connections as well as NOC from the fire department. Each process is counted as a distinct procedure and the time and cost of completing each procedure is calculated. Information pertaining to each procedure has been collected from experts in construction licensing, including architects, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable, the assumptions used in the *Doing Business* study about the business, the warehouse project, and the procedures have been retained (Annexure 2.1).

#### Procedures:

Any interaction of the proprietor with external parties, including the government, notaries, utility agencies /companies, inspectors and technical experts in addition to architects and engineers is considered as a procedure. All procedures that are legally or in practice required for securing connection to electricity, water, sewerage and telephone services have been included in the purview of the study. The Doing Business study assumes that the warehouse to be constructed is to be used for

storage of books and stationery and no hazardous substances. Keeping this assumption in mind, NOCs from environmental clearance department, power distribution companies and health department has not been considered in the study<sup>2</sup>.

### **Time:**

Time has been recorded in calendar days. The present study is based both on the stipulated time as per building byelaws as well as the actual time as per primary survey (file study). It is assumed that the minimum time required for each procedure is 1 day even if it takes few minutes to complete it <sup>3</sup>.

### **Cost:**

This study has considered cost of obtaining construction license as a percentage of the respective city's per capita income<sup>4</sup>. This has been done to take into account the intercity variations in per capita income, which may have a bearing on the cost calculations. In cases where city specific data on per capita income was not available, the district/state level figures have been considered. For calculating cost, only official costs have been recorded. All fees associated with completing the procedures to build a warehouse have been taken into account, including those associated with pre-construction design clearances; conducting inspections before, during and after construction including those from ULBs / DAs and Fire Department; and getting utility connections of water, sewerage, electricity and telephone. The building cost information from respective Municipal Corporation/ Development Authority and fee schedules of the utility agencies have been used as sources for costs.

### **Database and Methodology:**

The study is based on both primary and secondary data (fig.2.1). The primary survey was conducted through a structured questionnaire directed to the applicants for licenses. In addition, questionnaires were filled up based on file information and

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<sup>2</sup> NOC from power distribution companies is required only in cases of high-rise structures and cinema halls where a separate sub station needs to be installed. Since the warehouse under consideration is a two-storied structure, such NOCs are not required.

<sup>3</sup> This has been done to ensure comparability with Doing Business study, which is based on similar assumption.

<sup>4</sup> In the Doing Business study cost is recorded as a percentage of the country's per capita income.



discussion with officials in government agencies, municipal corporations and other offices. Government documents pertaining to Byelaws, various Acts etc., were studied to evaluate the impact of macro and state level policies, which govern the above parameters, at the city level.

### **Primary Survey:**

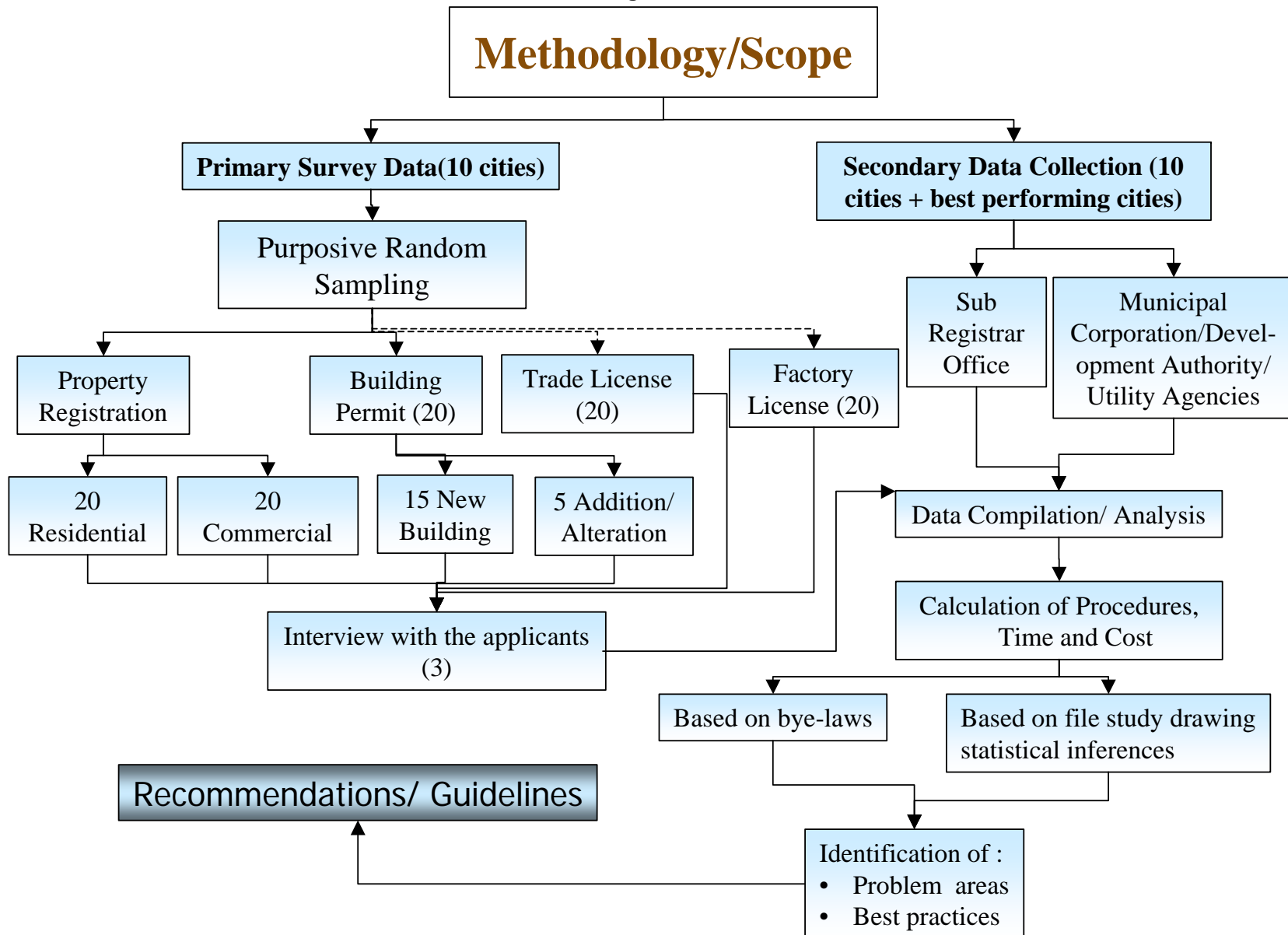
The primary survey has following components:

- Discussion with officials at i) Building Permit Department of the Corporation/ Development Authority of the respective city; Factory, trade and rickshaw pullers' licensing Department of Municipal Corporation/ Development Authority; ii) other agencies and utility providers (i.e. Pollution Control Committee, Fire Services, Power Distribution Company, Water and Sewerage Department, telephone providers etc.); and
- Review of applications for securing the above licenses pertaining to the year 2007-08

### **Sampling Procedure:**

A purposive random sampling has been adopted in this study. In each city, 80 files have been reviewed, 20 each for building permit, factory licensing, trade licensing and rickshaw pullers. For building permit, 15 files pertaining to new buildings constructed and 5 for addition/alteration have been studied. Files have been selected in a manner, which reflects details of clearances from a large number of agencies.

Fig.2.1



For factory licensing, the files of factories, which employ 10 workers with power, or employ at least 20 workers without power, have been selected. At least 10 factory files (employing more than the threshold limit) have been studied in which special clearances were involved. Similarly, for files pertaining to trade licensing, at least 10 cases which needed special clearance from fire department, pollution control, and other agencies, have been studied. The study of such files, which require special clearances, would add to the diversity in the procedures as well as help to understand the complexities of getting clearances for large scale business activity. Finally, discussions were held with at least 3 applicants in each city on issues related to clearances, in order to understand the reasons for procedural delays, if any.

### **2.3 Definitions and Assumptions on Procedures and Related Time and Cost of Registering Property:**

This study takes into account the entire sequence of procedures necessary when an entrepreneur purchases land and a building so that the property can be used for expanding business, as collateral in taking new loans or, if necessary, to refinance. To make the data comparable, the assumptions used in the *Doing Business* study about the property and the procedures have been retained (Annexure 2.2).

#### **Procedures:**

A procedure relates to any interaction of the buyer or the seller and their agents<sup>5</sup> with external parties, such as government offices/agencies, inspectors, notaries and lawyers.

#### **Time:**

As in the earlier case, time is recorded in calendar days. The present study takes into account both stipulated time as well as actual time (file study). If a procedure can be speeded up for an additional cost, the fastest legal procedure available and

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<sup>5</sup> If an agent is legally or in practice required

used by the majority of property owners is chosen. It may be noted that time spent on gathering information is not considered in the study.

### **Cost:**

Cost is recorded as a percentage of the property value. The value of the property has been assumed to be constant across cities at INR 1,590,262<sup>6</sup>. This indicator includes only official costs like registration fees, stamp duties and any other payment to the property registry, notaries, public agencies, deed writers and/or lawyers. In cities reporting two separate categories of fees for males and females, those for the females have been taken into consideration in the study.

### **Database and Methodology:**

The study is based on both primary and secondary information. The primary survey was conducted through a structured questionnaire directed towards the applicants for licenses and registration. In addition, questionnaires were filled up based on file information and discussion with officials at various government agencies, municipal corporations, sub-registrar's and other offices. Government documents pertaining to various Stamp Acts, Stamp duties, ready reckoners etc. have also been studied to understand the implications of the macro and state level policies on the registration process.

The analysis on sale deed transaction is based on:

- Primary Survey: Discussion with officials in i) revenue department/ sub-registrar's office, ii) lawyers iii) property dealers iv) sale deed / document writers, v) property tax department of municipal corporations and vi) applicants
- Review of sale deed documents pertaining to the year 2007-08
- Review of applications made to Municipal Corporation for mutating property (the same sale deed files have been considered)

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<sup>6</sup> In line with the Doing Business study. In reality, however, such low valued properties seldom exist in metropolitan cities of India.

- Sample survey of select residential and commercial properties with sale deed and mutation documents in the sample cities
- A questionnaire survey of identified residential and commercial property buyers

A detailed study of the procedures related to property registration<sup>7</sup> has been made in the study for the cities of Bangalore, Delhi, Mumbai, Kolkata, Ranchi and Lucknow<sup>8</sup> to examine the existing procedures and related times and costs, and the impact of ongoing reforms on the procedures, if any. For the remaining cities of Surat, Ludhiana Trivandrum, and Indore, an independent analysis has been carried out based on procedures existing in these cities. In addition, an attempt has been made to identify the actual time taken for registering property and mutation in each city through the review of sale deed and mutation documents as well as through study of other government documents and discussion with officials.

### **Sampling Procedure:**

Purposive random sampling has been adopted for the study of this indicator also. In each city, 40 files pertaining to property registration have been reviewed, 20 under residential use and 20 under commercial activities. Here, sale deed documents where mutation has taken place in the year 2007 have only been considered. This has been done to document the current procedures and related time and cost as well as to understand the existing best practices and / or bottlenecks. Files of preceding years have also been taken into consideration in cases where required files were not available in the reference year. Since, the procedure of registration and mutation remains the same for properties irrespective of their size, value or use, the sample has been drawn randomly. Statistical inferences have been used to establish the validity of the samples drawn.

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<sup>7</sup> Including the related time and cost

<sup>8</sup> These were the sample cities in the 2007 Doing Business study

## **CHAPTER 3: Procedures In Obtaining Construction License and Property Registration: Major Findings**

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### **3.1 Introduction:**

This chapter attempts to identify the procedures and related time and cost for obtaining construction licenses and registering property including mutation across select cities of Delhi, Ludhiana, Kolkata, Ranchi, Mumbai, Surat, Lucknow, Indore, Bangalore, and Trivandrum<sup>9</sup>. Following the introductory section, the second section is divided into a number of sub-sections pertaining to two broad sub-groups, viz, (1) licenses and (2) property registration including mutation. The second sub-section of sub group 1 attempts to compare the position of different cities in India vis-à-vis Mumbai with regard to dealing with licenses. The third sub-section analyses the stipulated time as well as actual time taken to obtain construction license across cities. The fourth sub-section attempts to work out the procedures, time and cost involved in obtaining construction license in Mumbai. The final sub-section overviews the building bye-laws related to build

ing plan approval across cities. Sub-group II deals with 'registering property along with mutation'. It follows a similar lay-out as that of sub-group I with the exception that it is confined to the first four sub-sections only.

### **3.2 Procedures in obtaining Construction License**

This section makes an inter city comparison in obtaining construction license. In addition, an attempt is made to study the difference in stipulated vis-à-vis actual time taken to obtain construction license across cities. Further, the procedures, time and cost in obtaining the license in Mumbai is discussed in detail<sup>10</sup>. The final sub section deals with an overview of building byelaws in select cities.

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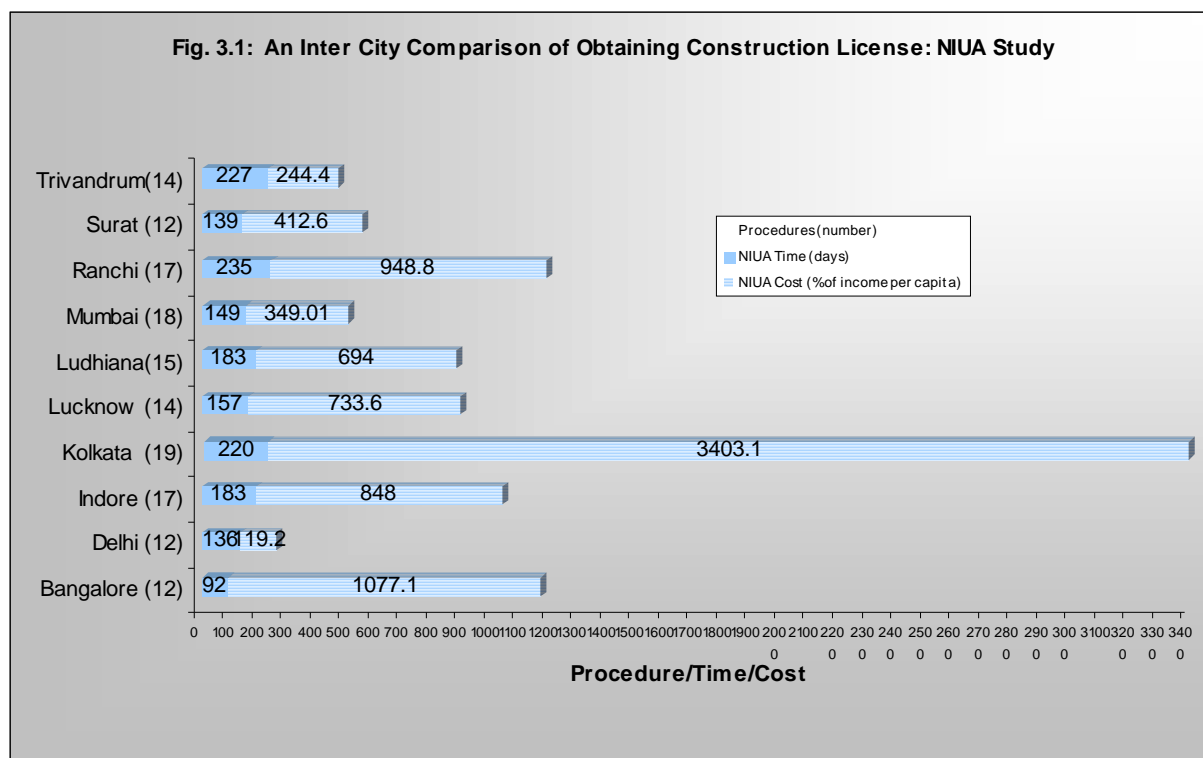
<sup>9</sup> Doing Business team had brought out an extensive study across 12 cities of India in its report "Doing Business in south Asia, 2007".

<sup>10</sup> Mumbai is discussed in details because it represents India in international comparisons.

### 3.2.1 An Inter-city Comparison of obtaining Construction License

The following section analyses the procedures and related time and cost of obtaining construction license in select cities (fig.3.1, Annex 3.0). The broad observations are as follows:

- In terms of number of procedures Bangalore, Delhi and Surat are best with 12 procedures each, as compared to 18 in Mumbai and 19 in Kolkata (highest). The cities of Bangalore, Delhi and Surat reported the least number of procedures because intermediate inspections are less in these cities.
- In terms of time taken for obtaining construction license, Bangalore, Delhi and Surat are at first, second and third positions with 92 days, 136 days and 139 days respectively, as compared to 149 days in Mumbai (4<sup>th</sup> rank) and 285 days in Ranchi (10<sup>th</sup> position). Bangalore takes the minimum time to obtain construction license because of the favourable business environment existing in the state. Further the utility providers also require less time to provide connections.
- Delhi, Trivandrum and Mumbai are at first, second and third place as 119%, 244% and 349% respectively in comparison to 3403% in Kolkata (10<sup>th</sup> position) when construction cost with reference to percentage of per capita income of the city is considered. The cost of obtaining construction license is very high in Kolkata because of certain specificities added to its byelaws. As for example, building sanction fees is calculated on the basis of the width of the access road. Further, the cost of utility connections especially electricity connection is very high in this city.



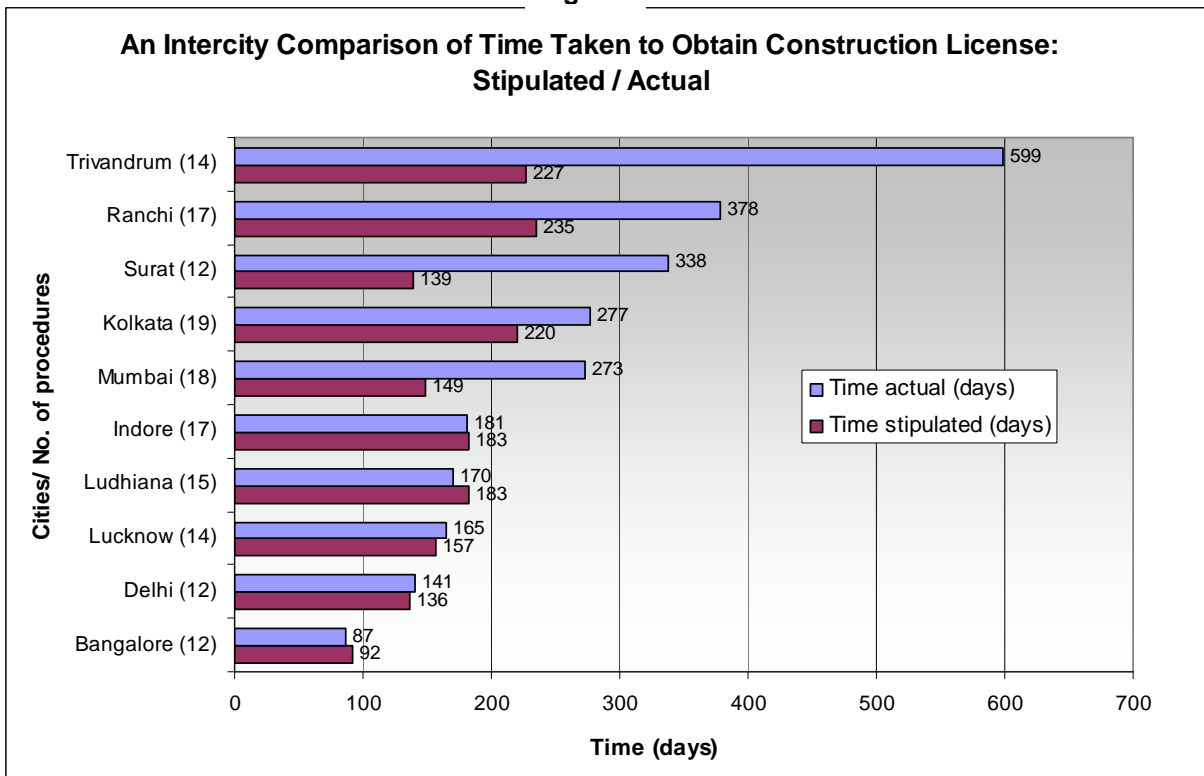
Source: NIUA database, 2007-08

### 3.2.2 An Inter-city Comparison of obtaining Construction License: A Study of stipulated vis-à-vis actual time

This section attempts to work out the actual time vis-à-vis the stipulated time taken to obtain construction license in the select cities. The stipulated time has been calculated by adding up the mandated duration (as per respective byelaws) pertaining to each procedure. The actual time indicates the time taken as per file study for the sample observations (fig.3.2).



Fig. 3.2



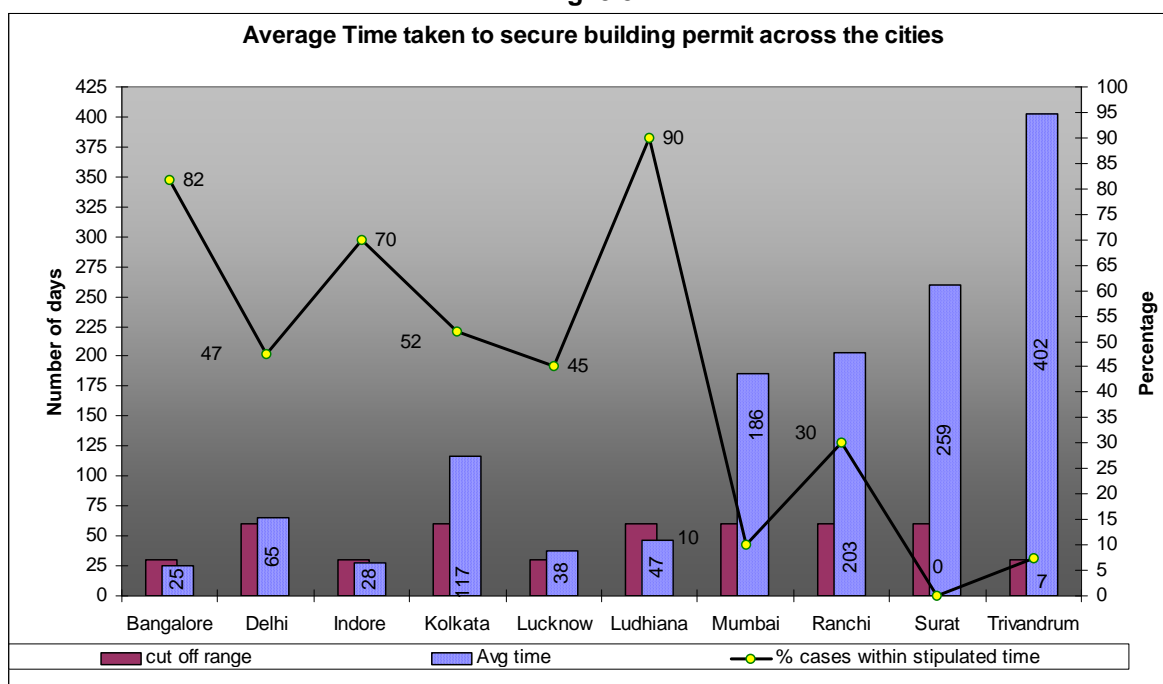
Source: NIUA field study, 2007-08 (based on Annexure 3.1)

- Bangalore, Delhi and Surat occupy first, second and third position in terms of stipulated time to complete all the formalities of obtaining construction license. To illustrate, Bangalore takes the least time (stipulated) of 92 days followed by Delhi with 136 days and Surat with 139 days. Mumbai occupies an intermediate position with 149 days. Ranchi on the other hand accounts for the maximum stipulated time of 235 days.
- The file study shows that on an average, Bangalore took 87 days to complete all the formalities of obtaining construction license. Further, Bangalore, Ludhiana and Indore took less than the stipulated time to complete all the formalities for obtaining construction license.
- The file study further shows that Trivandrum took maximum time of 599 days, in comparison to the stipulated time of 227 days, followed by Surat with 338 days (stipulated time of 139 days) and Ranchi with 378 days (the stipulated time of 235 days).
- Mumbai occupies an intermediate position where the sample files took 273

days on an average to get approved as compare to 149 days of stipulated time.

Figure 3.3 attempts to explain the time taken to obtain building permit (procedure 2) based on file study information. The statistical inference of data is given in annexure 3.2.

**Fig. 3.3**



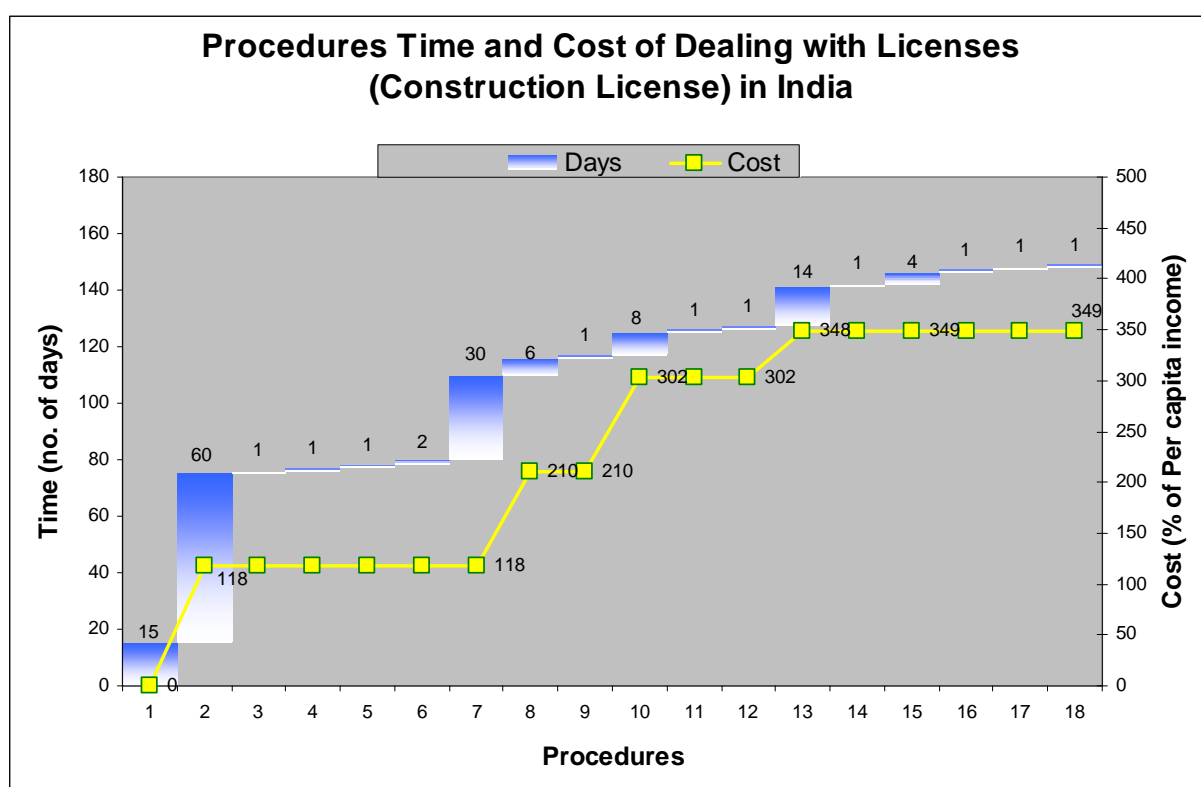
Source: NIUA field study, 2007-08

- As per bye-laws, Bangalore, Indore, Ludhiana and Trivandrum require 30 days to secure building permit. The remaining cities of Delhi, Kolkata, Ludhiana, Mumbai, Ranchi and Surat require 60 days.
- On an average, Mumbai took 186 days to get approval although 10% cases got approved within 60 days, which is explained by the line graph in fig.3.3.
- On an average, Bangalore (25 days) and Indore (28 days) took less than stipulated time of 30 days, while cities like Surat, Trivandrum and Ranchi took more than 200 days to obtain building permit as per file study. Delays in meeting the required deficiencies on the part of the applicant are the major reason for taking longer time for approval.

### 3.2.3 Procedures, Time and Cost of obtaining Construction License in India

Fig.3.4 indicates the procedure, time and cost of obtaining construction license in Mumbai. Mumbai being the most populous city of the country, represents India in all doing business parameters including obtaining construction licenses. In fig. 3.4 procedure has been indicated on the X axis and time and cost on both the Y-axes. The figure shows the time and cost for each procedure (annex 3.3a)

Fig. 3.4



Source: Based on annex 3.3a

It takes 18 procedures, 149 days and 349.01 percent of the per capita income to obtain construction license in the city of Mumbai. Importantly, The figure 3.4 indicates that 2<sup>nd</sup> procedure, which pertains to building plan approval, takes the maximum time of 60 days amongst all other procedures. This procedure also entails the highest cost of 118 percent of the per capita income. Thereafter, there are several inspections, which is denoted by a stable graph (indicating both time and cost) till 7<sup>th</sup> procedure. Applications for utility connections and related inspection from utility providers are reflected in procedures 8<sup>th</sup> to 16<sup>th</sup>. The height of the vertical bar

and the steepness of the line graph indicate the time taken and cost of utility connections. The stable portions of the graphs denote inspections, which involves less time and no cost. A detailed table indicating the time and cost in each procedure for each city has been provided in Annexure 3.3.

### **3.2.4 An Overview of Building Bye-Laws in select cities**

Building permit issued by any city authority is governed by the building byelaws applicable to the city. As per the building byelaws, an application for new construction should be accompanied by various documents, as well as affidavits. Further, no person is supposed to erect, re-erect or make alteration without obtaining a separate building permit for each such building from the local body. It is in the interest of the public to get the building plan sanctioned. This ensures that building constructed has adequate structural strength and has provision for light ventilation, hygienic conditions and is in conformity to the provisions of respective Master Plans and Zoning regulations. Any construction raised without such sanction is liable for demolition under certain sections of building byelaws. It is also mandatory under the byelaws to obtain a completion certificate without which no person is permitted to occupy.

In India urban development is a State subject. This has resulted in divergence of policies and procedures across states. Building byelaws essentially govern the sanctioning of new constructions and additions/ alterations and related matters like FAR limits, setbacks in different types of buildings etc<sup>11</sup>. It is, however, generally observed that in most cities buildings are being constructed without compliance to building byelaws. People often build houses without obtaining building permits and developers build disregarding the sanctioned plans. In the NCT of Delhi, e.g, less than 35 per cent of the buildings have adhered to building byelaws. This is because the provisions of the building byelaws often entail cumbersome procedures, which

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<sup>11</sup> Where a new building is erected the bye laws apply to the design, construction and utilities of the building, where the whole or any part of the building is removed, the bye laws apply to the entire building whether removed or not. Where a building is altered, the bye laws apply to the whole building whether existing or new except that the byelaws applies only to the part, if that part is completely self contained with respect to requirements of the bye laws. Where the occupancy (use) of the building is changed, the bye-laws apply to the entire building affected by the change. Where a land is to be developed or redeveloped or subdivided into plots the byelaws apply to the entire development and modifications to the land lay out.

are expensive and time consuming. The following section overviews the mandatory/special requirements for building permit across cities<sup>12</sup>.

**Mandatory Requirements for application for building permit across select cities:**

Proof of ownership, approved sub division/layout of city survey number, specifications, supervision certificate, development permission fee receipt, structural stability certificate, NOC from property tax department and various affidavits & undertakings are the general mandatory requirements across all cities. In addition, security deposit (Mumbai and Bangalore), Rainwater harvesting certificate (Delhi and Lucknow), Malba certificate (Delhi) and NBO certificate (Delhi and Bangalore) are needed only in few cities.

**Notice:** There are several mandatory documentary requirements necessary for applying for building permits. Every building permit application is required to be submitted in a prescribed form, commonly referred to as notice in cities like Delhi, Surat, Ludhiana, Mumbai and application in Trivandrum, Cochin, Kolkata, Ranchi, Indore, Lucknow and Bangalore. In Lucknow the application form is locally referred to as Ankara form.

**Plan:** It includes key plan or location plan showing the boundary location of the site for most of the cities. However, in Mumbai, neighborhood landmarks are also included in key plan. Here, the site plan is also very exhaustive which includes the boundary of the site. The same is true for Trivandrum, Surat and Ludhiana. In Surat, twenty specifications have been enlisted. In most of the other cities, such details are not specified in the byelaws. In case of Mumbai and Surat, the sub division or lay out plan is also required where development is proposed in a sub division or involves a lay out plan. However, in case of Mumbai it is more detailed and exhaustive. Building plan requirements are also very extensive, and additional specifications with regard to multi storied or special buildings are to be indicated in details. Bangalore city has also a detailed requirement of building plan.

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<sup>12</sup> Details on documents, fees etc. for the study cities are given in Annexure 3.4

**Proof of ownership:** In all cities, the applicant is supposed to submit satisfactory legal evidence of his right to develop or to build in the land in question. This proof of ownership may be in the form of lease deed, sale deed, etc and have to be submitted along with the building plan application. In Surat, extracts from property register for city survey lands or an extract from the Record of Rights for revenue lands may also be used as a property document. In Mumbai, in addition to ownership document, property register card is also required. In addition, the statement of area of the holding by triangulation method from a licensed technical personnel or architect along with an affidavit from the owner is required. In Bangalore, a copy of the property card along with the sketch issued by the Department of Survey and Settlement, Land Records (City Survey) and latest Assessment Book Extract issued by the corporation indicating the measurement of the property should also be enclosed. Likewise, in Surat an applicant is supposed to submit a certified copy of approved sub-divisions/layout of final plot from the concerned Authority or latest approved sub-division/layout of city survey numbers or revenue numbers from relevant Authority as the case may be, showing the area and measurements of the plot or land on which he proposed to develop. The authority may dispense this requirement if the applicant can prove his ownership on the basis of any other documentary evidence.

**Specifications:** Particulars of the proposed building giving details of coverage of respective floors, approximate numbers of inhabitants proposed to be accommodated, number of latrines, urinals, kitchens, baths, W.C., source of water to be used in the construction, distance from public sewer and materials to be used in construction are specified in the bye-laws of cities of Delhi, Mumbai and Ludhiana. In Bangalore and Surat, the detailed plans include specifications as well, whereas in others details are not specified.

**Supervision certificate:** The application for building permit has to be accompanied by a certificate of supervision in a prescribed form by the licensed surveyor/ engineer/ structural engineer/ supervisor or architect, as the case may be. Such appendices are attached with the form in cities of Delhi, Mumbai, Bangalore.

**Development permission fee receipt:** In Mumbai, it is specified that the notice shall be accompanied by a attested copy of the receipt of payment of the development permission application fee. In Ranchi, scales of fees for development permit have been specified for different types of buildings.

In Mumbai, to ensure compliance with these Regulations and the directions given in the sanctioned plan and other conditions, a security deposit<sup>13</sup>, is charged at rates specified by the Commissioner. It is to be returned to the owner one year after the issue of the full occupancy certificate after the Commissioner is satisfied with the compliance with various conditions stipulated in the said full, occupancy certificate.

**Structural Stability certificate:** This certificate is issued by a structural engineer to indicate that the building plans submitted for approval satisfy the safety requirement as stipulated in the byelaws. In Bangalore, fitness of foundation of the building is certified by foundation certificate.

**Rainwater Harvesting certificate:** This certificate is necessary in rain deficit areas. In Delhi, plot sizes above 100 sqm. has to comply with this requirement whereas in Lucknow the compliance is necessary for plots above 200 sqm.

**Malba certificate:** This is a requirement only in the case of Delhi. Although, stacking charges are compulsory in other cities, no certificates are necessary for submission.

**National Building Organization (NBO) Schedule:** Information pertaining to the new construction has to be filled in a prescribed schedule for submitting to NBO.

**Up-to-date property tax receipt:** A receipt for having paid up to date property tax to the corporation has to be attached for all cities.

**Affidavits & Undertakings:** Several affidavits and undertakings need to be submitted along with the notice for building permit sanction. In case of Delhi, as for example, an Indemnity Bond in case of proposal for the construction of a basement;

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<sup>13</sup> which may be in the form of an irrevocable bank guarantee

an affidavit for declaration no collaboration agreement; an affidavit for declaration of collaboration agreement; an undertaking for not creating any extra dwelling unit and an affidavit to the affect that building materials shall not be stacked on Government land in cases of plot size more than 418 sqm.<sup>14</sup>. In Mumbai, the owner/developer/contractor has to give an undertaking to the effect that during the period of construction, facilities like day care center, non-formal education programme, etc should be made available to the workers.

**NOCs required in special cases for application for building permit across cities:** Other documents that are required to be submitted along with building plan application in special cases are enlisted as follows:

1. In case of any deviation from the terms and conditions stipulated in the lease deed/ownership document, necessary clearance from the lessor;
2. NOC from the competent authority regarding land use as per Master Plan/Zonal Plan, if required;
3. Approval from the chief inspector of factories in case of industrial buildings;
4. N.O.C. from Pollution Control Board of the respective state;
5. Approval from Chief Controller of Explosives, Nagpur and Chief Fire Officer, in case of hazardous buildings;
6. Proof of existing structures in the shape of previous sanctioned building plan and completion certificate if the proposals are for additions and alterations;
7. Approval of Urban Arts Commission wherever required under DUAC Act shall have to be obtained before sanction of building plans in case of Delhi;
8. Recommendations of Chief Fire Officer in case of industrial, institutional and multi-storeyed buildings shall have to be obtained;
9. N.O.C. from power companies in case of group housing schemes and in case of institutional buildings;

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<sup>14</sup> In Kolkata, an indemnity bond of Rs. 50/- ; if ht. >8.0m and the another of Rs. 10/-; affidavit for Proposed Regular Line; undertaking of road width where KMC has no such records; registered undertaking for common passage with original receipt of registration; registered undertaking for rehabilitation of the existing tenant (s); undertaking of road width where KMC has no such records are required to be submitted.



10. N.O.C. from ASI in case of plot falling within 300 mtrs. of any protected monument in case of Delhi;
11. N.O.C. from metro authority in case plot is falling within MRTC corridor, etc.
12. N.O.C. from railway authority in case plot is falling within railway corridor;
13. N.O.C. from airport authority in case plot is falling in close proximity to the airport and in case of high rise buildings;
14. N.O.C. from soil department, Survey and Valuation and boundary declaration department in case of Kolkata

Applying for Occupancy Certificate (OC) / Completion Certificate (CC) is mandatory in all cities. However, very few individuals or developers apply for the same in most cities. This may be attributed to the rigorous inspections and compliance of construction with the original sanctioned plan. In Mumbai, Trivandrum, Surat and Bangalore, OC/CC is issued subject to compliance of the construction specifications with the byelaws. In Delhi, individuals do not apply for the OC/CC. It is only the builders and housing societies who apply for the OC/CC. The issuance of such certificates involves speed money. Further, the penalty for non-compliance is negligible, which encourages individuals to take possession without obtaining OC/CC.

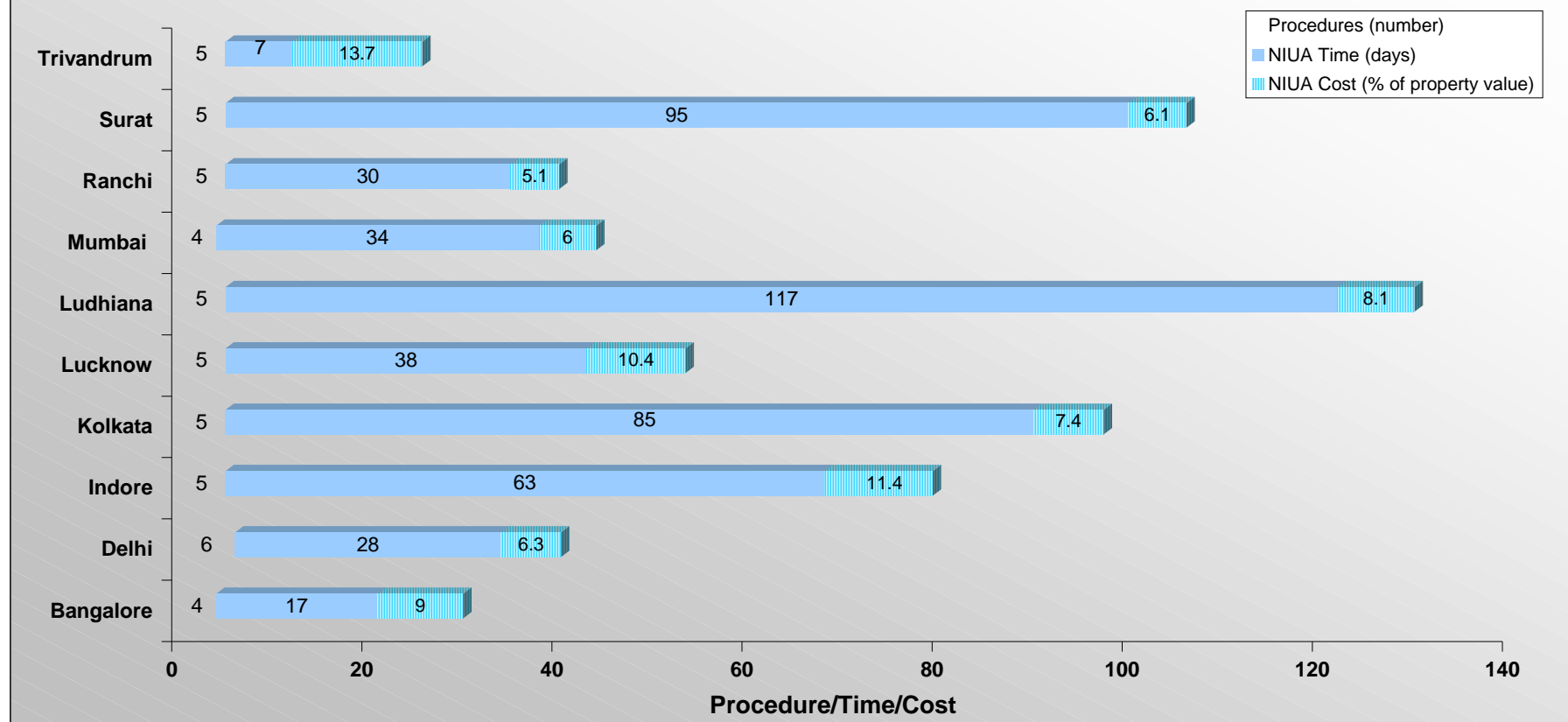
### **3.3 Procedures for Property Registration**

The following section analyses the procedures and related time and cost of registering property in select cities. Further it attempts to compare the actual time vis-à-vis the stipulated time taken to register property in select cities. The final sub section analyses the procedure, time and cost of registering property in Mumbai.

#### **3.3.1 An Inter-city Comparison of Property Registration**

The following section analyses the procedures and related time and cost of registering property in select cities (fig.3.5; annexure 3.5).

**Fig. 3.5: An Inter City Comparison of Property Registration:  
NIUA Study**



Source: NIUA field study and NIUA database, 2007-08

- In terms of number of procedures, Bangalore and Mumbai are best with 4 procedures in these cities in comparison to Delhi with 6 procedures<sup>15</sup>.
- In terms of time taken for registration, Trivandrum, Bangalore and Delhi have emerged at first, second and third position with 7 days, 17 days and 28 days respectively. Mumbai stands at 5<sup>th</sup> place with 34 days. Ludhiana took the maximum time for the same, viz, 117 days. The difference in time taken to register property is attributed to the difference in time taken for mutation. The minimum time taken for mutation has resulted in least time for property registration in Trivandrum and Bangalore.
- In terms of cost of registration with reference to percentage of property value, Ranchi, Mumbai and Surat are at first, second and third place with cost of 5%, 6% and 6.1% respectively. Trivandrum accounted for the maximum cost of property registration. This is because unlike other cities Trivandrum did not reduce stamp duty as part of the JNNURM reform agenda. Cities of Ludhiana, Bangalore, Indore and Lucknow also reported high cost of property registration. The difference in cost is basically due to the variation in stamp duty in various cities as also the different rates of registration fees.

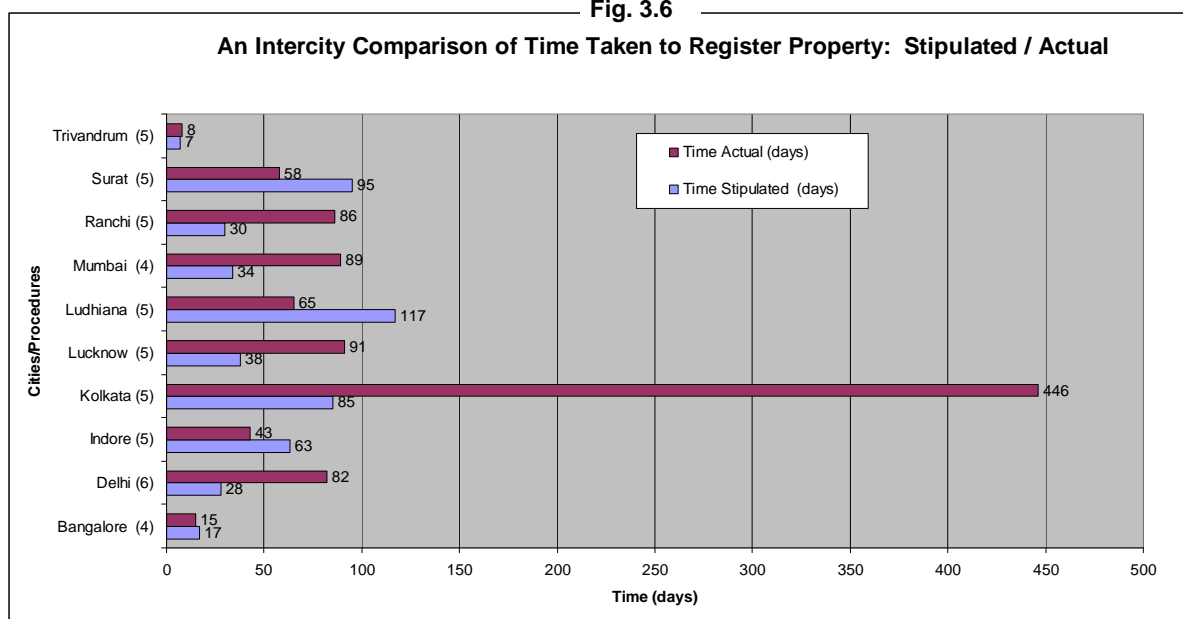
### **3.3.2 An Inter-city Comparison of Property Registration: An NIUA Study of actual time vis-à-vis stipulated time**

This section brings forth the following observations with regard to the actual time taken to register property in the select cities vis-à-vis the stipulated time. The stipulated time has been calculated by adding up the mandated time pertaining to each procedure. The actual time indicates the time taken as per file study for the sample observations (fig.3.6).

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<sup>15</sup> The number of procedures for Delhi is in practice 5, because procedure 2 pertaining to publishing the property transaction details in newspaper is not a general practice. However, this procedure have been taken into consideration in order to bring comparability with the doing business study.

Fig. 3.6



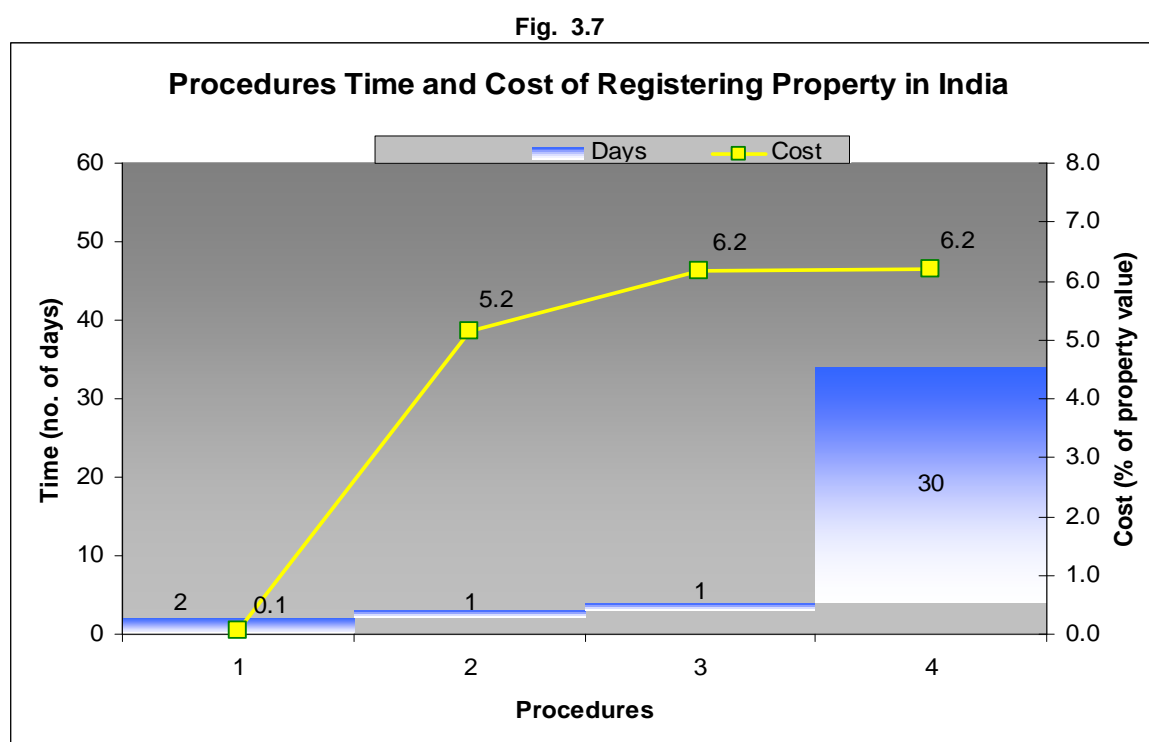
Source: Based on field survey 2007-08.

- Surat, Ludhiana, Indore and Bangalore took less than the stipulated time which may be attributed to computerized system of property registration and efficient mutation system
- Bangalore and Trivandrum are the two cities where mutation takes place within a week.
- Mumbai, where property registration is fully computerized takes 89 days to complete all the formalities including mutation. The delay is basically due to the time taken for mutation.

Due to the semi-computerized system of property registration and stringent formalities of mutation, Kolkata takes on an average 446 days to complete all formalities vis-à-vis 85 mandated days. The file study further shows commercial properties taking much less time as compared to residential properties.

### 3.3.3 Procedures, Time and Cost of Registering Property in India

Fig.3.7 indicates the procedure, time and cost of registering property in Mumbai<sup>16</sup> (Annexure 3.6a). As mentioned earlier, Mumbai being the most populous city of the country, represents India in all doing business parameters including registering property. In fig. 3.7 procedure has been indicated on the X axis and time and cost on both the Y-axes. The figure shows the time and cost for each procedure.



Source: Based on Annexure 3.6a.

It takes 4 procedures, 34 days and 6.2 percent of the property value to register property in the city of Mumbai. Importantly, Mumbai being the most populous city of the country, qualifies to represent India in all doing business parameters. The figure 3.7 indicates that 4<sup>th</sup> procedure, which pertains to mutation, takes the maximum time of 30 days amongst all the procedures. This procedure, however, accounts for .01 percent of the property value as cost. The height of the vertical bar indicates the duration of time taken and the steepness of the line graph indicate the percentage cost of property registration. A table indicating the details of time and cost in each procedure has been provided in Annexure 3.6.

<sup>16</sup> The Indian Stamp Act of 1899 governs the system recording of deeds on stamp paper. This Act aims to derive revenues for the state. Deeds of various kinds are required by law to be written on stamp paper of prescribed value, although in some states there is provision for the document to be written on plain paper with a payment of a stamp duty. Deeds are predominantly written on stamp paper. The preference of the public for stamp paper arises out of its aesthetic and authentic look besides the quality that can last for over a century.

## **CHAPTER 4: Streamlining Procedures for Obtaining Licenses and Registering Property**

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### **4.1 Introduction**

The findings of the study indicate that business in most of the Indian cities is affected by cumbersome procedures, particularly in the context of obtaining construction license. However, it is heartening to note that many agencies are actively engaged in the process of reforming regulatory procedures and a number of innovative practices have been developed within the country. For example, with the introduction of computerized system of registration, the time taken to register property has come down drastically in many cities. Similarly, adoption of computer-aided evaluation and single window system for building plan approval has helped in reducing red tape in some cities<sup>17</sup>. These practices need to be further improved and widely disseminated to bring about a paradigm shift in the existing regulatory regime. In addition to boosting private investments, this would also expand the reach of regulation by bringing more businesses and workers into the formal sector.

This chapter identifies the key areas of reform based on best practices and proposes guidelines drawing lessons from the reforms already underway that could be adopted to ease licensing procedures and property registration in India. The guidelines are prescriptive in nature, and are based on best practices/ reforms already underway in different countries and JNNURM<sup>18</sup> cities, in addition to the observations in the cities selected for the study.

### **4.2 Obtaining Construction Licenses**

The following section suggests guidelines with respect to each procedure that could be adopted by Urban Local Bodies/ Development



Source: <http://www.bmponline.org>

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<sup>17</sup> This, however, is confined to small residential buildings.

<sup>18</sup> The Government of India (Ministry of Urban Development) launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in December 2005. The scheme requires certain mandatory reforms to be undertaken by states/cities within a period of seven years to eliminate legal, institutional and financial constraints that have hampered investment in urban infrastructure and services. Although this policy initiative is very recent, evaluations show that its impact on facilitating investments is considerable.

Authorities across the country, to ease obtaining construction license in the country. The cities/states where such reforms have been undertaken, or are already underway, are also discussed briefly.

### **Procedure 1: Obtain approval of construction from the Area Development Authorities:**

In certain cities, approval from the respective Area Development Authorities is necessary before applying for building plan sanction. This procedure is time-consuming, often taking one to two months.

#### ➤ **Best Practice: Bhubaneswar**

Bhubaneswar Development Authority has reformed this procedure by developing a GIS based Master Plan Information for the city. The Land Information System, which is a part of the Master Plan Information facilitates digital inventories of urban land utilization, urban cadastral generation, base map for physical planning, scheme implementation, urban green zone and open space management, etc. and thereby helps in speedy approval of construction plans. Moreover, the format of the application plans are available online, which further reduces the delay in approval.

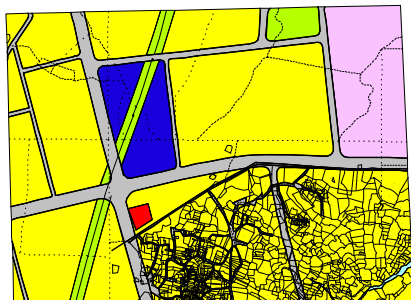


Fig. 4.1 Sample of the GIS based Master Plan

Application of GIS has the following advantages:

- Provides computerized database of land parcels.
- Provides digital database provides land use information to planners for approval of building plans

Both these features of GIS has helped in speedy approval of building plans.

### **Procedure 2: The Municipal Corporation examines the drawing plan and issues approval for construction:**

A building plan needs to be examined and approved by the respective local body before one can start construction. Necessary sanction is accorded when the plan is

found to be in conformity to the provisions of the respective byelaws. The study shows that there are wide variations between cities in the time taken for giving clearances e.g. while Trivandrum took as many as 402 days, on an average, to sanction building permits, the comparable figures for Surat, Mumbai and Ranchi are 259, 186 and 203 days respectively. It may be noted that as per byelaws Trivandrum is supposed to sanction building plan within 30 days of submission while Surat, Mumbai and Ranchi allow for 60 days. It would be useful to amend existing byelaws to reduce the number of mandated days required for sanctioning of building permit to the minimum possible, say 30 days, so that there is a commitment from the local body to dispose applications speedily.

Other useful practices to reduce the time taken to issue building permits could be the adoption of single window system of approval, and computer-aided building plan approval systems. It may be noted that Trivandrum adopted the single window system of approval of residential plans to bring down the number of days taken for sanction, at least for the residential buildings. The following section describes the single window system of building plan approval in Bangalore and computer-aided building plan approval system in Ahmedabad as the best practices identified in this regard. Details of single window systems operating in cities of Mysore and Trivandrum have been given in the annexure (4.1). These are already categorized as optional reforms<sup>19</sup> under the JNNURM scheme, which encourages reforms towards streamlining of the building approval process with the broad objective of establishing a simple, transparent and lesser time-consuming process. Revision of building byelaws is another major reform under the scheme, with focus on streamlining the approval process, stakeholder consultations for modifications to building bye-laws, amendment of existing legislation for enhancing transparency, city level workshops to address general public's queries and display of byelaws on municipal website. Creation of an MIS linking all offices connected with building permissions, citizen enquiry systems for status of approvals, citizen's charters setting timelines for reducing time taken for approvals are also envisaged.

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<sup>19</sup> Cities under JNNURM will have the freedom to opt for any two reforms from the optional category in each year of implementation.



## **Recommendation: Introduce Automatic Plan Sanction for securing building permit**

Under this system, the applicant submits the form and receives the sanction from the same single window. The local body takes the clearances/NOCs from various agencies on behalf of the applicant. Mumbai is in the process of introducing a single window clearance for construction<sup>20</sup>. The following section describes the provisions of the Automatic Plan Sanction (single window scheme) for building approvals introduced in Bangalore. This can serve as guideline for other cities wanting to adopt the scheme.

### **➤ Best Practice: The Bangalore Case: Suvarna Paravanige Gruha Nakshe or the Automatic Plan Sanction**

This initiative of the Bangalore Mahanagar Palike (BMP) aims to sanction residential building plans within 3 working days, provided the plan and accompanying documents are in order. The scheme is open to:

- (a) All properties falling under BMP limits and is restricted to residential plans on site area not exceeding 4000 square feet (372 square metres) with a maximum of Ground + three upper floors, the total height from ground level not exceeding 15 metres (as per byelaw 16 (h) of 2003).
- (b) Any additions/modifications to existing residential building in the site area conforming to above specifications.

The prescribed application form, along with the list of documents to be filed, is available at the single window counter of all BMP zonal offices. The full text of the building byelaw is available in the website <http://bmponline.org/> and can also be downloaded.

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<sup>20</sup> In this process, it could include plans for departments within the Municipal Corporation (MC) to communicate internally rather than directly with clients. As for example, instead of a client approaching area development authority and MC separately for approval could ideally apply once to the MC, which would pass on relevant documents and applications internally to appropriate departments. Furthermore, utility representatives could be located at the MC to be simultaneously notified and relevant clearances/NOCs taken.

#### **Box 4.1 : Procedure under Automatic Plan Sanction (APS) in Bangalore**

- Step 1: Under the APS the applicant will require the assistance of an Engineer, Architect or a Supervisor, duly registered with the Bangalore Mahanagara Palike, to prepare the plan as per the Building Byelaw -2003.
- Step 2: In the prescribed application form, the registered Engineer / Architect /Supervisor will guide the applicant in filing all the required documents and affidavits attached to the APS application form.
- Step 3: To ensure that all the requisite documents are filed, a checklist is also provided along with the application form.
- Step 4: While submitting the form, the Architect/Engineer/Supervisor will make the necessary calculation for the fee payable and the same has to be paid by Account Payee Demand Draft in favour of Commissioner, Bangalore Mahanagara Palike at the **single window counter**. The fee structure is also provided along with the application form.
- Step 5: The filled application form has to be addressed to Assistant Director of Town Planning and handed over at the **single window counter** of the respective jurisdictional Zonal office. In this regard an acknowledgment will be issued. One needs to produce the acknowledgement, on the schedule date, while collecting the approved sanction.

*Source: Bangalore Municipal Corporation*

Prior to the commencement of the scheme, sanctions of house plan could take up to 2-3 months. The reason was that the plans were often submitted without proper documentation or that architects were not submitting plans as per byelaw. With the advent of automatic sanction plan such mistakes have been eliminated by making the architects more responsible. The city corporation promotes frequent interactions between architects and Town Planning officials regarding the requirements of the byelaw. A handbook that was brought out and also made available in the website, explains, with worked examples, the details of the scheme and the documents that are required and the requisite fee to be paid. These efforts have enhanced the efficacy of the scheme.

The plans, which are in order, are sanctioned within 72 hours, without verification of the site. Since the architect certifies that the plan was as per the byelaw, it is assumed that he would have inspected the site. The owner is obliged to give an indemnity bond that the property documents and other related documents are correct. Further if the owner deviates from the sanctioned plan, it is the duty of the

architect to intimate to the authorities concerned, in which event, the architect is not be penalized.

The availability of online information (see Fig.4.2) on the scheme has helped several law abiding citizens who have found that there are absolute no harassment or delay in obtaining the sanction. In a large number of cases though the time prescribed is 72 hours, sanctioned plan have been issued on the same day or the next day.

Fig. 4.2 Webpage of Building Plan Approval of BMC

Serial No	Ward No	Name & Address Of The Engineering Sub Division	Telephone
1	1,2,3	<b>YESHWANTHPUR</b> Corporation Shopping Complex, 2nd floor, Yeshwanthpur, Bangalore-22	3375109
2	4,100	<b>SANJAYNAGAR</b> Corporation shopping complex, 2nd floor, Yeshwanthpur, Bangalore-22	3375109
3	5,6,7	<b>MALLESHWARAM</b> Corporation Offices, 11th cross, 1st floor, temple road, Kodandarampuram, Malleshwaram, Bangalore-3	3341533
4	24,25,26,27	<b>GANDHINAGAR</b> Corporation Offices, Dr. T. C. M. Royan Road, Gandhinagar, Chickpet, Bangalore-53	6701481
5	28,29,30	<b>CHICKPET</b> Corporation Offices, Poorniah Chatram Road, Chikkalabagh, Chickpet, Bangalore-53	2874310
6	46,47,48	<b>CHAMARAJPET</b> Corporation Shopping Complex, J. C. Road, Bangalore-2	2235208
7	8,13,14,23	<b>GAYATHRINAGAR</b>	-

Source: Bangalore Municipal Corporation website

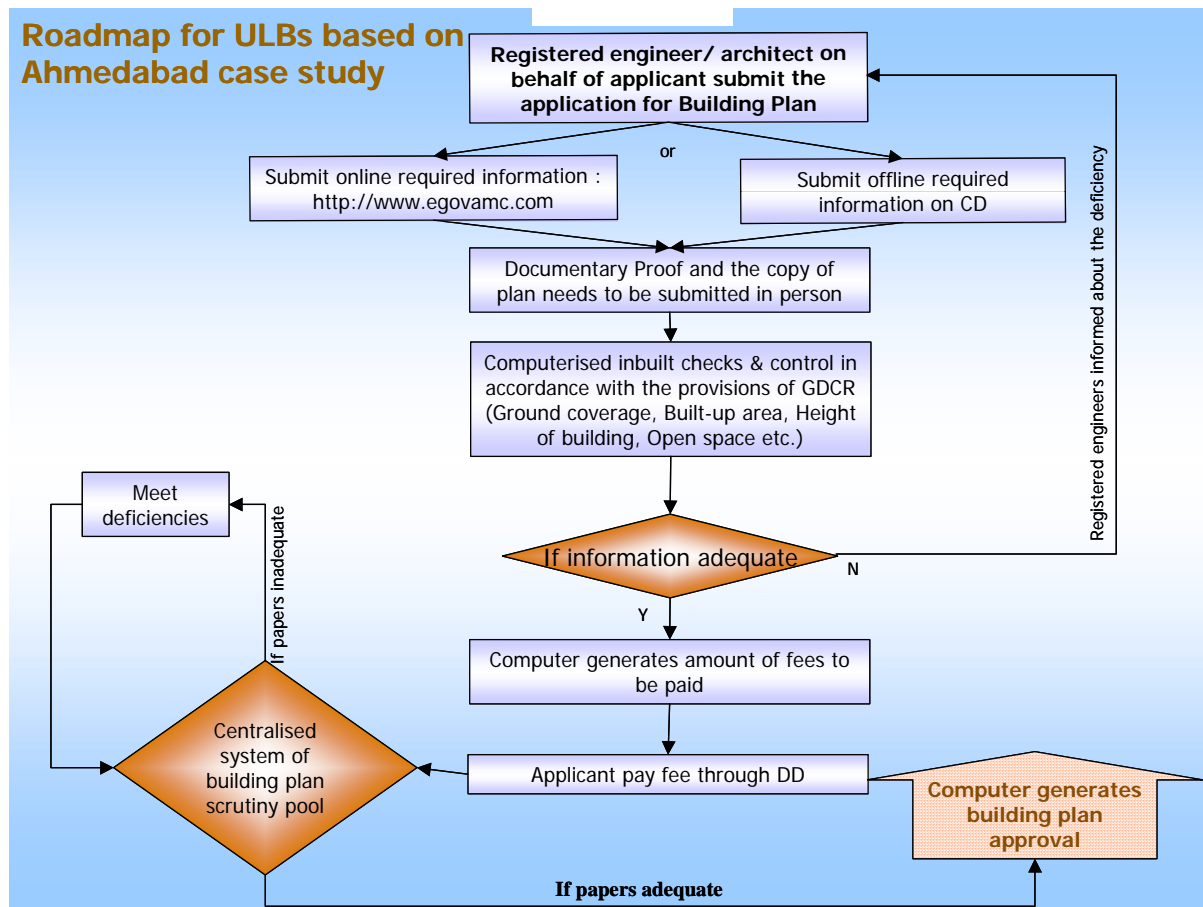
### ➤ **Best Practice: Simplified and Transparent Building Plan Approval Through Computer-Aided system in Ahmedabad Municipal Corporation**

In Ahmedabad the building plan Approval /Development Permission is given on Computer-Aided system. The permission procedure usually takes place within a single day the application received by Ahmedabad Municipal Corporation (AMC) has all the necessary documents. Applicant has to submit the plan in AUTOCAD format (soft copy & hard copy on paper) with all required documents, site photographs, NOCs, Soil Investigating Report & undertakings in pre-decided

standardized formats as mentioned in the attached check-list of documents (Fig.4.3 & 4.4, annexure 4.2). The plan, elevation, section drawings & documents required in softcopy format as listed in this checklist are to be brought on CD.

The application can be made on-line on the web site of AMC [www.egovamc.com](http://www.egovamc.com) through the access account code of registered licence holder professional Architect/Engineer/Structural engineer. The application can also be made off-line by bringing the required information in a CD. However, documentary proof and the copy of plan needs to be submitted in person. Autocad based software has been used with a provision of certain inbuilt “checks & controls” like FSI, Ground Coverage, Built-up area, Height of the building, Margin & open spaces etc., with regard to General Development Control Regulations (GDCR), which automatically verifies the data entered and if found in order, it generates the amount of fees to be paid. The case is then scrutinized manually.

Fig. 4.3



Source: Based on information from Ahmedabad Municipal Corporation (AMC), Building Plan Approval Cell

A centralized system of scrutiny of building plan has been initiated for making the procedure nearer to Single-Window, simplified and transparent. A special team of officers called Building Plan Scrutiny Pool (BPSP) scrutinizes the case in accordance with the provisions of GDCR. Thereafter the final approval is issued with 'computer generated' permit of construction (Commencement Certificate). The status of the plan can be known from the e-governance site of the corporation [www.egovamc.com](http://www.egovamc.com).

Fig. 4.4

**Building Plan Approval**

Total Income	23,77,90,444.00
Total Cases Approved	5607
Total Cases Not Approved	300
Total Cases Pending	0

**Tenders**

☐ New Case  
☐ Existing Case (Scrutiny Fee Has Been Paid)  
☐ Revised Case  
☐ Modification Of A Case

Case Number:

1. HIGHRISE BUILDINGS (HRB)  
2. RESIDENTIAL  
3. NON T.P. SCHEME AREA  
4. ☒ PUBLIC CHARITABLE TRUST  
5. ☐ BUILDING IS LOCATED IN GIDC AREA  
6. ☒ THE CONSTRUCTION / DEVELOPMENT IS STARTED AS PER THE PLAN BEING SUBMITTED  
7. ☐ THE PROPOSED BUILDING IS ABUTTING ON T.P. SCHEME ROAD  
8. ☐ FLATS ☐ INDEPENDENT UNITS  
9. PROPORTIONATE TOTAL PLOT AREA (Sq. m.)   
10. HEIGHT(m)   
11. ☐ Building Is To Be Used As Hotel -Select Hotel Type-

Floor	Built-Up Area (sq.m.)	No. Of Units	
		Resi.	Non-Resi.
FIRST CELLAR			
SECOND CELLAR			
HOLLOW PLINTH			
GROUND FLOOR			
FIRST FLOOR			
SECOND FLOOR			
THIRD FLOOR			
FOURTH FLOOR			
FIFTH FLOOR			

Source: Based on web information from Ahmedabad Municipal Corporation (AMC), Building Plan Approval Cell

The case is then sent to the concerned Zonal office for site-verification & monitoring of construction. Completion Certificate (Occupancy permit) is issued by the zonal office after carrying out the inspection of site at recognized stages of construction (plinth, first storey, middle storey, last storey). The applicant / engineer has to submit

the progress-report at each stage and completion-report alongwith completion plan to obtain the occupancy certificate.

The building plan approval procedure is carried-out with the support of computer based software, in which the data entered is stored in the centralized server, which is easily retrievable. The system creates a better database in addition to providing critical checks and guidance in the approval procedure. As a result, building plan approval has become easy and less time consuming. About 70 per cent of the cases get cleared on the same day. The remaining, that take a few days, are related to special clearances the documents of which need special scrutiny.

As a part of its reform agenda, the corporation, in addition to the automated building approval system, also proposes to digitise old drawings and sanctioned plans. Drawings would be scanned and stored in Portable Document Format (PDF). This will help to retrieve them whenever necessity arises<sup>21</sup>.

#### **Box 4.2: Singapore Model of Building Plan Approval**

Singapore provides a classic example of pioneering efforts on introduction of online processing of building permits. Construction and Real Estate Network – CORNET is an initiative of the Ministry of National Development, Singapore, coordinated by the Building and Construction Authority and has many public and private organisations as collaborators. CORNET has developed the Automated Building Code Compliance Checking as a one-stop system for the construction industry to obtain all approvals electronically, which allows for checking drawings for non-compliance even prior to the approval stage and correct it.

This system, however, requires a certain standardization and reconfiguration of professional practice. Instead of simple 2D CAD drawings, Building Information Models (BIM) needs to be submitted. Information pertaining to the geometrical properties of the building are contained in the CAD drawings, where as, BIM carries many other relevant data. As for example, a building plan in CAD will only be a series of rectangles. The drawing will not make any distinction between wall and roof. In contrast, BIM distinguishes walls from roof. When a BIM is submitted for evaluation, algorithms developed by the National University Singapore and nova CITYNETS Pte. Ltd., an e-government solution provider in Singapore, checks them for code compliance. The results are then posted and can be viewed through a web browser. The design aspects that do not comply with the codes are highlighted so that necessary modifications can be done. The system is consistent and transparent which could be replicated by other nations to ease their licensing procedure.

*Source: <http://www.epmtech.jotne.com>*

<sup>21</sup> In the first phase about 60,000 sanctioned drawings and in phase 2, 50,000, both A1 size equivalent, will be archived.

The Pune Municipal Corporation and the Surat Urban Development Authority are the pioneers in introducing such a system in the country. The automatic scrutiny system used in these two cities is called “AutoDCR”, which reads the CAD drawing, verifies the rules and produces the scrutiny report. Plans under this system have to be submitted in a specified format using a special tool.

Under the automatic scrutiny system, the applicants can submit it either in the form of discs or online. Building inspectors undertake site inspection at a fixed date and document the site information using a PDA device. This is subsequently transferred to the Corporation database and the plans are scrutinized to issue the sanction report<sup>22</sup>.

The state-of-art system used in Singapore is probably the next step. The Singapore system goes beyond a mere verification of building rules and allows for multiple agencies to read the building information and give their consent.

### **Procedure 3: Notify the Municipal Corporation of the foundation of the construction and obtain inspections**

After the sanction of building plan there are several mandatory inspections during the construction of any building. Inspection at the plinth level and at completion is compulsory across all cities. In case of commercial building inspection from the fire department is also necessary. In certain cities, inspections during mid way construction is also mandatory. All these inspections are time consuming which finally delay the construction.

#### **➤ Best Practice: ‘Architect on Record’ in Greater Noida Industrial Development Authority**

In order to eliminate this hurdle, the Municipal Corporation of Delhi (MCD) initiated an exercise to amend its municipal act and rewrite its building byelaws. MCD took up the reform in three phases, starting with a Consensus Paper reviewing the Delhi byelaws in 2004. In the second phase, ending July 2005, MCD drafted revised

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<sup>22</sup> This system was developed by the Pune-based SoftTech Engineers Private Ltd. and Design Point Vizion India Consult Private Ltd., Surat. In December 2007, Pune’s effort won a World Leadership Award, a prize instituted by a London-based non-governmental organisation to promote urban development models.



Building Byelaws and amendments to the DMC Act. In the third phase, a system for preparation of Local Area Plans and a SPV for chartering professionals was established by MCD. The Times Research Foundation, Kolkata and the Environmental Planning Collaborative, Ahmedabad carried out this project with the sponsorship of the Indo-US FIRE Project. Procedure Byelaws were framed which aimed at streamlining procedures for obtaining various permits, easing monitoring during construction, and improving compliance, with emphasis on clarifying procedures, making them time-bound and addressing all eventualities. Roles of different agencies involved in the process viz. authority, owner, architect, advocate, structural engineer and construction engineer were clearly defined. A clear distinction has been made between mandatory aspects of design and specifications as against the recommendatory ones. The proposed byelaws leave many aspects of building design entirely to the '*Architect on Record*'. Importantly, emerging concerns such as accessibility and disaster mitigation have also been accommodated in the reform agenda <sup>23</sup>. Similar initiatives may be taken in different cities to amend the existing byelaws and thereby ease the process of obtaining building permit.

**Box 4.3: Building Plan Approval on residential plot other than group housing: GNIDA**

1. The Building Plan prepared and signed by the Architect, registered with COA, when submitted shall be deemed as sanctioned. At the time of submission of building plan following documents need to be submitted.

1. Declaration on Rs.10/- stamp paper duly signed by the Architect stating that the Building Plan submitted by him/ her is in accordance with the Zonal Plan and building Regulations/ Directions applicable from time to time of the Greater Noida Industrial Development Authority.
2. Documents as listed in checklist A of Appendix-1 in Building Regulation 2002 with drawings, with declaration and signed.
3. In case of revision of building plan in addition to all above mentioned documents revision fees and original plan to be also submitted.

2. On submission of the aforesaid papers at the Customer Relation Cell a receipt shall be given. The receipt shall be deemed as sanction letter.

3. If at the time of scrutiny by the Authority (within one month of submission of drawings) any mistake is found, architect signing the drawings shall be held responsible for the same.

4. Indemnity bond on Rs. 100/- stamp paper duly notarized should be submitted indemnifying that construction shall be as per GNIDA byelaws and the Architect and applicant shall meet all stipulations and requirements by the Authority from time to time.

Source: website: [www.greaternoida.com](http://www.greaternoida.com)

Incidentally the system of approvals from the '*Architect on Record*' has been implemented in Greater Noida Industrial Development Authority (GNIDA) since the year 2003. Here the architect on record registered with the Council of Architecture

<sup>23</sup> Simplifying Building Bye-Laws for Delhi: Based on work carried out by TRF and EPC, "Regulatory Framework for Building Regulations in Delhi" with Indo-US FIRE Project support



(COA) is authorized to address all issues arising out of building plan approval and subsequent inspections, including sanction of completion and occupancy certificates. A detailed procedure of obtaining building plan sanction has been outlined in box no: 4.4.

**Box 4.4: Completion plan for occupancy certificate on residential plot other than group housing: GNOIDA**

1. The Building Completion plan prepared and signed by the Architect, registered with COA, when submitted shall be deemed as Occupancy Certificate. At the time of submission following documents need to be submitted-

(i) Declaration on Rs 10/- stamp paper duly signed by the Architect and allottee stating that the Building constructed by the allottee is constructed under the supervision of an Architect and is in accordance with the Zonal Plan and Building Regulations/ Directions applicable from time to time of Greater Noida Industrial Development Authority.

(ii) Two post card size photographs of building constructed (one front and one backside) duly attested by the Architect with date and plot number.

(iii) All the documents listed as per checklist A of Appendix-9 in Building Regulations-2002 and drawings with declaration stamped and signed.

2. On submission of the documents the Authority shall give a receipt and that receipt shall be deemed as occupancy/ completion certificate. If at the time of scrutiny by the Authority (within one month of submission of drawings) any deviation from the drawings or Zonal Plan, Building Regulations/ Direction as applicable from time to time is found, architect signing the drawings shall be held responsible for the same.

6. If a Sanction/ Completion submitted with Authority is found against the Building Regulations, Planning and Development Directions and Zonal Plan, the Authority can cancel such plan. On cancellation of such plan lease holder or Architect shall not claim any damages against the Authority.

Source: website: [www.greaternoida.com](http://www.greaternoida.com)

**Procedure 4: Obtain utility connections (water and sewerage, power and telephone):**

Utility connections are necessary for the complete construction of any building. These are also time consuming and separate applications need to be made with each authority. Making information regarding public utilities available online with regard to their service fees, time limits for issuing approvals and ways to launch

complaints would help in easing of obtaining construction license.



Source: Chennai Metrowater staff checking the online transactions at the head office in Chennai. Website <http://www.hinduonnet.com>

➤ **Best Practice: Setting up an Management Information System (MIS) in Vishakhapatnam**  
Setting up an MIS system with links to all offices having bearing on building permission would help

in streamlining the procedures and thereby reduce time. It would also make the entire system highly transparent. This procedure has been implemented in Vishakhapatnam under one of the optional reforms of JNNURM.

### **Procedure 5: Obtain completion certificate and occupancy permit**

Obtaining completion certificate and occupancy permit are necessary requirements before occupying a building after construction. Issuance of either of them involves considerable time. This is because rigorous inspections are necessary before such certificates are issued. The services of 'Architect on Record' would ease the procedure in a great way (Box 4.4).

#### **➤ Best Practice: 'Architect on Record' in Greater Noida Industrial Development Authority<sup>24</sup>**

Based on the above discussion, one may encapsulate the broad guidelines related to construction license as follows:

**Table 4.1 Model Guidelines for Obtaining Construction Licenses**

Sl. No.	Procedures	Guidelines	Best practice
1	Obtain approval of construction from the Area Development Authorities	➤ Introduce Geographical Information System (GIS) to prepare database	Bhubaneswar
2	The Municipal Corporation examines the drawing plan and issues approval for construction	➤ Introduce automatic plan sanction ➤ Introduce computer-aided building plan approval system	Bangalore Ahmedabad
3	Notify the Municipal Corporation of the foundation of the construction and obtain inspections including the fire department	Introduce: ➤ Architect on Record	GNOIDA
4	Obtain utility connections (water and sewerage, power and telephone):	Set up an MIS system with links to all offices having bearing on building permission	Vishakhapatnam
5	Obtain completion certificate and occupancy permit	Introduce: ➤ Architect on Record	GNOIDA

Source: NIUA database

<sup>24</sup> Already explained in previous section

### 4.3 Model Reforms/ Guidelines: Property Registration, including mutation

The property registration system in India calls for radical reforms so that the rigid and complex system of valuation of properties and calculations of stamp duty and registration can be simplified to bring transparency and one-stop service to the common man. Linking the system to Land Records to mutation and property transaction would provide complete transparency and ease transfer of property.

The first major attempt in India to consolidate and codify procedures and practices relating to registration of documents resulted in the enactment of the Registration Act in 1908, which specifies the process and types of documents that can be registered. The transaction detail confers a legal status to the document and provides a measure of security to the transaction.

As mentioned earlier, the Government of India has initiated reforms under JNNURM, which has a bearing on easing property registration procedure in the country. The major areas of reform has been outlined in Box no 4.5:

Box 4.5

## Model Guidelines under JNNURM

- 1. Introduction of Stamp Duty Regime and Computerized maintenance of record**

**Key Areas of Reform:**

  - Rationalization of Stamp Duty chargeable inclusive of surcharge or any other levy on transfer of property should be 5% in cities;
  - Maintenance of guidance values and periodicity for revising guidance values;
  - Use of information technology in maintenance of records which would facilitate online search of property
- 2. Introduction of computerised process of Registration of land and property**

**Key Areas of Reform:**

  - Conversion of manual system of property registration into electronic process,
  - Registration of property through internet
- 3. Introduction of Property Title Certification System in ULBs**

## **Procedure 1: Obtaining non-encumbrance certificate through computerization**

Obtaining non-encumbrance certificate is the first procedure in registering property. An Encumbrance Certificate is a document listing the transactions that occurred in relation to a property over a period preceding the date of application for such certificate. It is required by the financial institutions before granting a loan on mortgage of a property and also by prospective purchasers of property to ascertain the nature of charges on the property. Encumbrance Certificates are typically sought for the preceding 13 years (12 years being the period for getting title by adverse possession). Where property details are not computerized, it involves manual search of the indexes and volumes which is a time consuming procedure.

In Bangalore, computerized property record keeping started since 2003-04. The property records have been computerized and for these years the information is given on the spot against payment in 10 minutes.

### **➤ Best Practice: Computer-Aided Registration of Deeds and Stamp Duties: An initiative of the Andhra Pradesh government**

Computer-aided Administration of Registration Department (CARD) project have brought about computerized counters at land registration offices throughout Andhra Pradesh. The project aimed at altering the antiquated procedures that had governed the registration system of the state, which included the laborious copying, and indexing of documents as well as their unscientific space-consuming preservation in ill-maintained backrooms. The state had a flourishing business of brokers and middlemen who exploited citizens selling or buying property. The CARD project is an attempt to reform this system through the use of IT<sup>25</sup>. With the introduction of CARD, citizens now complete registration formalities within a few hours. The CARD project illustrates some of the key implementation issues the state and national governments may face in their efforts to use IT to improve citizen-government interfaces and serves as a best practice to be replicated by them (J. Satyanarayana, 2002).

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<sup>25</sup> The CARD project was funded entirely by the government of Andhra Pradesh. The original outlay was about US\$3 million (Rs.130 million).

The idea of introducing computers originated in 1988 in Andhra Pradesh when a project initiated to computerize the process of issuing Encumbrance Certificates. A 386 server operating with 14 terminals was set up at a cost of about \$31,000 (Rs 1.33 million). Data entry of index registers of the twin cities of Hyderabad and Secunderabad was initiated. National Informatics Centre provided with the technical assistance. The entry of 15 years of data went on until 1995 when a pilot scheme for issuing computerized Encumbrance Certificates was launched in one of the city offices. The feasibility of taking up a comprehensive Registration Department computerization project to address other registration formalities and problems was established in a study conducted by J. Satyanarayana<sup>26</sup> in August 1996. The study brought out methods by which the various registration services could be delivered electronically across the counter in an integrated manner and showed a road map as to how the process of valuation could be consigned to the computer and also introduced the concept of electronic document management as an essential part of computerizing the registration process.

Later, a pilot project for computerizing two Sub-Registrar Offices was sanctioned at a cost of about \$55,000 (Rs 23.7 lacs). Encouraged by the success of the pilot projects, the Government of Andhra Pradesh sanctioned approximately \$360,000 (Rs 1.55 crores) in September 1997 for extending the project to other Sub-Registrar Offices (212). This was the beginning of the intensive effort to implement the Computer-aided Administration of Registration Department (CARD) project in the state.

### **Objectives of the CARD Project**

CARD is a major IT project designed to eliminate the maladies affecting the system of registration through electronic delivery of all the registration services. It was based on the primary objectives outlined in box 4.6.

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<sup>26</sup> Commissioner & Inspector General of Registration and Stamps C.T. & Excise Complex, M.J. Road, Nampally, Hyderabad

**Box 4.6: Objectives of the CARD project**

- Demystify the registration process;
- Introduced a transparent system of valuation of properties, easily accessible to citizens;
- Brought in speed, efficiency, consistency and reliability;
- Replaced the manual system of copying and filing of documents with a sophisticated document management system that uses imaging technology;
- Replaced the manual system of indexing, accounting and reporting;
- Introduced electronic document writing; and
- Substantially improved the citizen interface.

*Source: Based on CARD, J. Satyanarayana*

**Benefits of CARD**

The CARD project aims at providing improved quality of the services at the registration department by providing a computer interface between citizens and government. The tedious procedures that took weeks have been replaced by a system that can be accomplished in just a few minutes. The market value assistance and issuing of the Encumbrance Certificate (EC) takes five minutes each. The sale of stamp papers, document writing and registration of the documents takes ten minutes, thirty minutes and one hour respectively.

The positive impact of the CARD project on the efficiency of registration operations can be gauged from the following table.

**Table 4.2: Quantitative Benefits of CARD**

Description of registration services	Time taken in manual system	Time taken in CARD system
Encumbrance Certificate	1 to 5 days	10 minutes
Valuation of properties	1 hour	10 minutes
Sale of stamp paper	30 minutes	10 minutes
Document writing	1 day	30 minutes
Registration	1 to 7 days	1 hour
Certified copies of documents (registration under CARD)	1 to 3 days	10 minutes

*Source: Based on CARD (J. Satyanarana 2002)*

**CARD software:** The CARD system has been designed by J. Satyanarayana. The application software has been developed by the National Informatics Centre and

Fortune Informatics Ltd. After development of the application software which runs the CARD system, each feature was thoroughly discussed, demonstrated, refined, tested and modified before implementation of the software. Close links and coordination between the field officers and the CARD team made it possible to modify the software to make the system deliver all the services to the expected level of efficiency. About 15 man-years of effort have gone into the development of this system. Many improved version of the software have been released for implementation across the state (Details provided in annexure 4.3) fig.4.5.

Fig. 4.5

The screenshot shows a web browser window titled "EC - Microsoft Internet Explorer" with the address bar displaying "http://grs.ap.gov.in/pls/anybody/ec?tag\_name=PUBLIC". The page content is from the "Government of Andhra Pradesh Registration and Stamps Department" and is titled "Search For encumbrance". The form includes the following sections:

- Search Criteria:** Date: 05-09-08, Time: 12:09:02. Fields for Select District, Select SRO, Applicant Name, and Period From (01/01/1983) to To (04/09/2008).
- Buildings/Structures:** Fields for Flat Number, Apartment, Village/City, Colony, Alias, and House No.
- Open Sites/Agricultural Lands:** Fields for Plot No/Bi No, Village/City, Survey No(s), and Alias.
- Bounded by:** Fields for East, West, North, South, Extent (SYD or Acres), and Built up (Sft).

Buttons for "Submit" and "Clear" are at the bottom of the form.

Source: CARD website

## Legislative reform for implementing CARD: Amendment of the Registration Act 1908

The Registration Act of 1908, which is a legislation of the Union of India does not provide for handling the registration process on computers. The Act together with the Rules and Standing Orders, specifies in minute detail, the manner of presentation of

document, its scrutiny, the registration process, copying of the documents into volumes of books, etc. Copies of documents preserved in any other way would not have the legal sanction and so would not be admissible as evidence according to the Act. The Registration Act, 1908, in its application to the state of Andhra Pradesh, has been amended to provide for the following:

- The process of registration of any category of documents may be completed and copying done with the help of electronic devices like computers, scanners and CDs and copies preserved and retrieved when required.
- Copies of documents registered and stored electronically, retrieved, printed and certified by the sub-registrar shall be received as evidence.
- The software to be used for registration shall be prescribed by the Inspector General.

It took over a year for the amendment to become effective across the state. The government of Andhra Pradesh notified 214 sub-registrar offices, where the registration can be done using electronic devices. This amendment came into effect from 5.2.99.

It would be important to note that the Registration Act 1908 is a Central Act, so the procedures are almost the same throughout the country. Therefore, it should be feasible to replicate the reforms brought about through the CARD project in Andhra Pradesh in other states with suitable customization appropriate to local situations by bringing about appropriate amendments in the Act. It is essential to recognize that the respective states have to make concerted efforts to put the enablers in position to ensure successful replication within a limited time frame. Finally, the elimination of human interface would lead to removal of speed money, which is rampant in the manual system.

## **Procedure 2: Obtain Stamp Paper after payment of stamp duty:**

To obtain stamp paper, the purchaser has to deposit the stamp duty and registration fees with the sub-registrar's office, in cash or bank draft. Once the deposit has been made and a draft of the sale agreement has been agreed, the agreement is written



and stamped on the Stamp Paper, usually by a lawyer. It has been observed that in many states, purchase of stamp paper is time consuming and at times associated with corruption.

**Recommendation: Simplifying procedures using demand draft/franking for paying stamp duty**

Karnataka banned use of stamp papers in the wake of fake stamp paper scam in 2003, when the banks in the state were authorized to collect these charges and later remit it to the government. Thus, the Karnataka government had done away with stamp papers and payment of stamp duty and registration fees was done by demand drafts. Mumbai, on the other hand, has introduced franking of documents since long. Both these procedures may be adopted to ease payment of stamp duty.

- **Best Practice: Computer-Aided Registration of Deeds and Stamp Duties: An initiative of the Andhra Pradesh government<sup>27</sup>**
- **Best Practice: Introduce e-stamping for payment of Stamp Duty in Bangalore**

Taking lessons from the Telgi stamp paper scam, the state governments in India have of late been working towards adopting e-stamping facility aimed at preventing fake stamp paper circulation and curbing corruption. Taking the first step forward, the Government of Karnataka launched a state-of-the-art electronic stamping (e-stamping) facility in collaboration with the Stock Holding Corporation of India (SHCIL) in March 2008<sup>28</sup>.

In March 2008, e-stamping has been implemented in Bangalore on a pilot basis to prevent fraudulent practices in stamp paper based transactions and registrations<sup>29</sup>. The entire exercise of stamp duty payment and generation of stamp duty certificate takes less than 3 minutes (Box 4.7). It offers a secure and reliable stamp duty collection mechanism, and stores information in secured electronic form and builds

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<sup>27</sup> Discussed in the best practice of Procedure 1

<sup>28</sup> The Government of Delhi has signed an agreement with SHCIL to facilitate the collection of stamp duty through electronic route for amount of rupees Rs 500 and above.

<sup>29</sup> The system has been launched in association with Stock Holding Corporation of India Ltd (SHCIL). The state government will pay a certain commission to SHCIL for the services. For every transaction of Rs 100, SHCIL will receive 65 paise as commission. The state is expected to rake in Rs 3,812 crore as revenue from stamp duty during 2007-08 and expects to raise Rs 4,175 crore during 2008-09

up a central data repository to facilitate easy verification. It generates online Management Information System (MIS) reports for the government and public. The Karnataka government plans to extend it across the state in a phased manner. In Bangalore, e- stamping is an e- enabled service introduced on pilot basis<sup>30</sup>. Stock Holding Corporation has an arrangement with Crimson technologies of Singapore, which has e- stamping technology. The SHCIL has been awarded and designated as central record keeper for GOI in a tender. GOI has recommended all states to use the services of SCHIL.

**Box 4.7: Steps under e-stamping**

- Step 1. Any person in need of stamp paper will go to a vending point known as Authorized Stamping Centre (ASC)<sup>1</sup>, fill in a prescribed form and make the payment of money through DD.
- Step 2. Data is entered in the computer and access code is used to generate a Stamp Certificate on an ordinary sheet of white paper in black and white, which has national emblem and name of Govt. of Karnataka and a small space to begin writing the document. The authorized person of the point attests the certificate.
- Step 3. If the stamp paper is of lower denomination it could be used straight away. Otherwise the document is written on it using additional paper and presented for Registration. The Sub-Registrar who also has Internet connection will access the site with the secret password allotted to him and verify the genuineness of the stamp and then register the deed.

*Source: Government of Karnataka, 2008*

With the help of the new facility, stamp certificate of exact denomination can be obtained, stamp duty can be paid electronically to the government and one can log in and see the property transaction. Besides providing Web-based secured system with 24x7 availability, the e-stamping facility could ease verification of certificates.

Delhi has also introduced e-stamping since April 2008 on a pilot basis. The government of Maharashtra and Tamil Nadu are also planning to introduce electronic stamping of legal documents shortly<sup>31</sup>. This would help to eliminate under-valuation of property values to certain extent. Circle rates have been introduced in most of the major cities, like Mumbai, Delhi, Lucknow, Indore, Ranchi and Trivandrum.

<sup>30</sup> Only Gandhinagar SRO is attached to the system at present in the Pilot run

<sup>31</sup> 29<sup>th</sup> September, 2007, Times of India

### **Lowering Cost Through Rationalization of Stamp Duties<sup>32</sup> to 5% :**

High stamp duty has always been a major deterrent for people to declare actual value in the sale deeds and consequently the involvement of black money in property transactions. Reduction in duty would encourage more and more buyers and sellers of property to register their sale deeds at full value and thus help in eradication of black money in property.

Rationalization of stamp duty is a state-level mandatory reform aimed at establishing an efficient real estate market with minimum barriers on transfer of property so that the property may be put to more productive use. The maximum stamp duty chargeable inclusive of surcharge should be 5% in cities. Many cities have already initiated reforms under JNNURM. In Delhi, stamp duty has been reduced from 8% to 6% for males, and from 6% to 4% for females. In Mumbai, the stamp duty has been reduced from 10% to 5%, even before the initiation of the urban reform agenda. Likewise, the State government of Gujarat has rationalized and reduced basic rate of stamp duty from 4.25% to 3.5% by a Gazette notification dated 30.3.2007 (Annexure 4.4). Ranchi offers the least stamp duty of 4% of the property value. Further, introduction of circle rates and its annual revision, another optional requirement under JNNURM would help in ascertaining the market value of the property.

### **Procedure 3: Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers**

It is common practice for purchaser to hire a lawyer or document writer to draft the sale purchase agreement and usually conduct transfer procedures on behalf of clients. The field survey conducted in this study indicated that speedy clearance of files and registration of documents is associated with huge amount of speed money. Agents are generally involved in the entire procedure from the filling up of forms to fulfilling other formalities of registration.

In Surat the system of Broker is institutionalized. The Government has issued licenses to these brokers. They are known as Stamp Vendors. The Government

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<sup>32</sup> The rate of Stamp Duty implies total percentage of duty that is levied, including surcharge and other levies on transfer of property.

fixes rates for the Vendors. This has relieved the applicants from cumbersome procedures of registration. The registration formalities being routine for the brokers, they keep all the requirements ready well in advance it avoids delay and harassment. In Kerala, the government has authorized deed/document writers.

- **Best Practice: Computer-Aided Registration of Deeds and Stamp Duties: An initiative of the Andhra Pradesh government<sup>33</sup>**

#### **Procedure 4: Submit documents and get the deed registered**

Parties/lawyers conduct execution of the sale agreement at the office of the sub-registrar and submit documents with the office of the sub-registrar of assurance where the property is located. On presentation the same is checked. The areas of the District/City are demarcated and specified for valuation of the locality as per the pre-existing schedule. If the valuation of the property to be transferred is below the specified rates then the sub-registrar inspects the site for verification of rate of the area and imposes an additional stamp duty if required. This is followed by execution of the deed.

Computerization of property registration is an optional reform common to states, ULBs and parastatal agencies to computerize the process of registration of land and property, so as to deliver efficient, reliable, speedy and transparent services to citizens. The reforms include conversion of manual system of registration into electronic process of registration including registration of property through Internet.

Computerized processing of property documents saves time. It takes about 5 minutes to cross check the information, take web photographs of the clients and their witnesses and finally execute the deed. This is in practice in states like Maharashtra, Karnataka, Jharkhand, Delhi, Uttar Pradesh and Kerala. In Ranchi computerization of property registration has been initiated since 25<sup>th</sup> July 2005. This did not involve any alteration in the existing staff strength<sup>34</sup>. In Lucknow, computerization has

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<sup>33</sup> Discussed in the best practice of Procedure 1

<sup>34</sup> Further, the sub registrar's (SR) office has sub contracted the scanning of property papers to CMC, Kolkata. As a result of this arrangement, efficiency has increased. There is cost sharing between the two offices. A fee of Rs.30 per page is being shared in the proportion of Rs.18.65 by CMC and Rs.11.35 by SR's office.

started since 1<sup>st</sup> August 2006. It has brought about efficiency, as registration takes place within a day. Here too, there has been no change in staff strength.

Computerization of property registration was taken up under the Property Registration Information System Module (PRISM) in 1997, which has become fully operational and implemented in all the 153 Tehsils/ Sub-Tehsils of the State of Punjab in October 2004. PRISM was introduced primarily to automate the work in the Registration offices. The details of the reforms under computerization of property registration in Punjab are provided in annexure 4.5. However, KAVERI of Bangalore is being cited as a best practice because of its inherent features and wider applicability. Box 4.6 details out the features of KAVERI.

- **Best Practice: KAVERI in Karnataka**
- **Best Practice: Computer-Aided Registration of Deeds and Stamp Duties: An initiative of the Andhra Pradesh government<sup>35</sup> and**

The Department of Registration and Stamps is one of the oldest departments engaged in the administration of law relating to land transactions in Karnataka. For the last 5 decades the process of registration of documents was done manually and involved the following steps:

- Stamping,
- Presentation,
- Admission of Execution,
- Identification by Witnesses and
- Registration, as prescribed in Karnataka Stamp Act, 1957 and Registration Act, 1908

Under the manual registration process, the documents registered were copied manually in specified books. After that, they were verified with the original document, and the hand written documents were authenticated by Registering Officers. The registered book would serve as public document.

Since the manual procedure involved writing each document that was to be registered, the time taken for the entire registration procedure was anywhere

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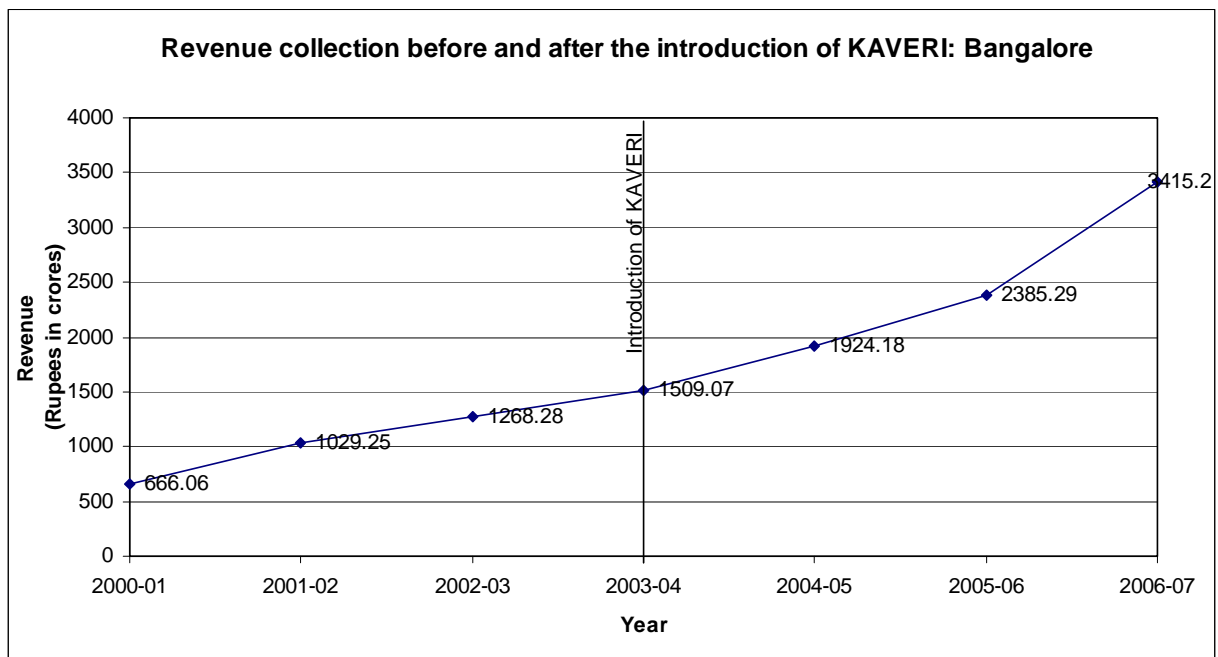
<sup>35</sup> Discussed in the best practice of Procedure 1

between 2 to 3 months. More over, it also meant 2-3 trips to the registration office to check if the document was ready. The solution lay in finding an alternative procedure that would meet the statutory requirements and also speed up the process while preserving the accuracy of the manual procedure. Computerization was the way forward.

The Department of Stamps & Registration, Government of Karnataka set up automated registration process in the state in the year 2002. 202 Sub-Registrar Offices in Karnataka came under computerization under an outsourced model whereby the vendor could complete the registration process within 30 minutes.

Centre for Development of Advanced Computing, Pune (C-DAC) provided the technical support in developing suitable software to cover the following aspects of registration: Registration of properties, Valuation of properties, Scanning and Archival of Documents, Reports, Vendor management system, Utilities, Website, Societies, Firms and Marriage Registration and Data Transmission. The software was aptly called KAVERI, after the river Cavery.

Fig.4.6



Source: Department of Stamps & Registration Karnataka

After the introduction of KAVERI the department has registered documents and returned the same to the parties concerned within 30 minutes of its presentation. Figure 4.6 indicates that there was a significant growth in the revenue to the state exchequer after the introduction of KAVERI. In spite of reduction in stamp duty and registration fee there was significant growth in revenue<sup>36</sup>. This was possible due to the elimination of the human interface as the KAVERI system calculates the value of property through automated programme<sup>37</sup>.

#### Box 4.8: Features of Kaveri

Automated KIOSK's with touch screen operation facility were installed in every Sub-Registrar's Office, through which public can have access to the following information in Kannada and English.

- Market value of land in all Villages, Towns and Cities in the State.
- Model formats of commonly used deeds and forms required for Registration of Marriage.
- Model byelaws of Societies and Associations.
- Frequently asked question and exhaustive answers.
- Fee for Registration of documents / Registration of Societies / Firms / Marriages.
- Acts and Rules bearing on registration of documents.

*Source: Department of Stamps & Registration, Government of Karnataka, 2008*

### Procedure 5: Apply to Municipality for mutation of the title of the property

After a property has been registered with the sub-registrar of Stamps and Registration, the next important step for a property owner is to apply to the city corporation for mutation and obtain a municipal number by filing all relevant documents to establish that the property stands in his name. Bangalore has adopted the fastest procedure of mutation with the corporation.

#### ➤ **Best Practice: Mutation in Bangalore - Obtaining Khata Certificate within 7 days**

In Bangalore, the municipal number to a property is issued in the form of a certificate and this certificate is called Khata Certificate. The word 'Khata' though has not been

<sup>36</sup> The Government of Karnataka reduced the rate of stamp duty on conveyance from 10% to 8% and Registration fee from 2% to 1% with effects from 01-04-2003.

<sup>37</sup> This initiative of the department got two e-governance awards from GOI for introducing computerization as best practice.

defined under the KMC Act means 'Account' i.e by assigning a property a municipal number the property has opened its account with the municipality.

A Khata certifies that the property within the municipal limits exists in the name of the person certified and that the said person is primarily responsible for payment of the property taxes. This certificate, although not the title to the property, has acquired importance as banks insist on this certificate for issuing housing loans, mortgage or for obtaining building plan sanction. In an event of resale of property, the sub-registrar insists on the latest Khata certificate. Other civic agencies like the electricity board, telephone, water supply etc. insist on Khata certificate before providing the services. Since the Khata certificate is an important document, every owner of a property has to have this document. Whenever the property ownership undergoes a change by sale, bifurcation, gift or inheritance the khata has to be changed in favour of the new owner.

Prior to the reform, the issuance of Khata would take 5-6 months. During the year 2002, a scheme was introduced whereby the Khata certificate would be issued within a prescribed time. A handbook was brought out for the first time informing the citizens the documents that were required to be enclosed along with the application for issue of Khata. The scheme that was initially introduced in 2002 and was further refined and made simpler during the year 2007. If the transaction is related to any sale transaction made by the statutory agency like the Bangalore Developing Authority, Housing Board etc, or a re-sale of property duly registered, the certificate is issued within 4 working days.

#### **Related Reforms:**

##### **➤ Introduce one stop shop: Integrate mutation with property registration**

Integration of property registration with mutation through a single window would enormously benefit the clients. Mutation takes place at the revenue department (for change of property title) as well as with the local body (for payment of property taxes). These two offices have been integrated and verification of tax records made mandatory when properties were sold and have been made operational in Indore. This measure was adopted in the year 2003 with the initiative of USAID-FIRE (D) project supported by the Indore Municipal Corporation's efforts to increase its own



revenues from existing sources<sup>38</sup>. In Indore, the mutation sub office of the Nagar Nigam and the Sub Registrar office are located in the same campus, which eases the procedure of mutation. In Ranchi, application for mutation can be done on line.

- **Quick Registration Scheme (Twarit Panjiyan Scheme):** The currently operational Quick Registration Scheme in Indore may also be replicated in other cities where property is registered and delivered to the parties within an hour<sup>39</sup>.

The following table provides a synoptic model, which may be adopted by state governments to ease property registration in the country. The guidelines suggested are based on reforms initiated in the study cities.

**Table 4.3 Model Guidelines for Property Registration**

	Procedures	Recommendation	National Best Practice
<b>Reduce Cost</b>	Pay stamp duty	Rationalise stamp duty	Surat
<b>Reduce Time</b>	Obtaining Non –Encumbrance Certificate	Introduce: <ul style="list-style-type: none"> <li>➤ Computerisation of Records</li> </ul>	Andhra Pradesh
	Obtain Stamp Paper after payment of stamp duty	Introduce: <ul style="list-style-type: none"> <li>➤ Computerisation</li> <li>➤ E-Stamping;</li> </ul>	Andhra Pradesh Bangalore
	Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers	Introduce: <ul style="list-style-type: none"> <li>➤ Introduce Computerisation of Records</li> </ul>	Andhra Pradesh
	Submit documents and get the deed registered	Introduce : <ul style="list-style-type: none"> <li>➤ Computerised Registration of Property</li> </ul>	Andhra Pradesh Karnataka
	Apply to Municipality for mutation of the title of the property	Adopt: <ul style="list-style-type: none"> <li>➤ Khata Entry</li> </ul>	Bangalore

Source: Based on discussion with officials and NIUA database

#### 4.4 Reforming Trade & Factory License

- **Best Practice in Trade License: Suvarna Arogya Paravanige scheme (Bangalore)**

Bangalore Municipal Corporation undertook extensive reforms in trade license by reducing time to only seven days as well as documentary evidence to two, viz, property owner's consent and immediate neighbour's consent, and increasing fees.

<sup>38</sup> Increasing Municipal Revenues: Indore Municipal Corporation, Draft Note 32, Revised April 19, 2004

<sup>39</sup> Two copies of the property (land and building) photograph from at least three sides is required (Indore)

Site inspection under this scheme is mandatory within three working days. Under the Suvarna Arogya Paravanige scheme, for a limited period each year, trade license is automatically renewed and issued within 24 hours. For new applicants the trade license is to be issued within 7 working days. In the past if one carried on multiple trades one had to apply for separate license for each of the trades. Now, under this new scheme, only one license will do for multiple trades. However, one has to pay a compounded fee equal to twice the highest fee payable for the trades/commodities one is dealing with in the same premises. The details of the reform are discussed in annexure 4.6.

➤ **Best Practice in Factory License: Mumbai**

To make the licensing procedure easier and to facilitate the speedy disposal of the applications for permissions and licenses, the Municipal Corporation of Greater Mumbai has introduced the system of 'One Window' for permissions/licenses. This system covers the issuance and renewal of Trade/Storage Licenses, issuance and renewal of Registration Certificate for shops and Establishment, issuance and renewal of Health licenses and issuance and renewal of factory permits. The One Window System is operationalised through City Civic Centers with the compliance of certain requirements and on the payment of fees within 30 days.

In Indore, factory and trade licenses are granted within 3 days. Here, since the year 2000 the entire procedure of processing of licenses was computerized<sup>40</sup>. Site inspection is also not mandatory. Surat Municipal Corporation also has introduced the One Window System for the issuance of license for the trade. The Computerised system facilitates the issuance within 30 Minutes if all the required documents are duly submitted.

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<sup>40</sup> The form has to be purchased and filled up manually

# **ANNEXURES**

## ANNEXURES

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### Annexure 2.1: Assumptions as in Doing Business report 2008

The study has certain assumptions about the construction company:

*The business:*

- Operates in the country's most populous city.
- Is 100% domestically and privately owned.
- Is fully licensed and insured to carry out construction of warehouses.
- Owns the land on which the warehouse is built.

#### **Assumptions about the warehouse project**

The warehouse:

- Has 2 stories, both above ground, with a total surface of approximately 14,000 square feet (1,300.6 square meters). Each floor is 9 feet, 10 inches (3 meters) high.
- Has road access and is located in the periurban area of the country's most populous city (that is, is on the fringes of the city but still within its official limits). It is not located in a special economic or industrial zone.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by Build Co and is registered in the cadastre and land registry.
- Is a new construction.
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to the following utilities—electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will require a 10-ampere power connection and 140 kilowatts of electricity.
- Will require up to 100 cubic meters of water daily.
- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

## Annexure 2.2: Assumptions as in Doing Business report 2008

### Assumptions about the buyer and seller<sup>1</sup>:

- Are located in the peri-urban area of the country's most populous city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

### Assumptions about the property

The property:

- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry , and is free of title disputes.
- Is located in a peri-urban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 6,000 square feet (557.4 square meters). A 2-storey warehouse of 10,000 square feet (929 square meters) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.

Has no occupants (legal or illegal), and no other party holds a legal interest in the property.

## Annexure 3.0: An Inter-city Comparison of obtaining Construction License: Doing Business and NIUA Study

	Bangalore		Delhi		Indore	Kolkata		Lucknow		Ludhiana	Mumbai		Ranchi		Surat	Trivandrum
	DB	NIUA	DB	NIUA	NIUA	DB	NIUA	DB	NIUA	NIUA	DB	NIUA	DB	NIUA	NIUA	NIUA
Procedures (number)	20	12	21	12	17	24	19	22	14	15	20	18	25	17	12	14
NIUA Time (days)	165	92	208	136	183	386	220	231	157	183	270	149	522	235	139	227
NIUA Cost (% of income per capita)*	1,363.00	1077.1	331.4	119.2	848	1,999	3403.1	470.8	733.6	694	606	349.01	354.5	948.8	412.6	244.4

<sup>1</sup> As in Doing Business Report 2008

### Annexure 3.1: An Inter-city Comparison of obtaining Construction License: An NIUA Study

	Bangalore	Delhi	Lucknow	Ludhiana	Indore	Mumbai	Kolkata	Surat	Ranchi	Trivandrum
Time stipulated (days)	92	136	157	183	183	149	220	139	235	227
Time actual (days)	87	141	165	170	181	273	277	338	378	599
Cost (% of per capita income)*	1077.1	119.2	733.6	694	848	349.01	3403.1	412.6	948.8	244.4
Procedures (number)	12	12	14	15	17	18	19	12	17	14

Source: NIUA field study and discussion with officials, 2007-08

* Per capita Income of the Study Cities, 2007		
Cities	Population ('000)	Average annual HH income
Mumbai	16368	6326
Kolkata	13217	3744
Delhi	12791	9982
Bangalore	5687	4102
Surat	2811	3737
Lucknow	2267	3158
Indore	1639	2891
Ludhiana	1395	7785
Dhanbad/Ranchi	1064	2502
Source: Census Bureau, NCAER data, TSMG Estimates		

### Annexure 3.2: T-Test

One Sample T-Test with given Constant (30 or 60) - building

T-value for Bangalore, Lucknow and Indore are insignificant. Therefore the deviation of averages for these cities from 30 is negligible. But for Trivandrum the t-value (7.55) is significant which indicates that the difference of its average from 30 is highly significant at 1% level of significance. Similarly, t value for Ludhiana and Delhi are insignificant. For Mumbai the t value is significant (4.07) which indicates that the difference of its average from 60 is highly significant at 1% level of significance.

1% I.o.s if Sig. (2-tailed) is from 0.01 – 0.00

5% I.o.s if Sig. (2-tailed) is from 0.05 – 0.01

One-Sample Test			
	Test Value = 30		
	T		Sig. (2-tailed)
bp_30_bgr	-0.2587		0.7987
bp_30_tvm	7.5544		0.0000
bp_30_lkw	0.9855		0.3368
bp_30_indr	-0.3115		0.7588
One-Sample Test			
	Test Value = 60		
	T		Sig. (2-tailed)
bp_60_kol	2.206		0.0399
bp_60_sur	3.445		0.0027
bp_60_ludh	-0.816		0.4246
bp_60_mum	4.069		0.0007
bp_60_del	0.215		0.8322
bp_60_rchi	3.068		0.0063

### Annexure 3.3: Procedures for obtaining building permit in Select Cities

#### 3.3a: Procedures for obtaining building permit in Mumbai: A comparison of Doing Business and NIUA Study

Procedures	Mumbai	
	Doing Business	NIUA
<b>1) The Municipal Corporation of Greater Bombay (BMC) examines the construction drawing plan and issues approval for construction</b>		
Time taken to complete	145 days	30-60 days
Cost to complete	INR 37729	INR 36417 @ INR 280 per 10 sqm #
<b>2)* Obtain approval of construction from the Area Development Authority</b>		
Time taken to complete	30 days	15-30 days <sup>2</sup>
Cost to complete	No charge	No charge
<b>3) Notify the Municipal Corporation of the foundation of the construction</b>		
Time taken to complete	7 days	1 day
Cost to complete	No charge	No charge
<b>4)* Executive/Superintendent Engineer (Building and Planning) of the Municipal Corporation inspects the site</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>5) Receive inspection on the plinth of the building</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>6) Request inspection in the mid way during the construction</b>		
Time taken to complete	7 days	Does not exist
Cost to complete	No charge	
<b>7)* Receive inspection in the mid way during the construction</b>		
Time taken to complete	1 day	Does not exist
Cost to complete	No charge	
<b>8) Apply for completion certificate</b>		
Time taken to complete	14 days	1-2 days
Cost to complete	No charge	No charge
<b>9)* Final inspection of the construction by the Municipal Corporation</b>		
Time taken to complete	1 day	30 days
Cost to complete	No charge	No charge
<b>10)* Apply for approval of completed construction from the fire department</b>		
Time taken to complete	14 days	7 days
Cost to complete	INR 70,000	INR 50,000
<b>11)* The fire department inspects the completed construction and issues the fire certificate</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>12)* Apply for permanent water and sewerage connection</b>		
Time taken to complete	65 days	10 days
Cost to complete	INR 50,000	INR 50,000

<sup>2</sup> NIUA: Not a mandatory requirement. Only if the construction area falls under MHADA, NOC is required before applying to BMC.



Procedures	Mumbai	
	Doing Business	NIUA
<b>13)* Water supplier inspects the construction and sets up connection (1)</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>14)* Water supplier inspects the construction and sets up connection (2)</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>15) Apply for permanent power connection</b>		
Time taken to complete	40 days	15 days
Cost to complete	INR 25,000	INR 25,000
<b>16)* Power supplier inspects the construction and sets up connection</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>17)* Apply for telephone connection</b>		
Time taken to complete	14 days	5 days
Cost to complete	No charge	INR 500
<b>18)* Telephone supplier inspects the construction and sets up connection</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>19)* Obtain occupancy permit</b>		
Time taken to complete	30 days	1 day <sup>3</sup>
Cost to complete	INR 10,000	No charge
<b>20)* Receive inspection for obtaining occupancy permit</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge

# Security deposit of Re 1 per sq ft is also paid at the time of applying for sanction plan.

+ INR 28000 @ Rs. 2 per sq ft (stacking charges)

\* Denotes procedures can start at the same time

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

This amount has not been added in the cost because the entire deposit is returned to the applicant along with the building completion certificate.

After building permit sanction, the builder has to construct upto plinth level and notify the municipal corporation of the construction foundation. This is followed by an on-site inspection by the competent authority of MC, who checks whether the dimensions of the plinth are as per approved plan. After this a commencement certificate is issued which certifies that construction work on the plinth should commence within one year.

Before applying for OC, sewerage lines need to be connected. Water connection is applied for after one gets OC. Electricity and telephone connections are applied for after receiving OC. BCC is required to assess the valuation of the property for property tax fixation or else one has to pay exorbitant rates of tax.

<sup>3</sup> NIUA: There are no hard and fast rules regarding application for building completion certificate or occupancy certificate. If all deficiencies pointed out during final inspection are complied with, BCC is issued followed by OC. In other circumstances when the process of compliance is being carried out OC is issued followed by BCC

### 3.3b: Procedures for obtaining building permit across select cities: A comparison of Doing Business and NIUA Study

Procedures	Bangalore	
	Doing Business	NIUA
<b>1) Obtain No objection certificate regarding land use as per Master Plan/Zonal Plan</b>		
Time taken to complete	25 days	Does not exist
Cost to complete	INR 10000	
<b>2) Apply for building permit and pay initial fee</b>		
Time taken to complete	1 day	1 day
Cost to complete	INR 975 (5% building permit fee at INR 15 per square meter)	Building license fee: 1300.6sqm. X INR 40 = INR 52024 (@ INR 40 per sqm.) additional 15% of the building license fee is also to be deposited which is returned at the time of issue of OC/CC. Other charges: Rs.10/- per plan beyond 6 copies Rs.100/ per copy.
<b>3) Obtain approval of plans (building permit) and pay final fees</b>		
Time taken to complete	30 days	30 days
Cost to complete	INR 3900	No charges (paid in previous procedure)
<b>4) Notify the labor department about commencement of works</b>		
Time taken to complete	1 day	Does not exist
Cost to complete	No charge	
<b>5) Notify the commissioner of commencement of works</b>		
Time taken to complete	1 day	1 day When the work commences, an application informing the commencement of the construction is made. Inspection is carried out within 3 -4 days
Cost to complete	No charge	No charge
<b>6) Notify Commissioner about completion of earth work for foundation</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	No charge	
<b>7) Receive foundation inspection and commencement certificate</b>		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
<b>8) Notify Commissioner before the start of laying the roof and basement floor work</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	No charge	
<b>9) Receive roof inspection</b>		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
<b>10) Notify Commissioner about completion finishing work</b>		
Time taken to complete	15 days	15 days
Cost to complete	No charge	No charge
<b>11) Receive finishing work inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
<b>12) Obtain no objections certificate from the Karnataka state pollution control board</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	No charge	

Procedures	Bangalore	
	Doing Business	NIUA
<b>13) Obtain no objections certificate from Public Health Department</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	INR 3500	
<b>14) Apply for sanction of power connection with the Karnataka power transmission corporation</b>		
Time taken to complete		1 day (30 days after the building is completed)
Cost to complete	INR 60,000 (INR 50,000-100,000)	Only meter deposit. Rs.2000/-(commercial )
<b>15) Receive inspection from the Karnataka power transmission corporation</b>		
Time taken to complete	1 day	1 day
Cost to complete	No charge	No charge
<b>16) Obtain water and sewage connection from the Bangalore water supply and sewage board</b>		
Time taken to complete		7 days
Cost to complete	INR 317,000 (312,000 for installation at INR 240 per square meter + 5,000 for inspection)	INR 325150
<b>17) Receive on-site inspection from Bangalore water supply and sewage board</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charges	No charge
<b>18) Obtain phone connection</b>		
Time taken to complete	7 days	3 days
Cost to complete	INR 800 (there is also a INR 2,000 refundable security deposit)	INR 800
<b>19) Obtain occupancy permit</b>		
Time taken to complete		30 days
Cost to complete	INR 2500	No charges, Subsequent to intimation of completion of the Warehouse the authority shall decide after due physical inspection of the building and intimate the applicant within 30 days about the application for occupancy certificate. An additional 15% of building permit fee, charged during application for sanction of Building permit is returned when OC is handed over. This is in cases of compliance, in other cases, where building bye laws are not adhered to, the penalty is deducted from security deposit
<b>20) Receive inspection for obtaining occupancy permit</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

### 3.3c: Procedures for building permit in New Delhi: A comparison of Doing Business and NIUA Study

Procedures	New Delhi	
	Doing Business	NIUA
1) Obtain No objection certificate regarding land use as per Master Plan/Zonal Plan		
Time taken to complete	30 days	15 days
Cost to complete	INR 5000	
2) Obtain no objection certificate regarding no dues of house tax		
Time taken to complete	2 days	Does not exist
Cost to complete	INR 1500	
3) Obtain no objection certificate from the Power distribution company		
Time taken to complete	3 days	Does not exist
Cost to complete	INR 1000	
4) Apply for the sanction of Building Plan and obtain the approvals		
Time taken to complete	10 days	5 days
Cost to complete	INR 10,000	INR 10,000
5) Apply and obtain building permit		
Time taken to complete	60 days	60 days
Cost to complete	INR 25,000	INR 600 + INR 66,500+ INR 150 Processing fee (for basement) + INR 300
6) Intimation of commencement of construction work		
Time taken to complete	7 days	Does not exist
Cost to complete	INR 500	
7) Receive initial inspection		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
8) Intimation at completion of the work up to plinth level		
Time taken to complete	30 days	7 days <sup>4</sup>
Cost to complete	INR 500	No charge
9) Receive inspection for the work up to plinth level		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
10) Obtain water and sewage connection		
Time taken to complete	15 days	15 days
Cost to complete	INR 7500	INR 8000
11) Obtain project clearance from environmental agency		
Time taken to complete	3 days	Does not exist
Cost to complete	INR 100	
12) Obtain no objection certificate from fire department		
Time taken to complete	14 days	15 days
Cost to complete	INR 1500	No charge
13) Receive fire inspection (NIUA: After construction of building, before applying for completion certificate, fire inspection is sought)		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge

<sup>4</sup> NIUA: After plinth is constructed, plinth level certificate in B1 proforma is submitted in the zonal office of MCD after B1 inspection MCD gives B2 certificate which certifies continuation of construction.

Procedures	New Delhi	
	Doing Business	NIUA
14) Obtain no objection certificate from Health Department		
Time taken to complete	7 days	Does not exist
Cost to complete	INR 1500	
15) Receive health inspection		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
16) Obtain power connection from BSES		
Time taken to complete	30 days	7 days
Cost to complete	INR 3500	INR 25000
17) Obtain phone connection		
Time taken to complete	2 days	2 days
Cost to complete	INR 1000	INR 500
18) Apply for completion certificate		
Time taken to complete	30 days	7 days
Cost to complete	INR 14,000	INR 1300
19) Receive final inspection		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
20) Apply for occupancy permit		
Time taken to complete	30 days	
Cost to complete	INR 1,300 (INR 1 per square meter)	
21) Receive final inspection		
Time taken to complete	1 day (included in previous procedure)	
Cost to complete	no charge	

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

### 3.3d: Procedures for building permit in Kolkata: A comparison of Doing Business and NIUA Study

Procedures	Kolkata	
	Doing Business	NIUA
<b>1) Obtain land use permission from Kolkata metropolitan development authority</b>		
Time taken to complete	60 days	30 days
Cost to complete	INR 10000	No charge
<b>2) Apply for building permit and pay initial fee</b>		
Time taken to complete	5 days	1 day
Cost to complete	INR 8000	INR 747018
<b>3) Obtain approval of plans (building permit) and pay final fees</b>		
Time taken to complete	45 days	60 days
Cost to complete	INR 472,000	No charge (paid in previous procedure)
<b>4) Notify the Municipal Corporation of Kolkata about commencement of earth work for foundation</b>		
Time taken to complete	35 days	7 days
Cost to complete	INR 5,000 (fee for all inspections)	No charge
<b>5) Receive foundation inspection and commencement certificate</b>		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge

Procedures	Kolkata	
	Doing Business	NIUA
6) Notify the Municipal Corporation of Kolkata before the start of foundation concreting		
Time taken to complete	33 days	7 days
Cost to complete	No charge	No charge
7) Receive foundation concreting inspection		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
8) Notify the Municipal Corporation of Kolkata before the start of laying the roof and basement floor work		
Time taken to complete	31 days	Does not exist
Cost to complete	No charge	
9) Receive roof inspection		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
10) Notify the Municipal Corporation of Kolkata Authority about of completion finishing work		
Time taken to complete	29 days	30 days
Cost to complete	No charge	No charge
11) Receive finishing work inspection		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
12) Obtain no objection certificate from fire department		
Time taken to complete	30 days	15 days
Cost to complete	INR 2000	INR 2000
13) Receive inspection from fire department		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
14) Apply for the use and uplift of underground water with the West Bengal State pollution control board		
Time taken to complete	15 days	Does not exist
Cost to complete	INR 5000	
15) Receive inspection from West Bengal State pollution		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
16) Obtain no objections certificate from Public Health Department		
Time taken to complete	15 days	Does not exist
Cost to complete	INR 3500	
17) Apply for sanction of power connection with West Bengal State Electricity Board		
Time taken to complete	60 days	15 days
Cost to complete	INR 67,500 (INR 35,000-100,000)	INR 3,40,000
18) Receive inspection from West Bengal State Electricity Board		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
19) Obtain water and sewage connection from Kolkata Municipal Corporation		
Time taken to complete	30 days	15 days
Cost to complete	IINR 7500	INR 6503

Procedures	Kolkata	
	Doing Business	NIUA
<b>20) Obtain phone connection</b>		
Time taken to complete	15 days	3 days
Cost to complete	INR 2500	INR 500
<b>21) Obtain completion certificate</b>		
Time taken to complete	40 days	15 days
Cost to complete	INR 50300	No charge
<b>22) Receive final inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
<b>23) Obtain occupancy permit</b>		
Time taken to complete	15 days	15 days
Cost to complete	INR 2500	No charge
<b>24) Receive inspection for obtaining occupancy permit</b>		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

### 3.3e: Procedures for building permit in Ranchi: A comparison of Doing Business and NIUA Study

Procedures		Ranchi
	Doing Business	NIUA
1) Obtain land use permission		
Time taken to complete	90 days	30 days
Cost to complete	No charge	No charge
2)* Obtain soil test		
Time taken to complete	3 days	Does not exist
Cost to complete	INR 5,000	
3) Apply for building permit		
Time taken to complete	90 days	7 days
Cost to complete	Included in next procedure	INR 100
4) Pay building permit fee and obtain building permit		
Time taken to complete	1 day	1 day
Cost to complete	INR 20,000	14000 sq.ft. X INR 10 = INR 1,40,000 @ INR 10 per sq. ft. (Initial fee 20% at commencement and 80% later)
5) Notify Labor department about commencement of construction work		
Time taken to complete	20 days	Does not exist
Cost to complete	No charge	
6) Receive labor inspection		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
7) Notify the Ranchi Regional Development Authority about the commencement of earth work for foundation		
Time taken to complete	90 days	30 days
Cost to complete	No charge	No charge
8) Receive foundation inspection		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge

Procedures	Ranchi	
	Doing Business	NIUA
9) Notify the Ranchi Regional Development Authority about the start of laying the roof and basement floor level		
Time taken to complete	88 days	Does not exist
Cost to complete	No charge	
10) Receive roof inspection		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
11) Notify the Ranchi Regional Development Authority about the completion of finishing work		
Time taken to complete	86 days	80 days
Cost to complete	No charge	No charge
12)* Receive finishing work inspection		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
13) Obtain water and sewage connection		
Time taken to complete	15 days	10 days
Cost to complete	INR 7500	INR 6100 (INR 3000 (connection charges) + INR 3000 (Caution money) + INR 100 (Digging fee)
14) Obtain no objection certificate from Fire Department		
Time taken to complete	10 days	7 days
Cost to complete	INR 250	No charge
15) Receive fire inspection		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
16) Apply for the use uplift of underground water from Jharkhand Pollution Control Board		
Time taken to complete	15 days	Does not exist
Cost to complete	No charge	
17) Obtain no objection certificate from Public Health Department		
Time taken to complete	10 days	Does not exist
Cost to complete	No charge	
18) Receive public health inspection		
Time taken to complete	1 day (included in the previous procedure)	Does not exist
Cost to complete	No charge	
19) Obtain power connection		
Time taken to complete	180 days	30 days
Cost to complete	INR 75,000	INR 15 Registration fee + INR 30 Meter testing charge + INR 400 per KW
20) Receive electrical inspection		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
21) Obtain phone connection		
Time taken to complete	15 days	3 days
Cost to complete	INR 2,500	INR 1500
22) Obtain completion certificate		
Time taken to complete	40 days	15 days
Cost to complete	INR 2,500	No charge



Procedures	Ranchi	
	Doing Business	NIUA
<b>23) Receive final inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
<b>24) Apply for occupancy certificate</b>		
Time taken to complete	30 days	15 days
Cost to complete	No charge	No charge
<b>25) Receive final inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge

Source: *Doing Business in South Asia, 2007*, website and NIUA field study and discussion with officials, 2007-08

### 3.3f: Procedures for building permit in Lucknow: A comparison of Doing Business and NIUA Study

Procedures	Lucknow	
	Doing Business	NIUA
<b>1) Obtain land use permission</b>		
Time taken to complete	60 days	7 days
Cost to complete	INR 10000	No charge
<b>2) Apply for building permit and pay initial fee</b>		
Time taken to complete	5 days	1 day <sup>5</sup>
Cost to complete	INR 3,000	INR 12000
<b>3) Obtain approval of plans (building permit) and pay final fees</b>		
Time taken to complete	50 days	30 days
Cost to complete	INR 30,000	(1300.6 sq.m./ 50 sq.m.) X INR 800 = INR 20809.6 (@ INR 800 per 50 sq.m.)
<b>4) Notify the Lucknow Development Authority about commencement of earth work for foundation</b>		
Time taken to complete	45 days	30 days
Cost to complete	INR 5,000 (fee for all inspections)	INR2000
<b>5) Receive foundation inspection and commencement certificate</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	INR 400 (Form charge)
<b>6) Notify the Lucknow Development Authority before the start of foundation concreting</b>		
Time taken to complete	43 days	Part of Procedure 5
Cost to complete	No charge	No charge
<b>7) Receive foundation concreting inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
<b>8) Notify the Lucknow Development Authority before the start of laying the roof and basement floor work</b>		
Time taken to complete	41 days	Does not exist
Cost to complete	No charge	

<sup>5</sup> NIUA: The company must submit the application to Lucknow Development Authority or by U.P. Housing and Development Board along with the relevant documents

Procedures	Lucknow	
	Doing Business	NIUA
<b>9) Receive roof inspection</b>		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
<b>10) Notify the Lucknow Development Authority about of completion finishing work</b>		
Time taken to complete	39 days	30 days
Cost to complete	no charge	No charge
<b>11) Receive finishing work inspection</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
<b>12) Obtain no objection certificate from fire department</b>		
Time taken to complete	30 days	30 days
Cost to complete	INR 2,500	No charge
<b>13) Receive inspection from fire department</b>		
Time taken to complete	1 day (included in previous procedure)	1 day
Cost to complete	No charge	No charge
<b>14) Apply for the use and uplift of underground water with U.P. pollution control board</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	INR 5,000	
<b>15) Receive inspection from U.P. pollution control board</b>		
Time taken to complete	1 day (included in previous procedure)	Does not exist
Cost to complete	No charge	
<b>16) Obtain no objections certificate from Public Health</b>		
Time taken to complete	15 days	Does not exist
Cost to complete	INR 3,500	
<b>17) Apply for sanction of power connection with Uttar Pradesh Power Corporation</b>		
Time taken to complete	45 days	15 days
Cost to complete	INR 75,000 (INR 50,000-100,000)	INR 100000
<b>18) Receive inspection from UP Power Corp.</b>		
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge
<b>19) Obtain water and sewage connection from Lucknow Nagar Nigam</b>		
Time taken to complete	40 days	30 days
Cost to complete	INR 11,250 (INR 7,500 – 15,000)	INR 65030
<b>20) Obtain phone connection</b>		
Time taken to complete	7 days	7 days
Cost to complete	INR 2,000	INR 1000
<b>21) Obtain occupancy permit</b>		
Time taken to complete	20 days	1-2 days
Cost to complete	INR 2,500	No charge
<b>22) Receive final inspection</b>		
Time taken to complete	1 day (included in previous procedure)	30 days
Cost to complete	No charge	No charge

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

### 3.3g: Procedures for building permit in Indore, Ludhiana, Trivandrum and Surat: An NIUA Study

Procedure	Indore	Ludhiana	Trivandrum	Surat
<b>1) Obtain land use permission</b>				
Time taken to complete	30 days	30 days	30 days	20 days
Cost to complete	No charge	No charge	No charge	No charge
<b>2) Apply for building permit and pay initial fee</b>				
Time taken to complete	1 day	1 day	2 days	61 days
Cost to complete	INR 5282 (INR 40 per floor + INR 5202)	INR 376723	1 time fees INR 6503@ INR 5 per sq m.	1 time fees INR 6503@ INR 5 per sq m.+ INR 300 scrutiny fee
<b>3) Obtain approval of plans (building permit) and pay final fees</b>				
Time taken to complete	30 days	60 days	30 days	Does not exist
Cost to complete	Already paid in previous procedure	Already paid in previous procedure	Already paid in previous procedure	
<b>4) Notify the Development Authority/Municipal Corporation about commencement of earth work for foundation</b>				
Time taken to complete	1 day	7 days	30 days	7 days
Cost to complete	No charge	No charge	No charge	No charge
<b>5) Receive foundation inspection and commencement certificate</b>				
Time taken to complete	1 day (Included in previous procedure)	1 day (Included in previous procedure)	1 day (Included in previous procedure)	1 day (Included in previous procedure)
Cost to complete	No charge	No charge	No charge	No charge
<b>6) Notify the Development Authority before the start of foundation concreting</b>				
Time taken to complete	6-7 days	Does not exist	Does not exist	Does not exist
Cost to complete	No charge			
<b>7) Receive foundation concreting inspection</b>				
Time taken to complete	1 day	Does not exist	Does not exist	Does not exist
Cost to complete	No charge			
<b>8) Notify the Development Authority before the start of laying the roof and basement floor work</b>				
Time taken to complete	Does not exist	Does not exist	Does not exist	Does not exist
Cost to complete				
<b>9) Receive roof inspection</b>				
Time taken to complete	Does not exist	Does not exist	Does not exist	Does not exist
Cost to complete				
<b>10) Notify the Development Authority/Municipal Corporation about of completion finishing work</b>				
Time taken to complete	1 day	30 days	30 days	1 day
Cost to complete	No charge	No charge	No charge	No charge
<b>11) Receive finishing work inspection</b>				
Time taken to complete	1 day	1 day (Included in previous procedure)	1 day (Included in previous procedure)	Does not exist
Cost to complete	No charge	No charge	No charge	
<b>12) Obtain No Objection Certificate from fire department</b>				
Time taken to complete	30 days	10 days	20 days	10 days
Cost to complete	No charge	No charge	INR 500	INR 50000

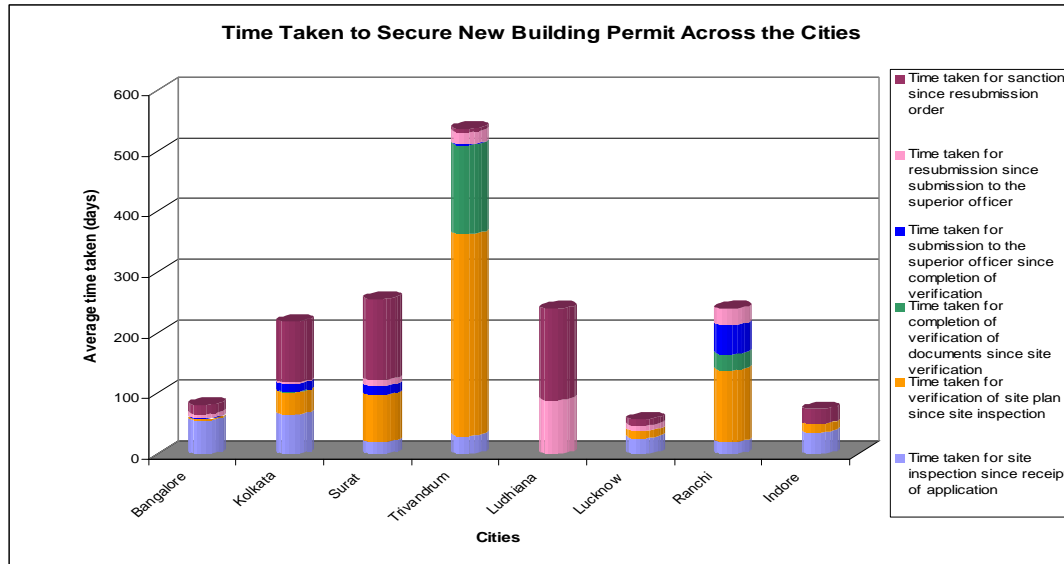
Procedure	Indore	Ludhiana	Trivandrum	Surat
<b>13) Receive inspection from fire department</b>				
Time taken to complete	1 day (Included in previous procedure)	1 day	1 day (Included in previous procedure)	Included in previous procedure
Cost to complete	No charge	No charge	No charge	No charge
<b>14) Apply for the use and uplift of underground water with U.P. pollution control board</b>				
Time taken to complete	Doest not exist	Doest not exist	Doest not exist	Doest not exist
Cost to complete				
<b>15) Receive inspection from pollution control board</b>				
Time taken to complete	Doest not exist	Doest not exist	Doest not exist	Doest not exist
Cost to complete				
<b>16) Obtain no objections certificate from Public Health</b>				
Time taken to complete	Doest not exist	Doest not exist	Doest not exist	Doest not exist
Cost to complete				
<b>17) Apply for sanction of power connection with Power Corporation</b>				
Time taken to complete	1 day	30 days	30 days	10 days
Cost to complete	INR 194040	INR 75000	INR 52,300 <sup>6</sup>	INR 50000
<b>18) Receive inspection from Power Corporation</b>				
Time taken to complete	1 day (included in previous procedure)	1 day (included in previous procedure)	1 day (included in previous procedure)	1 day (included in previous procedure)
Cost to complete	No charge	No charge	No charge	No charge
<b>19) Obtain water and sewage connection from Nagar Nigam</b>				
Time taken to complete	30 days	7 days	20 days	20 days
Cost to complete	INR 10,000	INR 9320	INR 6565 <sup>7</sup> (1000+INR565 +INR 5000)	INR 25300
<b>20) Obtain phone connection</b>				
Time taken to complete	7 days	2 days	20 days	2 days
Cost to complete	INR 1500	INR 3600	INR 1800	INR 500s
<b>21) Obtain occupancy permit</b>				
Time taken to complete	30 days	5 days	10 days	8 days
Cost to complete	No charge	No charge	No charge	No charge
<b>22) Receive final inspection</b>				
Time taken to complete	15 days	1 day (Included in previous procedure)	1 day (Included in previous procedure)	1 day (Included in previous procedure)
Cost to complete	No charge	No charge	No charge	No charge

Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08

<sup>6</sup> Commercial- CD- INR 100 KW caution deposit (deposit @ INR 300 KW Service Connection Charge up 1000 KW-INR 300. The above charges vary as per the decision of the Board

<sup>7</sup> Application fee INR 15; Registration fee INR 50; Connection fee INR 1000 for non-domestic purpose. Connection fee INR 500 for domestic purpose and the line extension above 30m additional. Fee INR 500; Casual connection @ INR 26 ½ for every 1 sqm. area. Plumbers fee @ INR 5000 upto 5 sq. mtr. Above 5 sq mtr additional INR 100 for every sq. mtr.

### 3.3h: Time Taken to Secure New Building Permit Across Cities



Source: NIUA Field Study 2007-08

In this section, a detailed analysis has been attempted for those cases, which took more than the stipulated time. This has been done by calculating the average number of days required for the files to move at different stages in the building permit sanction department of respective cities. Median value has been avoided because of high variation in the number of days in the sample. An analysis of the diagram shows that Trivandrum took the maximum time for securing building permit. Further, a stepwise analysis shows that for site inspection, Kolkata took the maximum time followed by Bangalore and Indore. Verification took the longest in Trivandrum resulting in high delay in the entire process. Time taken for submission of the file to the superior official since completion of verification took the longest in Ludhiana followed by Ranchi and Surat. Time taken for the final procedure of sanction again took the longest in Ludhiana, followed by Surat and Kolkata. Lucknow, Indore and Bangalore reported the least time for the entire procedure of sanction, although they exceeded the prescribed time limit. These cities took the maximum time for site inspection and final sanction.

### Annexure 3.4: Detailed Information on Building Plan Sanction across cities

#### 3.4a: Responsible Department for Building Plan Sanction in respective cities

Cities	Responsible Department
Bangalore	The town planning department of Bangalore Mahanagar Palike
Delhi	Municipal Corporation of Delhi
Indore	Building Permission department, Nagar Nigam Indore
Kolkata	Land use & control department of Kolkata Municipal Corporation popularly known as Building Department of KMC
Lucknow	Building Section (Lucknow development Authority)
Ludhiana	Commissioner, Municipal Corporation, Ludhiana
Mumbai	Mumbai Municipal Corporation
Ranchi	Ranchi Regional Development Authority
Surat	Town Development Department
Trivandrum	Town planning Department of the Municipality

#### 3.4b: Stacking charges required for application for building permit across select cities

Cities	Stacking Charges
Delhi	<ul style="list-style-type: none"> <li>➤ @ Re.1/- per sqm of covered area for 42 sqm plots</li> <li>➤ @ Rs.1.50/- per sqm of covered area for 42 sqm - 84 sqm plots</li> <li>➤ @ Rs.2/- per sqm of covered area for 84 sqm - 418 sqm plots</li> <li>➤ No charge for plots above 418 sqm (stacking to be done within plot area)</li> </ul>
Mumbai	<ul style="list-style-type: none"> <li>➤ @ Re.2/- per sq. ft of covered area</li> </ul>
Kolkata	<ul style="list-style-type: none"> <li>➤ @ Rs. 10/- per sqm of covered area upto 7 mts from means of access</li> <li>➤ @ Rs. 15/- per sqm of covered area upto 7 mts -15 mts from means of access</li> <li>➤ @ Rs. 20/- per sqm of covered area above 15 mts from means of access</li> </ul>
Lucknow	<ul style="list-style-type: none"> <li>➤ 13.75 per sqm, inspection fees 6.25 per sqm</li> </ul>

Source: Building byelaws of respective cities

#### 3.4c: Building Permit Fee (Commercial) across select cities

Cities	Rate of Building Permit Fee
Ludhiana	Rs.5- per sq feet
Kolkata	Varies with the width of the means of access, total covered area and type of use of building
Ranchi	(Rates per sqm.) (1) upto 20 sqm. area -Rs. 1000.00 (2) Floor area from 21 sqm. upto 50 sqm. -Rs. 2000.00 Above 50 sqm., for every 50 sqm. or part of it -Rs. 2000.00
Mumbai	Rs.28 per sq.m
Surat	Rs. 5/- per sqm for commercial and mixed + min scrutiny fee of Rs. 300/-
Trivandrum	Rs. 5/- per sqm
Bangalore	Rs.40 per sq.m
Lucknow	Rs.800 per every 50 sq.m
Indore	For residential cum commercial- Rs.4/- per sqm; for commercial- Rs.4/- per sqm

Source: Building byelaws of respective cities

### 3.4d: Official time required to complete each procedure for processing building permit application as per Building Byelaws in select cities

Procedure s  Cities	Procedure 1  Site inspection (From the date of receipt of application )	Procedure 2  Scrutiny (From the date of inspection )	Procedur e 3  Sanction (From the date of submissi on of applicatio n)	In case of deficiencies:		
				Procedure 4 Corrections/ compliance Intimated (From the date of submission of application)	Procedure 5  Completi on of compliance (After intimation)	Procedure 6  Sanction (From the date of compliance)
Delhi	10 days	30 days	60 days	45 days	30 days	15 days
Ludhiana	Not specified	Not specified	60 days	Not specified	Not specified	Not specified
Kolkata	7 days	On spot during inspection	60 days	Verbally intimated to the LBS engaged by the applicant on spot during inspection or from office on the next day	7-30 days	15 days
Ranchi	Not specified	Not specified	60 days	30 days	30 days	Not specified
Mumbai	Not specified	Not specified	60 days	60 days	Not specified	60 days
Surat	Anytime during construction without prior notice	Not specified	60 days*	Not specified	Not specified	Not specified
Trivandrum	Not specified	Not specified	30 days	30 days	Not specified	30 days
Bangalore	15 days		30 days			
Indore*	Not specified	Not specified	30 days	30 days	Not specified	30 days
Lucknow	Not specified	Not specified	30 days	30 days	Not specified	Not specified

Source: Building byelaws of respective cities

\* 90 days at times

### Annexure 3.5: An Inter City Comparison of Property Registration: An NIUA Study

	Bangalore		Delhi		Indore	Kolkata		Lucknow		Ludhiana	Mumbai		Ranchi		Surat	Triva ndru m
	NIUA	DB	NIUA	DB	NIUA	NIUA	DB	NIUA	DB	NIUA	NIUA	DB	NIUA	DB	NIUA	NIUA
Procedure s (number)	4	6	6	6	5	5	5	5	5	5	4	6	5	6	5	5
NIUA Time (days)	17	35	28	138	63	85	155	38	43	117	34	62	30	86	95	7
NIUA Cost (% of property value)	9	11	6.3	10.1	11.4	7.4	12.3	10.4	11.6	8.1	6	7.8	5.1	5.6	6.1	13.7

## Annexure 3.6: Procedures for Property Registration in Select Cities

### 3.6a: Procedures for property registration in Mumbai: A comparison of Doing Business and NIUA Study

The following section attempts to identify the procedures for property registration across the select cities. A comparison of the findings has been attempted (in a tabular manner) with the Doing Business study<sup>8</sup>.

Procedures	Mumbai (Maharashtra)	
	Doing Business	NIUA
1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate		
Time taken to complete	5 days	2 days
Cost to complete	INR 10,000	INR 750 (INR 25 per year for the current, and preceding years as well) for thirty years
2) Obtain Stamp Paper after payment of stamp duty		
Time taken to complete	7 days <sup>9</sup>	Procedure does not exists independently as it is part of subsequent procedure since payment of stamp duty is done through franking
Cost to complete	INR 100	
3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers	Lawyer prepares Final Sale Deed and Transfer Deed on Green Papers	Franking is done on sale deed documents after they are typed by lawyer/deed writer
Time taken to complete	7 days	1 day
Cost to complete	1% of property value	INR 2000 (Lawyer fees) + 5% of market value of property (Stamp Duty)
4) Stamp, execute and register final sale deed		
Time taken to complete	2 days	1 day (30 minutes)
Cost to complete	5% of market value of property (Stamp Duty)	1% of market value of property (Registration Fee) upto INR 30,000
5) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered		
Time taken to complete	1 day	Procedure does not exists independently as it is a repetition of Procedure 5
Cost to complete	1% of market value of property (Registration Fee) upto INR 30,000	
6) Apply to Municipality for mutation of the title of the property		
Time taken to complete	30-40 days	30 days
Cost to complete	INR 400- 5000	INR 100

Source: Doing Business - The World Bank Group.htm and NIUA field study and discussion with officials, 2007-08

<sup>8</sup> Doing Business 2007

<sup>9</sup> Preparation and execution of Agreement and Memorandum at the Stamp Duty Office



### Observation on the procedures:

#### Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate

In Mumbai, all property transactions are registered. Non-encumbrance certificates are applied for by all buyers through their legal experts/advocates. This information is available for all past years. Reforms are underway to make online applications for the same.

#### Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers

While preparing the agreement name of the seller/purchaser schedule of property aggregate value and other terms and conditions are typed by the parties through their legal advisors/experts. Stamp duty is paid through franking. Registration charges are paid through pay order in favor of Joint SR.

#### Stamp, execute and register final sale deed

Stamp duty is paid in Mumbai through franking since the past 3-4 years. This is done in banks or through authorized agents, who are paid commission for their services by the Revenue Department. After execution and registration scanning of the document takes place and a copy is kept with the sub registrar's office and 3 copies are send one each to the joint district registrar's office, DIG office and IG office in Pune.

### 3.6b: Procedures for property registration in Delhi: A comparison of Doing Business and NIUA Study

Procedures	Delhi	
	Doing Business	NIUA
<b>1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate</b>		
<b>Time taken to complete</b>	2-3 days	1-2 days
<b>Cost to complete</b>	INR 7500	INR 500-2500
<b>2) Publish notice of the transaction in local newspaper and await claims</b>		
<b>Time taken to complete</b>	2 days (to arrange publication) + 60 days (to wait for claims)	1 day (to arrange publication) + 7 days (to wait for claims)
<b>Cost to complete</b>	INR 5000-7000	INR 2660 if display advertisement per square cm; classified INR 316 per square*
<b>3) Obtain Stamp Paper after payment of stamp duty</b>		
<b>Time taken to complete</b>	1-3 days	1 day
<b>Cost to complete</b>	8 % property value (stamp duty)	6% of property value (of the 6% stamp duty, 3% goes to the revenue department of Delhi Administration and the remaining 3 % goes to the MCD as transfer duty)
<b>4) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers</b>		
<b>Time taken to complete</b>	3 days	1 day (same day as procedure 3)
<b>Cost to complete</b>	INR 5500 (lawyer fee)	INR 500
<b>5) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered</b>		
<b>Time taken to complete</b>	1-15 days	1 day (same day as procedure 3)
<b>Cost to complete</b>	INR 5000 (including lawyer's fee)	INR 1000(INR 100 constitute registration charges)
<b>6) Apply to Municipality for mutation of the title of the property</b>		
<b>Time taken to complete</b>	30-90 days	15 days
<b>Cost to complete</b>	INR 10,000	INR 150 (including INR 50 as late fees)

Source: *Doing Business in South Asia, 2007*, website and NIUA field study and discussion with officials, 2007-08

\*Assumed advertisement space as 4 sq cm

## **Observation on procedures**

**Obtain non-encumbrance certificate:** In Delhi, this procedure is not in common practice. The applicants who apply for the same generally take the help of document writers or lawyers to search the details of the title of the property.

**Publish notice of transaction in local newspaper and await claim:** In Delhi, this procedure is again not in practice. A negligible share of the property gets transferred through this procedure.

**Obtain stamp paper:** After payment of stamp duty, (present rate of sale deed is 6 per cent for males and 4 per cent for females which has been reduced from 8 per cent and 6 per cent respectively in 2007). Since 18<sup>th</sup> July, 2007, Government of NCT has fixed the minimum rates (circle rate) for valuation of lands and immovable properties. However, since April 2008, the Government of Delhi has introduced the e-stamping facility on a pilot basis to ease the procedure of payment of stamp duty.

**Type sale deed on stamp paper:** The typing of sale deed is generally done by a lawyer or sale deed writer.

Arrange for documents:

- a) Photos of both the parties and their identification (passport/election card/I-card of government employee/driving license) and two witnesses (their identification)
- b) Obtain two Photostat copies of sale deed (original and one copy of Photostat needs to be submitted at the sub-registrar's office and one copy of Photostat remains with the licensed document writer)

**Pay registration fee:** Rs. 101 irrespective of the value of the property.

**Submission/ Presentation of documents at the sub-registrar's office** (between 10 am to 1 pm): Registrar calls both the parties and witnesses and scrutinize the documents, title to property, NOC if required. The document is thereafter signed (signature with thumb and finger impression) by both the parties and their witnesses (signature with thumb impression). Computerized photo of both the parties are taken. After this procedure, the buyers get the receipt of payment of Rs. 101.

**Obtain sale deed document:** A day after registration.

Under-valuation of property is the main ground on which the sub-registrar refuses to execute the deed. In such cases, the file is sent to the collector of the stamp and according to his revised calculation, the deficiency is to be deposited by the buyer.

## **Procedure for Mutation in Delhi**

List of Documents required for Mutation /Sub-division -

(A) In case of Sale-deed:

1. Copy of Sale-deed
2. Application for mutation with Rs.3/- Court fee stamp affixed on it

3. Indemnity Bond on Rs.100/- Stamp Paper.
  4. Affidavit on Rs.10/- Stamp Paper.
  5. Clearance of up-to-date Property Tax.
- If entire building /plot has been sold, mutation may be allowed on payment of up-to-date dues. In case of sale by agreement to sell on Payment of Transfer duty on prevalent rates.
  - If a part of the building/plot has been sold, mutation may be allowed in the name of the purchaser on payment of up-to-date taxes for the portion purchased, Sub-division will, however, not be allowed if the sale is not through a registered document/instrument.
  - In case of inheritance of a property by more than one legal heirs, mutation/sub-division in the name of all the legal heirs may be allowed subject to clearance of up to date taxes by each of them for their respective portions. However, sub-division will be allowed only if physical division exist. The case of each legal heirs has to be decided independently regardless of payment or non-payment by others for their respective portions.
  - As per provisions of section 128 of DMC act, 1957 (as amended in 2003) whenever the title of any person, primarily liable for the payment of property taxes on any land or building, is transferred, the persons whose title is transferred and the person to whom the same is transferred shall give, within three-months, a notice of such transfer to MCD. The notice has to be given by the transferor as well as the transferee. If any notice under Section 126 (since repealed) is pending, the liability for the increased rate -able value after the date of transfer shall be that of the transferee. It is also required that whenever the transferees present documents for transfer, a letter is to be issued to the transferor inviting objections, if any, in respect of the claim for mutation and consider objections received, if any, within 15 days of the issue of such letter. If no objection is received within 15 days, the property may be mutated in the name of the transferee, subject to fulfillment of other conditions.
  - As and when there is death of the person primarily liable for payment of taxes, the person on whom the title of the property devolves, should within six months of the death, apply to the MCD about the devolution of the property on the legal heirs so that property mutations takes place. The person on whom the property devolves should be cautious in moving for transfer in municipal records as early as possible as there has been cases whereby some of the legal heirs got the property mutated in their names to the exclusion of others.
  - The mutation in the municipal records is for the purpose of payment of property taxes and it does not mean a legal title in the name of the person in whose name the property has been mutated in the municipal records.
  - **Transfer Duty:** Prevalent rate of transfer duty is 3% of consideration amount.
  - **Mutation fee:** Under the DMC (Amendment) Act, 2003, for each apportionment, fee of Rs.100/- is to be paid, along with composition fee of Rs.50/-(wherever applicable)

### 3.6c: Procedures for property registration in Kolkata: A comparison of Doing Business and NIUA Study

Procedures	Kolkata (West Bengal)	
	Doing Business	NIUA
<b>1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate</b>		
Time taken to complete	15-21 days	4-5 days
Cost to complete	INR 7,500	INR 155 (Rs. 10 for current year and Rs. 5 for preceding years)
<b>2) Obtain Stamp Paper after payment of stamp duty</b>		
Time taken to complete	1 day	1 day
Cost to complete	1.1% of property value (Registration Fee + 8% of property value (stamp duty))	6% of property value (stamp duty)
<b>3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers</b>		
Time taken to complete	3 days	2-3 days
Cost to complete	INR 5000	INR 4000
<b>4) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered</b>		
Time taken to complete	10-15 days, up to 100 days without follow-up	15 days
Cost to complete	Already paid in procedure 2	1.1% of property value
<b>5) Apply to Municipality for mutation of the title of the property</b>		
Time taken to complete	65-90 days	60 days
Cost to complete	INR 5,500-8,000	INR 100-300

*Source: Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08*

#### Observation on procedures:

#### Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate

Searching Charges: For the current year – Rs.10/-, additional charge of Rs.5/- per every additional year. A common practice is to search property for last 20 years.

#### Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers

Registration charges : 1.1% of the valuation of property.

It is reported that a common practice by the Lawyers to charge 8% of the property value, which includes 6% Stamp Duty, 1.1% of Registration Charges and Rs.4000 on an average for preparation of sale deed.

#### Apply to Municipality for mutation of the title of the property

U/S 183 of Kolkata Municipal Corporation Act, 1980, purchaser should have to apply for mutation under KMC within 3 months from the date of purchase.

Mutation Charges:

1. Succession or Transfer: Rs.100/-
2. Separation / Amalgamation / Apportionment: Rs.300/-

**Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered:**

The documents to be enclosed along with the submission of Stamp paper for registration are:

1. Filing copy comparing true copy of the deed.
2. Valuation form for assessing the market value of the property
3. L.R. Act. Notice under section 5 of the W.B. L.R. Act. 1956
4. Permission under section Act 1976.
5. Declaration of PAN Number

The system of registration is semi-computerised in Kolkata. In South 24 Parganas district one office has been computerized, 5 offices are semi computerized and 19 other offices are working manually. Further, there is no provision in the rule specifying any time limit. But normally it takes 1 day to 10 years to get the registered document back (e.g. certain districts like Nadia, Uttar Dinajpur. U/S-7 of Registration Act, 1908).

In West Bengal there persists two parallel compulsions to change the name of the purchaser. One, through the mutation in the Office of the Block Land and Land Reform Officer under the Directorate of Land and Land Reform Office, W.B. and (2) after that he has to mutate the property at Kolkata Municipal Corporation(KMC). The officers of Assessment and Collection Department of KMC are responsible for mutation in Kolkata are:

1. Based on property value:

- (a) Assistant Manager and Deputy Assessor Collector: Mutation cases and for apportionment upto Rs. 0.5 million
- (b) Assessor Collectors: Mutations of those properties where apportionment varies between Rs.0.5 million to Rs.1.5 million
- (c) The Chief Manager Revenue: Mutations of those properties where apportionment is above Rs. 1.5 million.

2. In case of vacant area entrusted officers are as follows:

- (a) upto 500 sq. m. — Dy. Assessor Collector
- (b) Separation / Amalgamation between 500 –999.9 sq. m. — Assessor Collector
- (c) Separation / Amalgamation between 1000 – 1500 sq. m. — Chief Manager (Revenue)
- (d) Separation / Amalgamation above 1500 sq. m. — The Municipal Commissioner

3. In case of land/Buildings under Thika Property entrusted officers are as follows:

- (a) Simple — Dy. Assessor Collector
- (b) Apportionment — Assessor Collector
- (c) Separation / Amalgamation — Chief Manager (Revenue)

### 3.6d: Procedures for property registration in Ranchi: A comparison of Doing Business and NIUA Study

Procedures	Ranchi (Jharkhand)	
	Doing Business	NIUA
1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate		
Time taken to complete	1-60 days	1-3 days
Cost to complete	INR 1000-5000	INR 20 for current year and INR 10 for preceding years
2) Obtain Stamp Paper after payment of stamp duty		
Time taken to complete	2-15 days	1 day
Cost to complete	4% of property value	4% of property value
3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers		
Time taken to complete	1-3 days	1 day
Cost to complete	INR 2000-5000(lawyer's fee)	INR 500-2000
4) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered		
Time taken to complete	4 days	1 day
Cost to complete	1% of property value + INR 3000	1% of property value plus INR 30 per page of sale deed for service provider*
5) Apply to Ranchi Revenue Authorities for mutation of the title of the property		
Time taken to complete	1 day (submission) + 35-40 days	Not considered
Cost to complete	No cost	
6) Apply to Municipality for mutation of the title of the property		
Time taken to complete	1 day (submission) + 35-40 days (time to receive confirmation of mutation)	21-30 days
Cost to complete	INR 100	INR 100

Source: *Doing Business in South Asia, 2007*, website and NIUA field study and discussion with officials, 2007-08

\* Assumed 20 pages on an average.

#### Observation on procedures:

**Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate:** Not a commonly practiced procedure

**Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered**

#### Documents Needed:

1. Sale deed typed by advocate or licensee sale deed writer
2. Two witnesses
3. Statement of seller
4. Photograph of buyer and seller
5. Finger prints of buyer and seller

6. Affidavit required for areas excluded from Ranchi Regional Development Authority (RRDA) peripheral area
7. 1 copy of map (indicating the location within the town)
8. For properties above 5 lakhs, PAN card or Form 16 is required

### 3.6e: Procedures for property registration in Bangalore: A comparison of Doing Business and NIUA Study

PROCEDURE	Doing Business	NIUA
1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate		
		For the years from to 2003-04, the records have been computerized and hence for these years the information is given on the spot against payment. Time taken is 10 minutes. However, the normal practice is that EC is generally taken for 13 years. To get for all 13 years 6 days
Time taken	15 days	7 days
Cost	INR 15000 (includes lawyer's fees)	INR 320 for 30 years  The Act prescribes for the 1 <sup>st</sup> year search it is Rs.30 and for subsequent years it is Rs.10/- per year.
2) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers		
		The system of purchasing stamp paper is dispensed with. In lieu of stamp paper, Demand Draft from any Commercial Bank covering the stamp duty amount is required. Time taken for DDs is 15 Minute
Time taken	3 days	1-2 days  Generally it is a document writer who prepares the sale deed.
Cost	INR 5000-10000	INR 5000  Document writer would charge between Rs. 1000/- to Rs.2000. A lawyer would charge about Rs.5000 + Stamp duty 7.5% of property value. + 2% of transfer fee on Stamp duty + 10 % of Stamp duty for infrastructure cess. Total cost 8.40% of property value
3) Obtain proof of compliance with zoning and building regulations at the Bangalore Development Authority		
Time taken	2-3 days	Does not apply to property registration
Cost	No cost	
4) Obtain tax clearance certificate from the Revenue Department		
Time taken	1 day	Does not apply to property registration
Cost	INR 25-30	
5) Submit documents and receipts with the office of the Sub Registrar for registration		
Time taken	2 days	1 day
Cost	1% property value (registration fee) + 8.4% of property value (stamp duty)(paid ion previous procedure)	INR 1000 Normally the lawyer would have included this fee along with the preparation of the sale deed. But may charge further INR.1000/- to do the formalities at the Sub-registrar's office.

PROCEDURE	Doing Business	NIUA
<b>6) Apply to Municipality for mutation of the title of the property</b>		
Time taken	18 days	7 Working days
Cost	2% of stamp duty (paid in procedure 4)	2 % of stamp duty Every property registered invariable apply to municipal authorities to change the municipal records in favor of the transferee. (This is called changes of Khata) INR. 50 / for application form + 2 % of stamp duty towards transfer fee (This collected despite having paid the same amount at the time of registering the document with the sub-registrar.

Source: *Doing Business in South Asia, 2007, website and NIUA field study and discussion with officials, 2007-08*

## Observation on Procedures

### Procedure 1: Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate

Time to prepare Encumbrance certificate is 3 days at the Sub-registry and the fee payable to Govt. is Rs 320/ if directly approached. Govt. has no control over the professional fee charged by Advocate. The lawyer may also conduct searches on the property and the selling company on behalf of the client. The process of obtaining land records has been computerized in Karnataka. The problem of delay is not because of departmental delays only in getting the requisite clarity of encumbrance of the property, but it has more to do with the fact that government does not guarantee title and hence the onus is on the buyer that the property has clean title.

### Procedure 2: Lawyer prepares Final Sale Deed and Transfer Deed

The Sale Deed and Transfer Deed are drafted by a deed writer or a lawyer and the print out of the same is taken out on Green paper on which the Adhesive stamp for stamp duty is to be affixed. However, by amendment in Karnataka Stamp Act, since about 3 - 4 years ago, the usage of stamp paper for paying stamp duty has been discontinued in Karnataka and accordingly the stamp duty is payable by Demand Draft at the time of registration of the document.

### Procedure 5. Submit documents and receipts with the office of the Sub Registrar for registration

Cost to complete: 1% of property value (registration fee) + 8.4% of property value (stamp duty)

Stamp Duty consists of the following:

For City Municipal Council / Town Municipal Council / Corporation Properties

(a) Government duty =7.5%

(b) Infrastructure Development Corporation Cess under section 3-B KSA 1957

10% on 7.5% =0.75%

(c) Surcharge on TDB/ Panchayat Properties @3% on 7.5 = 0.15%

Total Stamp Duty (a+b+c) = 8.40%

Parties are to obtain a token number in order to come back later to get the registration certificate. Tokens are given out until 1 pm. The registrar asks for the documents (listed below) and complete registration, and asks the client to come back the next day to take the certificate.



Furthermore, in Bangalore, offices of the Sub-Registrar have been computerized and accordingly digital pictures of the respective parties are taken at the said office. Hence, passport size photographs are not required to be presented with the application. The documentation includes:

1. Document required to be registered (in duplicate)
2. Photo -identification of each party and witnesses i.e. Voters' Identity Card, Passport, identity Card issued by Govt. of India, Semi Govt. and Autonomous bodies or identification by a Gazette Officer.
3. Certified True copy of the Resolution of the Board of Directors' of both Seller and Purchaser (already in possession of seller)
4. Certified True copies of Certificate of incorporation of both Seller and Purchaser (already in possession of seller), in case the registrar demands it.

After completion of procedures before Sub-Registrar, endorsements are made under Section 52, 58 and 60 of the Registration Act on the document. The document is copied into the register book, copies of the document are pasted on 2 indexes one titled name and property, and the other titled accounts and reports. The document is delivered on the production of the receipt issued by the cashier in respect of the document at the time of presentation. Due to computerization, the registration formalities get over in 30 minutes but the document is kept for a day or two for verification.

**Procedure 6:** Apply to Municipality for mutation of the title of the property

Time to complete: 18 days

Cost to complete: 2% of stamp duty paid in procedure 4

After receipt of the registered title deed, an application is made by the Purchaser to the Municipal Authority seeking change in the owners name in the property register, which is commonly called Khata [mutation of the title] of the property in his favour. The authorised signatory has to submit the duly signed application along with affidavit and a certified/notarised copy of the registered title deed. The fees for the application are calculated as 2% of the stamp duty paid on the transfer of the property, paid by a Demand Draft to the Commissioner of the Municipality.

In case of change of Khata for a re-sale of property the time taken is 7 working days. In Bangalore there is a prescribed form under which one has to apply for the change of Khata. The form contains all the list of documents to be enclosed and the fee to be paid. If the particulars are correctly filed, the Khata is issued within 7 days.

### 3.6f: Procedures for property registration in Lucknow: A comparison of Doing Business and NIUA Study

Procedures	Lucknow (Uttar Pradesh)	
	Doing Business	NIUA
<b>1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate</b>		
<b>Time taken to complete</b>	3 days	1-3 days
<b>Cost to complete</b>	INR 3500	INR 5 per year, INR 25 for 12 years to a maximum of INR 100
<b>2) Obtain Stamp Paper after payment of stamp duty</b>		
<b>Time taken to complete</b>	2 days	1 day
<b>Cost to complete</b>	INR 1000 + 10% of the property value (stamp duty)	8% of the property value (stamp duty), and 2% development charge
<b>3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers</b>		
<b>Time taken to complete</b>	3 days	1 day
<b>Cost to complete</b>	INR 5500	INR 1000-3000
<b>4) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered</b>		
<b>Time taken to complete</b>	2 days	1 day
<b>Cost to complete</b>	INR 5000	2% of the stamp value to a maximum of INR 5000
<b>5) Apply to Municipality for mutation of the title of the property</b>		
<b>Time taken to complete</b>	31-34 days	31-35 days
<b>Cost to complete</b>	INR 10,000	INR 500

Source: *Doing Business in South Asia, 2007*, website and NIUA field study and discussion with officials, 2007-08

#### Observation on procedures:

#### Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate

Not a common procedure

#### Obtain Stamp Paper after payment of stamp duty

Fees: Stamp duty 8% + 2% dev duty

For women 6% stamp duty + 2% dev duty but the maximum limit is only Rs. 20,000.

Registration fee 2 % of the market value to a maximum of Rs. 5000 for 1 document

#### Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered:

Documents to be enclosed along with the submission of Stamp paper: Sale deed copies in original and duplicate, Identity proof of Seller and Buyer, photograph of the executants.

### 3.6g: Procedures for property registration in Trivandrum and Indore: An NIUA Study

Cities	Trivandrum (Kerala)	Indore (Madhya Pradesh)
<b>Procedure</b>		
<b>1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate</b>		
<b>Time taken to complete</b>	1 day	30 Days
<b>Cost to complete</b>	INR 156 (30 years) (INR 11 for the current year and INR 5 for each preceding year)	INR 5 Per Year Certificate Charges INR 20
<b>2) Obtain Stamp Paper after payment of stamp duty</b>		
<b>Time taken to complete</b>	1 day	1 Day
<b>Cost to complete</b>	13.5 %	Stamp Duty-8%, Panchayat duty-1%, Corporation Duty-1% & 5% of Stamp duty is Cess
<b>3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers</b>		
<b>Time taken to complete</b>	1 day	1 Day
<b>Cost to complete</b>	INR 1500	INR 1500
<b>4) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered</b>		
<b>Time taken to complete</b>	1 day	1 day
<b>Cost to complete</b>	INR 1000	Up to Rs. 50000- INR 11 per Thousand+ INR.25 Processing Fee. Above INR. 50000- INR. 8 per Thousand+ INR.25 Processing Fee
<b>5) Apply to Municipality for mutation of the title of the property</b>		
	Entry of transaction details into Municipal records	
<b>Time taken to complete</b>	3 days	30 Days
<b>Cost to complete</b>	INR 1	Mutation Fee- INR.500- INR.2000 + Rajwat Shulk- INR.100- INR.200

Source: NIUA field study and discussion with officials, 2007-08

Observation on Procedures in Trivandrum:

- i) **Buyers generally apply encumbrance certificate**, although it is not mandatory. For this fees to be paid: Rs.10/- for the first year + Rs. 1/- application fee and Rs.5/- for each preceding year. On an average, 20 years information on the property is taken. Time taken for this procedure is one day. This information is mostly sought by financial institutions, which finance the properties (buyers).
- ii) **Preparing documents**- The lawyer/licensed document writer prepares the documents on stamp paper as per the valuation of the property (13.5 percent stamp duty). The stamp papers may be purchased either by the buyer or the license document writer. In both cases, their address, license number (this license is issued by the local body) and signature should be there in the document. Passport size photographs of both the parties (buyer/buyers and seller/sellers) are to be affixed on the front page of the document. Plan of the property may be submitted along with the document.

**iii) Submitting/ producing documents to the sub registrar (SR) either by buyer or seller.**

The Sub Registrar, on receiving the documents, checks the valuation of the property as per the guidance value<sup>10</sup>. If the Sub Registrar is fully satisfied with the documents and the entries made, the stamp and fee are levied as per the Stamp Act 1908. The fee is levied as per the following rates as per location of the property:

- (i) Panchayats @ 10% Stamp paper [ stamp 6% + 4% surcharge ]
- (ii) Municipality @ 12 .5% [ 8.5 % + 4% ]
- (iii) Corporation @ 13.5%[ 9.5% + 4% ]

**iv) The executant (s) and the claimant (s) should be present before the Sub Registrar for registration.** The document is registered with registration number and noted in the thumb impression register with thumb impression in the register and document in the presence of the Sub Registrar. After registration, the document is transcribed by the clerk and returned to the client on the same day with duly filled pokkuvarvu form for changing the Thandaperu and patta from the village Officer. After registration, the Sub Registrar forwards the pokkuvaravu form to the village officer through the applicant for mutation. *If the property is found to be undervalued, registration takes place* subject to a copy of the said documents being sent to District Registrar, for necessary action. The details are scribed by a scribe (licensed) as per the details of the registration on a plain sheet of paper which is kept with the SR's office and entered into Book-I. The same information is also entered as a soft copy.

**Mutation:** In Kerala, the process of mutation is done at:

1. Village Office (Revenue Department)
2. Local Body (Corporation / Municipality / Panchayat )

**1. Mutation at Village Office**

For determining the basic tax of the land, in every village office there is a register to keep the Thandaperu ( 8<sup>th</sup> account ) in order to identify the person from whom the basic tax has to be realised. As per Go (MS) No. 584 / 91 / RD dt. 1.10.91 Govt. have ordered, interalia, that all pokkuvarvu cases without Subdivision and arising out of succession have to be disposed off by village officer within 15 days from the date of receipt of the application. The proceedings are regulated by Transfer of Registry Rules 1966.

Applications received by the village officer under rule 4 (of the transfer of Registry Rules 1966) is enquired through the Village Assistant. The Village Assistant submits this report to the village officer with the required details as specified in sub clause (ii) and (iii) under clause 2 of Rule 7. The village officer verifies the report of the Village Assistant with village records, the application for transfer of registry, attested copy of document produced by the applicant and returns the application with necessary mutation within 15 days of its receipt.

**2. Local Body**

The 2<sup>nd</sup> stage is the Change of name of the present owner of the property in the Local Body, for which the applicant shall file an application in the prescribed form after affixing Re. 1 court fee stamp along with the original sale deed (document), original village tax receipt and copies of the same. After the document verification and enquiry, the change of name of the

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<sup>10</sup> Circle rates have been fixed based on area (location) and type of property use since 1/11/2007.

present owner of the building is made in the relevant registers of the Local Body and documents are returned to the party. The seller as well as buyer is supposed to intimate the transfer of the property to the Local Body with in a period of 3 months.

## PROPERTY REGISTRATION- Indore

### Observation on procedures:

Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate: This procedure is not a common practice.

### Obtain Stamp Paper after payment of stamp duty:

Fees Payable:

For male- 8 % stamp duty ( 5 % of the stamp duty is cess) + 1 % corporation duty + 1 % panchayat duty + Rs. 25

For female- 6 % stamp duty (5 % of the stamp duty is cess) + 1 % corporation duty + 1 % panchayat duty + Rs. 25.

### Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered

As per the provision of Article 59 and 60 of the State Stamp Act, it takes 1 day to 7 days to register a property in Indore. There are 17 Sub registrars for each of the zones in Indore. Inspection of property is mandatory in the act.

## 3.6h: Procedures for property registration in Ludhiana and Surat: An NIUA Study

Cities	Ludhiana	Surat
<b>Procedure</b>		
<b>1) Conduct a search in the office of Sub-Registrar and obtain a non-encumbrance certificate</b>		
	In Ludhiana, Fard/ Jamabandi(giving details of the property and ownership status) of the property is obtained from the patwari in addition to non-encumbrance certificate.	In Surat property registration office does not maintaining encumbrance register, only index II is maintained which shows the ownership
<b>Time taken to complete</b>	1-2 days	1-2 days
<b>Cost to complete</b>	INR 30 @INR 1 per year	INR 2000 (charges of lawyer)
<b>2) Obtain Stamp Paper after payment of stamp duty</b>		
<b>Time taken to complete</b>	1 day	1 day
<b>Cost to complete</b>	Stamp Duty-8% for men and 7% for women, Registration fee-1% of the property value to a maximum of INR 10,000/-	Only stamp duty @ 4.9% of the property / land value as per the rates prescribed by the state government & Registration fees @ 1% of the property / land value as per the rates prescribed by the state government.
<b>3) Lawyer prepares Final Sale Deed and Transfer Deed on Stamp Papers</b>		
	Both lawyer and sale deed writer	
<b>Time taken to complete</b>	1 day	1 day
<b>Cost to complete</b>	INR 1100	INR 1500

Cities	Ludhiana	Surat
<b>Procedure</b>		
<b>4) Submit documents and receipts with the office of the Sub Registrar for registration and get the document registered</b>		
<b>Time taken to complete</b>	7-15 days	1 day
<b>Cost to complete</b>	1% if the property value to a maximum of INR 10,000	Paid in procedure 2
<b>5) Apply to Municipality for mutation of the title of the property</b>		
<b>Time taken to complete</b>	90 days-120 days	90 days
<b>Cost to complete</b>	Mutation fee-INR 150 + Pasting fee-INR 20 + Land Record fee- INR 150	INR 5 (court fee)

Source: NIUA field study and discussion with officials, 2007-08

\* Non-Encumbrance certificate can be applied for Party, Advocate and Bank

### Mutation in Ludhiana

Mutation is the process by which the ownership is changed in the official record based on the registration of sale deed and completion of the process of sale. After the sale deed is made available by the Sub-Registrar Office, buyer is supposed to approach the Halka Patwari of the area in which property purchased is located along with a request for making necessary entries in the ownership register/record. Buyer is also required to provide a copy of the sale deed for the reference of the Patwari.

Based on the request and the registered deed of the land, Patwari would make an entry of the ownership record into his register. The entries made by the Patwari are required to be certified and attested by the field Kanungo based on the inspection of documents. After attestation by the field Kanungo, the entries are required to be approved by the Tehsildar of the respective areas. The mutation record is sent to the Dafta Kanungo in the office of Tehsildar where it is pasted in the mutation register whereas the other copy is retained by the Patwari as his official record. No copy of mutation is given to the landowner who is required to make an application to Patwari for obtaining the 'FARD' which includes details of the land and the ownership details of the particular land. Although, registration of documents does not take more than 3-10 days on an average, the process of mutation takes 3-4 months.

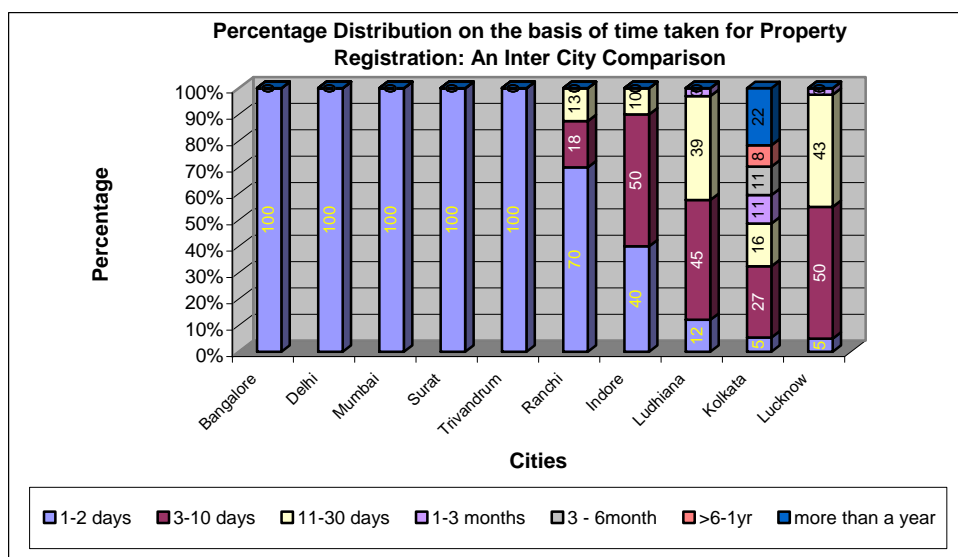
### 3.6i: Property Registration: A Detailed study of Files

The following figure makes a detailed study of the time taken in property registration including mutation across cities.

This section attempts to analyse the time taken to register property in all the select cities. For analyzing the time taken to register property, the percentage distribution of cases have been grouped into 7 categories, namely, 1-2 days, 3-10 days, 11-30 days, 1-3 months, 3 – 6 months, 3 - 6months, 6months -1year and more than a year.

All cases in Bangalore, Delhi, Mumbai, Surat and Trivandrum took less than 2 days to get the property registered. This may be attributed to computerization of the entire procedure leading to the efficient system of property registration. In fact, in these cities, property registration takes less than a day.

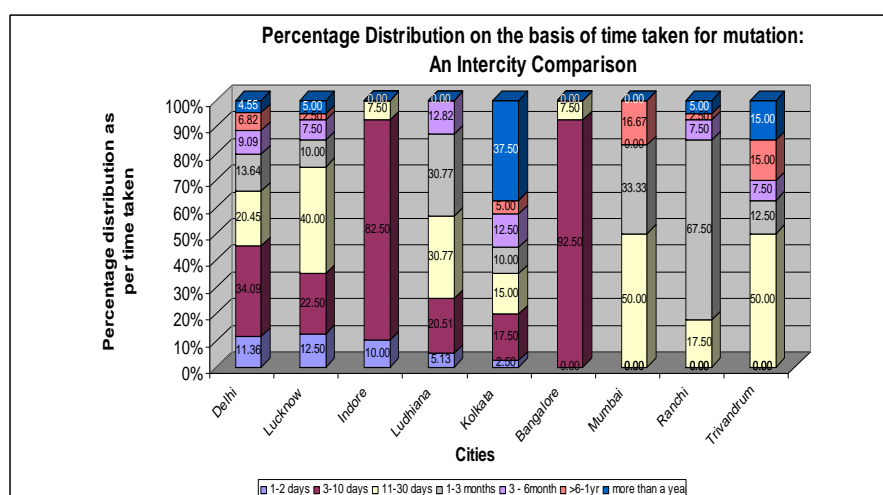
In Ranchi, about 70 per cent cases got registered within 2 days. Indore reported 40 per cent of similar cases. Indore and Lucknow reported 50 per cent cases, which took 3-10 days. Kolkata is the only city where over 50 per cent of the cases took over one month for registration. 22 per cent of these cases took over a year to complete all registration formalities.



Source: Based on NIUA field study 2007-08

### 3.6j: Mutation

For analyzing the time taken to mutate property, cases have been grouped into 7 categories, namely, 1-2 days, 3-10 days, 11-30 days, 1-3 months, 3 – 6 months, 6months -1year and more than a year, and their percentage distribution calculated. Delhi, Indore, Lucknow, Ludhiana and Kolkata reported very few cases in the first category. The city of Bangalore, where mutation with the corporation is commonly referred as Khata Entry, reported over 90 per cent cases mutated within 10 days. The city of Kolkata reported the maximum time for both property registration as well as mutation.



Source: Based on NIUA field study 2007-08

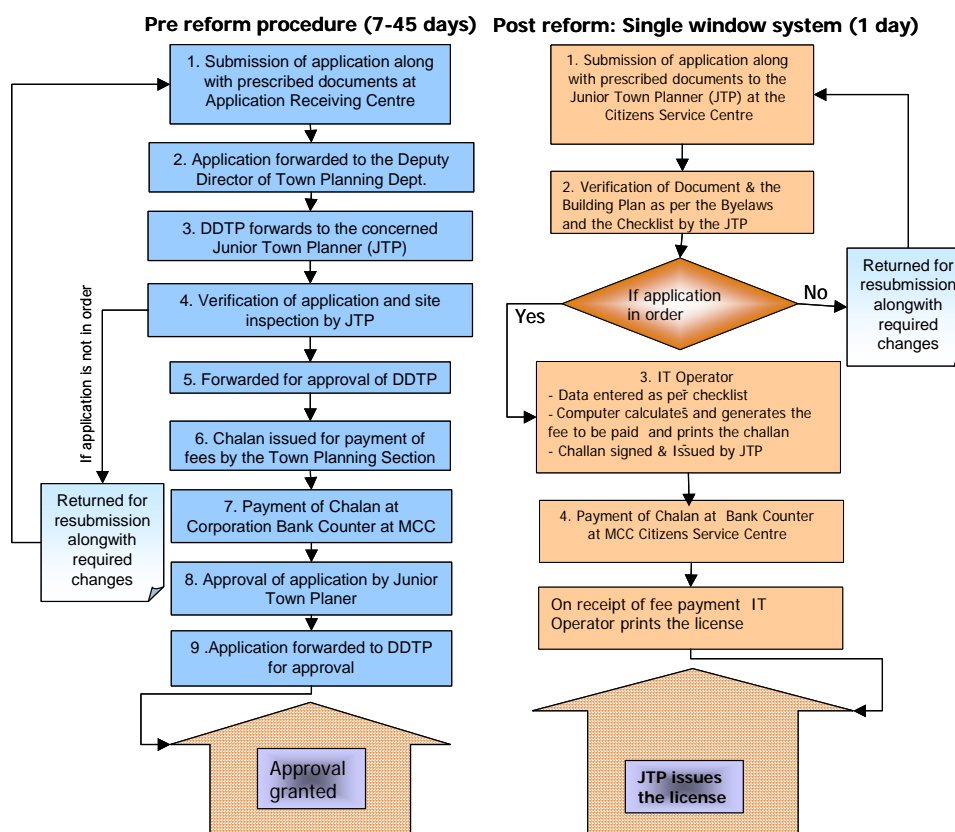
## Annexure 4.1: Simplification of building plan approval system in Mysore and Trivandrum

### 4.1a: Simplification of building plan approval system: Mysore

The Mysore City Corporation (MCC) simplified the procedures for issue of building construction license in 2001. As in most other ULBs in the country, getting a building license in Mysore was a very time consuming process involving frequent visits to the municipal office, speed money and hiring of middlemen. The entire procedure used to take about 45 days or even more. As part of the single window system initiative in 2001, the license issuing process has been simplified and building construction approvals are being issued on the same day within 30 minutes. At present this facility is limited to Ground and Ground +1 residential structures. Under the new system approval for these structures do not require

structural drawings and clearance from departments like fire, urban development, airport authority, etc. The following figure makes a comparison of the procedures of the new system with that of the pre-existing one.

### Reforms in building plan approval procedure: A case study of Mysore city



Source: Based on NIUA field study 2007-08

#### 4.1b: The Trivandrum Case: One day permit

Applications are received between 10 AM and 1 PM on Monday, Wednesday and Friday every week. All the residential building applications below 300 square meter of built up area are considered for one day clearance if the applicant applies for the same with necessary documents. In this case, the applicant and Licensed Building Engineer shall produce a signed agreement/undertaking that construction shall made as per rules and regulation, viz KM Act 1994 and KMBR 1999, in addition to the required documents as per rule of KMBR 1999. Permit is issued on the same day after scrutinizing the application. Assistant Town Planning Officer is authorized to sign and issue the permit on behalf of TPO/Secretary. In this case, field inspection is conducted after sanction of plan but before completion of the building. Any defect noticed therein, is communicated to the party in due course of time for rectification or modification. Permit will be revoked in case of serious violations of KMBR 99 that cannot be regularized under provisions 146(1), (2), (3) and action initiated under rule 153 of KMBR-99 against LBS/LBE. Also action may be taken as per Sec.406 KM Act 1994, rule 18 & 19 of KMBR-99 against the construction treating it as unauthorized.



## Annexure 4.2: Check-List Of Documents in Ahmedabad Municipal Corporation

PRELIMINARY CHECKLIST OF DOCUMENTS TO SUBMIT	TPS/Village: -	Sub Plot: -
	Final Plot: -	Block / Tenement: -
<b>Description</b>		<b>Yes / NA Page</b>
<b>APPLICATION FORM &amp; SUPPLEMENTRY</b>		
	Declaration Of Owner & Architect / Engineer	
	Photographs Of Plot From Each Directions	
	Application Form Duly Filled And Signed by all Owners	
	License Copy Of Er / Ar [ ] SD [ ] COW [ ]	
	Site Visit Declaration By Engineer/Architect On His Letterhead	
	All Document Attested By Engineer/Architect	
<b>OWNERSHIP DETAILS</b>		
	Record of Rights of land: - Original 7/12 extract, Property Register card, Sanad etc.	
	P.O.A. (Not more then 2 Yrs Old)	
	Resolution Of Co-Op. Society @ Plot/Tenement Holder ship & B.A./F.S.I. Allotted	
	Consent / Sign Of Co-Owners, Society	
<b>OPINIONS</b>		
	Development Control Opinion (from TPI of TDO drawing branch of AMC )	
	Part Plan (from TDO drawing branch of AMC )	
	Zoning Certificate (from TDO drawing branch of AMC )	
	T.P. Scheme Execution Opinion (from concerned Zonal office)	
	R.D.P. Road Line Possession Letter (from concerned Zonal office of Estate dept.)	
	No Due Property Tax Certificate of Current Year (from concerned Zonal office of Tax Dept.)	
	No Due Certificate of Betterment Charge (from concerned Zonal office of Estate dept.)	
	Opinion Of Chief City Planner / Town Planning Officer in case of Non TP or Draft TP area	
	Reduced Level (RL) Certificate in case of site falls within flood control area of river Sabarmati	
	Sabarmati River Front Development Corporation (SRFDCL) for plot on Sabarmati bank	
<b>N.O.C.s</b>		
	Railway Authority (In Case of Development Within 30 M. From Railway Premise)	
	Airport Authority (For High rise bldg/plot within critical Area designated by them)	
	Police Dept. (For Cinema / Theatre, Hotel, Religious Bldg Etc.)	
	GIDC (In Case Of Sub Division Plan In GIDC Area)	
	Irrigation Department (For Plot Abutting Canal/As Per Tpi Opinion)	
	Archeological Survey of India (In case of development near Ancient Monument)	
	Fire Dept. of AMC / controller of Explosives (For High rise/ Special bldg, Fuel filling station)	
<b>AFFIDAVITS AND BONDS</b>		
	By Owner and registered Architect/Engineer/Structural Designer/Clerk of works (site supervisor)	
	By Owner @ Parking, Tree Plantation, Common Plot, TPS Execution, Percolating Well, Height, etc.	
	By Owner For formation of Society/Association in case of proposed Units are 8 or More	
	By Owner For Development In Special Industrial Zone	
<b>APPROVED PLAN OF THE PLOT / BUILDING</b>		
	Approved Plan [ ] + Commencement Certificate [ ] + Bu Permission [ ]	
<b>SOIL INVESTIGATION REPORT IN HARD &amp; SOFT COPY(CD)</b>		
<b>PROPOSED PLANS (TWO SET)</b>		
<b>SOFT COPIES IN CD</b>		
	(i) Original 7/12 extract, Property Register card, Sanad, Allotment letter etc. (in .jpg format)	
	(ii) Part Plan (in .jpg format)	
	(iii) Photographs of Plot/Site (in .jpg format)	
	(iv) Auto Cad Drawing of Proposed plan (in .dwg auto cad format)	
	(v) Soil Investigation Report (in .pdf format)	
OBJECTION OF ANY PERSON (S) REGARDING PLAN PASSING, IF ANY? Yes/No.		

PRELIMINARY CHECKLIST OF DOCUMENTS TO SUBMIT	TPS/Village: -	Sub Plot: -
	Final Plot: -	Block / Tenement: -
<b>Description</b>		<b>Yes / NA</b>
<b>Page</b>		
<b>APPLICATION FORM &amp; SUPPLEMENTRY</b>		
Declaration Of Owner & Architect / Engineer		
Photographs Of Plot From Each Directions		
Application Form Duly Filled And Signed by all Owners		
License Copy Of Er / Ar [ ] SD [ ] COW [ ]		
Site Visit Declaration By Engineer/Architect On His Letterhead		
All Document Attested By Engineer/Architect		
<b>OWNERSHIP DETAILS</b>		
Record of Rights of land: - Original 7/12 extract, Property Register card, Sanad etc.		
P.O.A. (Not more then 2 Yrs Old)		
Resolution Of Co-Op. Society @ Plot/Tenement Holder ship & B.A./F.S.I. Allotted		
Consent / Sign Of Co-Owners, Society		
<b>OPINIONS</b>		
Development Control Opinion (from TPI of TDO drawing branch of AMC )		
Part Plan (from TDO drawing branch of AMC )		
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T.P. Scheme Execution Opinion (from concerned Zonal office)		
R.D.P. Road Line Possession Letter (from concerned Zonal office of Estate dept.)		
No Due Property Tax Certificate of Current Year (from concerned Zonal office of Tax Dept.)		
No Due Certificate of Betterment Charge (from concerned Zonal office of Estate dept.)		
Opinion Of Chief City Planner / Town Planning Officer in case of Non TP or Draft TP area		
Reduced Level (RL) Certificate in case of site falls within flood control area of river Sabarmati		
Sabarmati River Front Development Corporation (SRFDCL) for plot on Sabarmati bank		
<b>N.O.C.s</b>		
Railway Authority (In Case of Development Within 30 M. From Railway Premise)		
Airport Authority (For High rise bldg/plot within critical Area designated by them)		
Police Dept. (For Cinema / Theatre, Hotel, Religious Bldg Etc.)		
GIDC (In Case Of Sub Division Plan In GIDC Area)		
Irrigation Department (For Plot Abutting Canal/As Per Tpi Opinion)		
Archeological Survey of India (In case of development near Ancient Monument)		
Fire Dept. of AMC / controller of Explosives (For High rise/ Special bldg, Fuel filling station)		
<b>AFFIDAVITS AND BONDS</b>		
By Owner and registered Architect/Engineer/Structural Designer/Clerk of works (site supervisor)		
By Owner @ Parking, Tree Plantation, Common Plot, TPS Execution, Percolating Well, Height, etc.		
By Owner For formation of Society/Association in case of proposed Units are 8 or More		
By Owner For Development In Special Industrial Zone		
<b>APPROVED PLAN OF THE PLOT / BUILDING</b>		
Approved Plan [ ] + Commencement Certificate [ ] + Bu Permission [ ]		
<b>SOIL INVESTIGATION REPORT IN HARD &amp; SOFT COPY(CD)</b>		
<b>PROPOSED PLANS (TWO SET)</b>		
<b>SOFT COPIES IN CD</b>		
(i) Original 7/12 extract, Property Register card, Sanad, Allotment letter etc. (in .jpg format)		
(ii) Part Plan (in .jpg format)		
(iii) Photographs of Plot/Site (in .jpg format)		
(iv) Auto Cad Drawing of Proposed plan (in .dwg auto cad format)		
(v) Soil Investigation Report (in .pdf format)		
OBJECTION OF ANY PERSON (S) REGARDING PLAN PASSING, IF ANY? Yes/No.		

Source: Ahmedabad Municipal Corporation website

### **Annexure 4.3: Details of the CARD System (based on CARD, J. Satyanarayana 2002)**

The CARD system has three layers of master data and one layer of transaction data.

#### **The CARD master data**

This layer contains the master data that is created at the state level and is common throughout the state. It can be modified only by the specific authority of the Commissioner and Inspector General of Registration at the state level. CARD Masters include registration office codes, village and habitation codes, rates of stamp duty, transfer duty and registration fee, standard unit rates for valuation of structures, depreciation rates, codes for different classes of instruments and codes for different classes of lands. The users at the district and sub-district levels can only read/print the above master data but not alter it. This safeguards the system from possible alterations detrimental to the state's revenue. Such a control also enhances the credibility of the system among the public.

#### **The Sub-Registrars Office (SRO) masters**

This layer contains the master data relevant and applicable to the jurisdiction of a sub-registrar's office. It can be altered only under the authority of the District Registrar. It contains the basic values (rates per acre/sq. yard) of all the land within the SRO, survey-number-wise and house-number-wise for agricultural and residential/commercial properties and a list of villages falling within the jurisdiction of the SRO.

#### **The SRO user**

This layer contains the data relating to the transactions handled across the counter in the SRO. It is the user level data entered by the operators on a transaction basis. Most of this data cannot be altered by the operator. This prevents unauthorized alterations/interpolations to the valuable data of registration which affects the rights and liabilities of citizens.

The CARD system handles a wide variety of transactions. These include registration of deeds, cash transactions, market value assistance, issuing Encumbrance Certificates and delivery of certified copies. It also scans the documents registered and "cuts" the images into a CD-ROM for preservation and archiving. It also keeps a record of inventory of different denominations of stamps, the sale of stamps, and accounts relating to all the monetary transactions.

#### **Technology Used**

The CARD software has been designed and developed using a client-server architecture. The server stores and processes all the master and transaction data. The clients' contain the business logic and forms the front end at the counters to handle the various transactions.

The configuration of the various items of hardware and software packages is indicated. By optimizing the configuration of hardware systems, a maximum number of offices could be covered within the constraints posed by the budget.

#### **The "ABC" Approach**

Since volume of the registration transactions varies widely among the sub-registrar offices, an "ABC" approach was used adopted to optimally match the hardware and software

configurations to the requirement of different sized SROs. Accordingly, the sub-registrar offices have been divided into A, B and C categories based on the number of documents registered and the revenue derived from each office as indicated below:

<b>Category</b>	<b>No. of offices</b>	<b>No. of documents registered (per year)</b>	<b>Revenue (per year) (Rs in millions)</b>
A	41	Above 5,000	Above 500
B	95	2,500 – 5,000	250-500
C	78	1,500 – 2,500	75-250

## Design of Forms and Reports

A set of bilingual (English and Telugu) forms and reports have been designed and printed in the required number of copies. These include:

### Forms:

- Requisition form for market value assistance.
- Input form to accompany the document to be registered (urban property).
- Input form to accompany the document to be registered (rural property).
- Indent for purchase of stamp papers.
- Application for issue of an Encumbrance Certificate.

### Reports (pre-printed stationery):

- Market value report (check slip).
- Registration check slip.
- Encumbrance Certificate.
- Cash Receipt.

The reports/check slips to be handed over to the citizens have been printed in different colors with the logo of the project and the emblem of the government for an attractive and authentic look.

## Implementation Challenges

Implementation of an IT project in a government department across the state involving over 200 locations was a formidable challenge especially because of the rapid technological advances in this field. The project needed to be finalized and implemented rapidly, so that the technology, both hardware and software, did not become obsolete by the time the project was launched. A number of implementation issues had arisen out of the above complex scenario that were foreseen at the beginning of the implementation period. The following strategies had been adopted to overcome these challenges:

### Project approach

A project approach was followed from August 1997 to complete the project in a time-bound manner. For this purpose, the project was broken up into 9 major tasks and 64 sub-tasks. A project report was prepared highlighting the action to be taken in respect of each task and sub-task and the responsibility for implementing each job. This was then communicated to all the implementation agencies and selected field officers.

## Procurement of hardware and system software

The hardware and system software required for the project was procured through the agency of AP Technology Services. About 2000 items of hardware and peripherals and software packages were procured within a span of about five months.

## Business process re-engineering

Computerization of the age-old process of registration called for considerable re-engineering effort. The more important results of this business process re-engineering effort are given below:

### **Design of Service Levels and Delivery Channels**

#### **Service levels**

The CARD project aims at improving the quality of the services offered by the registration department by providing a computer interface between citizens and government. The service levels are substantially enhanced now. The tedious procedures that took weeks are now accomplished in just a few minutes. The market value assistance and issuing of the Encumbrance Certificate (EC) take five minutes each. The sale of stamp papers, document writing and registration of the document take ten minutes, thirty minutes and one hour respectively.

#### Valuation of properties

This involves incorporating the basic value guidelines into a master table of the computer and making the system compute the value of any property instantaneously without causing loss of revenue to government or charging excess from the citizen. As a result,

- The procedure of spot inspection, which is often a discretionary process, has been dispensed with. It is replaced by a system of post-registration inspection of properties.
- The system of market value assistance across the counter is a direct offshoot of this effort.

#### **Site preparation**

The CARD project has attempted to radically improve the working environment, which involved the following:

- Standard designs for furnishing the category A, B and C offices.
- Category A offices have been provided with air-conditioned environment with glass partitions and citizen counters.
- Standard plywood modular furniture was provided to category B and C offices.
- Concealed wiring and LAN cabling.
- All the CARD offices were given a facelift.

## Training

To effectively use the technology, a well designed and large training program was implemented by the National Institute of Information Technology. Training was imparted to employees at five different levels.

Training details:

Category	Number	Training Period
Senior Officers (DIGs and DRs)	45	1 week
Middle level managers	50	3 weeks
Data Processing Officers	75	6 months
Sub-registrars	300	2 weeks
Data Entry Operators	1200	2 weeks

- The training programs were implemented in a corporate-like environment at a cost of about \$262,000 (Rs 1.13 crores).

- Decentralized training programs were run at 25 centers in the state.

- Training course-ware was designed and supplied.

- The Data Processing Officers were groomed as technical resource persons at the district level, competent to install various kinds of software, trouble-shoot technically, and to transfer the skills required to manage the counters.

Extensive and far-reaching reforms in a system cannot be brought about without adequate motivation of the organization. The required motivation of all the employees was brought about by the following steps:

- A cross-section of the field personnel was closely associated with the design and development of the software and especially in the task of business process re-engineering.
- No external technical personnel were recruited.

### Hardware used in the CARD project

**SERVER:** IBM Net Infinity 3500 PC based server  
Intel Pentium Mhz with 32 bit PCI bus  
64 MB SD RAM ECC DIMM expandable to 512 MB  
2 X 4.33 GB Ultra Fast SCSI-II HDD  
1X600 MB IDE CDROM with 24x speed  
14" SVGA mono monitor  
32 bit ethernet card, 33.6 kbps data/fax internal modem

**CLIENT:** Pentium Clients with  
Intel Pentium CPU @ 166 Mhz MMX, PC/ISA Bus  
2x168 pin DIMM slots  
32 MB SD RAM expandable to 128 MB  
2x2.0 GB SCSI Hard disk drive with PCI-SCSI controller  
HP T 41(4/8GB) SCSI CTD (3.5")  
15" SVGA color monitor  
Gist card with GIST firmware ver 8.041  
32 bit ethernet card with UTP and BNC ports

**SCANNER:** A4 size SCANNER with ADF (50 pages capacity)  
(Flat Bet, Color 600 dpi, Speed=8 sec/per text page @ 300 dpi)  
**Laser Printer:** Printing speed upto 8 ppm, Printing resolution: 600\*600 dpi  
Buffer capacity: 2 Mbyte expandable to M byte  
Printer language: Windows Compatible  
Interface: parallel, Paper Size: A4 size, letter, executive  
Power Supply: 220V, 50 HZ  
Paper Tray capacity: 100 sheets  
Paper types: Plain paper, envelopes, and transparency  
Consumables: Toner Cartridges

**CD Writer:** 6X read 2X write external drive with SCSI interface  
With append mode writing CD WRITER with SCSI Port.

- The head of the department (the author) undertook extensive tours over the state and conducted workshops, presentations and special training camps involving all the employees of the department. The officials who managed the two pilot sites were closely associated with this effort.
- The acronym “CARD” has contributed significantly to the identification of the employees with the project.
- Support and association of senior functionaries of the government such as the Principal Secretary and Minister of the Revenue Department have been motivational factors as well.

Imaging software: A customized scanning software was developed with all the security and other features required by the CARD project. The salient features of the imaging software developed are given below:

1. Scanning of only the registered documents.
2. Archiving of images of documents on to CD/tape.
3. Retrieval of the documents by document.
4. Audit trail.
5. Management reports on documents scanned.
6. Online help feature.

#### Software used in the CARD Project

##### A & B Categories

OS for the server SCO UNIX Version 5.04  
OS for the client Windows '95 Version 4.00  
RDBMS Oracle work group Server.  
Version 7.3, 2, 2.0

Front end for the clients Developer 2000 Forms - 4.5  
Reports - 2.5

##### C Category

Operating System Windows '95 Version 4.00  
RDBMS Personal Oracle Version 7.3, 2, 2.0  
Front end Developer 2000 Forms - 4.5  
Reports - 2.5

## Annexure 4.4: Rationalization of Stamp Duty in Gujarat<sup>11</sup>

The Government of Gujarat (GOG) has signed a tripartite memorandum of agreement (MOA) on 24<sup>th</sup> March 2006 to undertake certain reforms in first to seventh years. The first year of reforms for the GOG was 2005-2006 and second year was 2006-2007. The state government has established the Gujarat Urban Development Mission (GUDM) vide the department resolution number Urban-2005-489-Urban Mission dated 20<sup>th</sup> January 2006.

The State government of Gujarat has rationalized and reduced basic rate of stamp duty from 4.25% to 3.5% by a Gazette notification dated 30.3.2007, which is meant to amend the Bombay Stamp Act, 1958. This Act now may be called the Bombay Stamp (Gujarat Amendment Act, 2007 and shall come into force on the 1<sup>st</sup> April 2007). Additional duty and registration fee are kept at 1.40% and 1.00% respectively thus transfer charges are 5.90% at present. The process of bringing it further down to 4.9% is in process.

<sup>11</sup> Government of Gujarat (State Level Reforms) Memorandum of Agreement Signed on: March 24, 2006

## Rationalization of Stamp Duty in Gujarat

The State Government has rationalized and reduced basic rated of Stamp Duty to 3.5% by Gazette notification dated 30.3.2007	Stamp duty rates:		Completed
	Basic Rate	3.50%	
	Additional Fee	1.40%	
	Registration Fee	1.00%	
	Total Transfer charges	5.9%	

Source: Report on "Tracking of the Urban Reform Agenda" Government of Gujarat and Ahmedabad Municipal Corporation. August 30, 2007, National Institute of Urban Affairs, New Delhi.

### The Gujarat Government Gazette Extraordinary

Vol. XLVIII-Friday, March 30, 2007, Chaitra 9, 1929.

#### PART IV

Acts of the Gujarat Legislature and Ordinance promulgated and Regulations made by the Governor.

The following Act of the Gujarat Legislature, having been assented to by the Governor on the 30<sup>th</sup> March, 2007 is hereby published for general information.

**H.D.Vyas,**

Secretary to the Government of Gujarat,  
Legislative and Parliamentary Affairs Department.

#### Gujarat Act. No. 7 of 2007.

(First published, after having received the assent of the Governor in the "Gujarat Government Gazette", on the 30 March, 2007).

#### AN ACT

Further to amend the Bombay Stamp Act, 1958.

It is hereby enacted in the Fifty-eight Year of the Republic of India as follows:-

1. (1) This Act may be called the Bombay Stamp (Gujarat Amendment) Act, 2007.
- (2) It shall come into force on the 1<sup>st</sup> April, 2007.

**Amendment of 2.** In the Bombay Stamp Act, 1958, in Schedule I,  
**Schedule I to Bom.**  
**LX of 1958**

- (1) in article 20:-
  - (a) in clause (a), for the words, "Four rupees and twenty-five paise", the words "Three rupees and fifty paise" shall be substituted;
  - (b) in clause (b), for the words, "Four rupees and twenty-five paise", the words "Three rupees and fifty paise" shall be substituted.
- (2) in article 27, in clause (b), in entry (1), for the words "Four rupees and twenty-five paise", the words "Three rupees and fifty paise" shall be substituted.

Source:- Report on "Tracking of the Urban Reform Agenda" Government of Gujarat and Ahmedabad Municipal Corporation. August 30, 2007, National Institute of Urban Affairs, New Delhi.



## **Annexure 4.5: Property Registration System in Ludhiana (PRISM)**

**Computerization of Property Registration** was taken up under the **Property Registration Information System Module (PRISM)** in 1997 which has become fully operational and implemented in all the 153 Tehsils/Sub-Tehsils of the state of Punjab in October 2004. PRISM was introduced primarily to automate the work in the Registration offices which included Sale, Mortgage, Will, Adoption, SPA, GPA, Exchange, Lease, Valuation of Property, Capturing & Printing of Photographs of Parties on the Sale Deeds using information technology.

PRISM was evolved primarily and essentially to achieve the following objectives:

- (i) To **bring operational efficiency** through the use of Computers **in the process of registration of properties** by reducing the time consumed in manual registration
- (ii) **To built a system which was easy and simple to use with inbuilt mechanism of security and controls.**
- (iii) To create a **replicable and scalable software** which covers majority of work being undertaken in the Registration Offices.
- (iv) To ensure **On the Spot Registration** of Properties.
- (v) To put in place a **Token Number Module** for better queue management.
- (vi) **Capturing, storing, printing of photographs** of buyers, sellers and witnesses and revenue officials to minimize frauds.
- (vii) To introduce **On line valuation** of Properties to minimize undervaluation and to prevent loss of Revenue to State.
- (viii) To include **Single/Mixed Land Registration.**
- (ix) For **Authorisation/Regularisation of deed** process by the Revenue Officers.
- (x) **Generating Reports/** Making available information on pending registration cases with details.
- (xi) Facilitating the **searching of old cases** of Registration.
- (xii) **On line/off line scanning** of Deed (Registration) Documents and Storage of Data.
- (xiii) **Automatic conversion of units** of land without any error
- (xiv) **Printing of endorsements** including the photographs of the parties at the back of the stamp papers.
- (xv) **Creating a Database** of the Deed writers and Stamp Vendors with monitoring of sale of stamp papers by Stamp Vendors.
- (xvi) **Protection of below market rate registration** of properties by a separate password.
- (xvii) **Inventory of Pending Mutations.**
- (xviii) **Provision of linkage with Land Record System.**
- (xix) **To provide a Low Cost and cost effective solution for Land Registration.**

### **SOFTWARE & HARDWARE**

For making the system operational, simple hardware and software requirements have been put in place which include:

- (i) PIV based server computer
- (ii) Digital Cameras.
- (iii) Laser Printers
- (iv) Combo Drive
- (v) A3/A4 Scanner
- (vi) Window 2003 server operating system.
- (vii) Window XP
- (viii) Gurmukhi Font
- (ix) Minimum 100MB for Client software/database and 512 MB RAM on Server Computer

Software for PRISM was evolved in house with the active involvement of NIC Punjab and other stakeholders. The distinguishing feature of software include:

- Focusing on reducing impersonation in the process.
- Reducing errors in data entry
- On line photo capturing of parties and witnesses along with sub-Registrar and saving in the database
- Printing of photographs of concerned parties on the back of stamp papers
- User interface in local language i.e. Punjabi and English
- On the Spot Valuation of Property
- On the Spot Stamp and Registration Fee calculation.
- Checklist and search facilities.
- Scanning Module.
- Workflow based application
- ISO Certified Product

#### **Annexure 4.6: Reforms in Trade License in Bangalore: A Detailed Overview**

Under the Kamataka Municipal Corporations Act, not all trades are required to obtain trade license. Only trades that have a direct bearing on public health are required to obtain a license. The lists of trade that are required to apply for license are in Schedule X of the Act.

The issuance of trade license in Bruhat Bangalore Mahanagar Palike (BBMP) has been simplified with effect from 1st April 2007. Trades that require license are categorized and the license fee applicable for each of the trade has been specified. Under the new procedure applicant for fresh license are ensured license within a specified time. For renewal the trade license has been made automatic, subject to conditions. The following are the details of the Trade license:

##### **The following are the procedures to obtain new license:**

1. The trader has to purchase a handbook for trade license from any of the range offices or citizen centres. It is priced Rs.50/- The handbook is both in English and Kannada.
2. The handbook contains Frequently Asked Questions.

3. It also contains the Schedule that is liable to obtain license. The license fee for each of the trades listed is also specified.
4. The handbook contains 'an application form. It also contains worked examples to assist the applicant to fill up the form.
5. If the applicant is a tenant of a property, he will need to file the owner's consent on a plain paper or letterhead. The format of the consent is also made available in the handbook. The owner has to file a copy of the latest property tax paid receipt in proof of ownership.
6. At the time of filling the application, if the trade falls under residential zone of the zonal regulation and if such trade is permitted in residential zone, then the applicant has to obtain immediate neighbour's consent on plain paper. The format of consent is also made available in the handbook. In the absence of neighbours consent license will not be issued. However, application for trade in commercial zones no such consent of the neighbour is required.
7. The applicant is also required to file a layout plan of the trade premises showing the business/working/washing/resting/toilet areas etc. This layout plan can be certified by any licensed architect /engineer/ supervisor. However, other than hotels and restaurants, if the area of the trade premises is less than 500 square feet, certification of the layout plan is not required.
8. License fee as prescribed in the schedule has to be paid by a demand draft along with the application.
9. If the applicant is using motive power then a power license is also required. The application form has a column of power license that needs to be filled mentioning the power capacity/load. The fee applicable depending on the KV A/HP of the power sanctioned. This fee is to be paid by a separate demand draft.
10. If the application is not accompanied with requirements at serial numbers 5 to 9 the application will be rejected and an endorsement will be issued.
11. On the date of filing the application itself the authorized officer will set the date of inspection of the trade premises. The maximum time set for inspection is set within 3 working days. The authorized officer will come for inspection with a checklist to verify if all compliances required for the trade are met.
12. After the trade premise is inspected and if found satisfactory, the trade license will be issued within 3 working days thereafter. If the inspecting authority has any objection he will issue an endorsement to correct the defects. Once the defects are corrected satisfactorily, the trade license will be issued within 3 working days.

## **II. Procedures for applying for trade license renewal.**

1. Trade license renewal was made automatic for a limited period of 15 days from 15th March to 31 March. However for the current year 2007-08, this period was extended by a month. Under the automatic renewal period, the trade premises will not be subjected to any inspection by the BBMP. However, this is subject to the applicant giving an undertaking on plain paper to the effect that the trade is being carried out as per the byelaws. The procedure to avail the automatic renewal is as under:
2. The applicant for renewal has to purchase a handbook from the Citizen Service Centre. The Handbook is priced Rs.50/-. The handbook contains application for both for applying for new trade license and for renewal of trade license.
3. The handbook contains worked examples to assist the trader to fill up the renewal application form.

4. After filling up the application form, the applicant has to give an undertaking on plain paper to the effect that the trade is being carried out as per the byelaws. The format of undertaking is also prescribed and the applicant has to give the undertaking for the specific trade in the said format.
5. The renewal fee for the respective as specified in the schedule is to be paid by demand draft favouring the Commissioner.
6. The application is to be submitted at the special at the special centres (Trade License Renewal Clinics) in all business centres during he period of automatic renewal.
7. These centers receive the application for renewal, which should accompany the undertaking mentioned, and the renewal fees. The respective centers issue an acknowledgement.
8. Renewal certificate is issued at the respective centers on the next working day.
9. If the renewal application is not furnished during the automatic renewal period, the applicant will have to file the application at the respective of the Medical Officer of Health. For 3 weeks from the date of closure of the automatic renewal, the applicant has to pay a penalty of 25 percent of the license fee in addition to the renewal fee payable. For renewal application received after this period, renewal will be made for a further period of 3 weeks subject to a penalty of 100 percent of the fee payable. No renewals will be made after this period and the premises that have not obtained renewal license will be sealed. Such trade will have to apply for fresh license and follow the prescribed procedure.
10. Renewal will be made after inspection of the trade premises. The inspection will also be in the same format as the undertaking only in this case it will be in a tabular format wherein the medical officer will record his actual finding.
11. If the Medical Officer finds that the trade premises are not as per the byelaw, he will issue an endorsement giving his reasons for not issuing the renewal. The applicant has to comply with the objection and then inform the Medical Officer. If the objections are complied, the renewal license will be issued the same day.

### **III. Renewal for the subsequent year:**

The handbook brought out in the year 2007-08 also prescribes how renewal will be made in the subsequent years:

1. The Health Department will print and supply at a nominal charge Renewal Application form in the manner prescribed.
2. Fill the Application form and submit at the Special Trade Clinics set up from 1 5t February to 15th February each year.
3. Along with the application the applicant has to remit the fee payable.
4. The renewal certificate issued during 2007-08 has blank columns for making further entries for renewal for subsequent years. This certificate has to be produced at the Trade renewal clinics along with the application form.
5. The delegated authority will receive the application form, verify the contents and then seal and sign on the license certificate and hand over the same across the counter if the application is in order.

If the applicant has not changed the trade premises, added additional space or added new trade to the existing one, then the applicant need file an affidavit for the subsequent years, as the affidavit filed during 2007-08 would continue to be valid.

**Best Practice (Renewal of Trade License in Kolkata):** From 2003-04 the KMC introduced a new procedure for renewal of Certificate of Enlistment (CE) through Banks. In that system, demands for renewal for a year, are generated through computer centrally for all the traders who have come under the purview of CE pertaining to the year for which demand for renewal are generated. Then the demands are sent to the traders directly under Certificate of Posting. On the backside of the Demand, the name of the Banks and their designated branches and contact Nos. / Help line Nos. are printed. The traders are required to deposit the amount mentioned in the demands to any of the branches they like. The demand, after payment, becomes the CE for the year. Under that system, the traders are not required to approach to any KMC office for the purpose of the renewal of their trade license only except in case of any correction/change of information.

## Annexure 4.7: Trade License

The following section tries to bring about the time and cost of obtaining Trade license across the select cities. Details regarding the relevant municipal acts, issuing authority, documentary evidence, etc. have been encapsulated in the form of tables.

**Trade License: Table 1**

Cities	Relevant Municipal Acts
Bangalore	U/S – Section 353 of the Karnataka Municipal Corporations Act 1976
Delhi	U/S 416 of Delhi Municipal Act
Indore	Trade License have been mentioned Under Prevention of Food Alteration Act, 1954. It was incorporated in 1956
Kolkata	U/S – 199 of the Kolkata Municipal Corporation Act, 1980.
Lucknow	Trade License have been mentioned Under section 298 F (d) & (e) of the municipality act 1916.
Ludhiana	U/S –343 of the Punjab Municipal Corporation Act, 1976.
Mumbai	U/S –394 of the M.M.C. Act. Schedule 'M' is a list of Licensable articles and trades appended to section 394 of the M.M.C. Act
Ranchi	U/S –426G, and section 177, of Patna Municipal Corporation Act,1951
Surat	U/S – 394 & 394A of Surat Municipal Corporation
Trivandrum	U/S –447 Thiruvananthapuram Municipal Corporation

**Trade License: Table 2**

Cities	Responsible Department for Issuing Trade License
Bangalore	Health Department of the Bruhat Bangalore Mahanagara Palike
Delhi	Delhi Municipal Corporation
Indore	Deputy Commissioner Revenue licensing
Kolkata	Licence Department of KMC (Kolkata Municipal Corporation).
Lucknow	Nagar Swasthya Adhikari ( Health Department)
Ludhiana	Municipal Corporation Ludhiana
Mumbai	Mumbai Municipal Corporation
Ranchi	MOH (Medical officer Health), Ranchi Nagar Nigam
Surat	Licence and Health Department of Surat Municipal Corporation
Trivandrum	Thiruvananthapuram Municipal Corporation

**Trade License: Table 3**

<b>Cities</b>	<b>Documents Needed</b>
Bangalore	Application Form; Owners Consent along with proof of ownership in any form viz., Tax paid receipt, Khata extract, Sale deed etc.; Neighbours consent in respect of any trade in a residential zone even if it is a trade permitted in the residential zone as per the Comprehensive Development Plan (CDP)
Delhi	Documentary proof of legal occupancy of the unit; Documentary proof of establishment of trade w.e.f. the date; Site plan ; Key Plan; Documentary proof of existence of fire fighting equipment at the unit (NOC); Documentary proof regarding non-existence of unauthorized construction at the unit on or before 30.6.1977 (NOC); Indemnity Bond for Rs.100/- ; Affidavit for Rs.10/- ; NOC from land-owning agency; Deed of constitution, if any
Indore	Application form; Address Proof; Rent Agreement if premises is rented/ Proof of ownership
Kolkata	Application Form with Signature, Date, Seal and Name/s of Proprietor/ Partner(s)/ Director (s) / Karta / Manager; Photocopy of the current rent receipt/challan from Rent Control (for tenants) or current KMC Property Tax Receipt / Bill (for owner of the trading premises); In case of rent-free trading spaces, current consent letter in original, mentioning the area along with Current CE (certificate of enlistment) of the consenter conducting any trade along with current Rent Receipt / Receipts from Rent Control or current KMC Property Tax Receipt / Bill of the Consenter; Copy of agreement / Certified copy of conveyance Deed or in case of IGR (Inspector General of Registration; For trading space in any (1) Govt. Markets, (2) KMC Markets, & (3) Govt. campus like campus of KMC, Calcutta Port Trust, Calcutta Improvement Trust etc CE can be issued only in the name of actual tenant; no consent or sub-tenancy will be entertained in such cases; for trading space in Co-operative Housing Society the consent letter from Secretary of the Co-operative Society / Appropriate Authority is required.; For trading spaces in Govt. Housing Estate, current clearance from Housing Estate Manager; For issuing new Professional Licenses, documents confirming the profession; The trade, which attracts, Amusement Fees, Water Charges (I.C.I./Metered), Sewerage & Drainage Charges and Solid Waste Removal Charges separately,
Lucknow	Firm's name (if owner registry copy and house tax receipt is to be given), partnership deed/ proprietorship deed, Copy of memorandum, bond resolutions, type of business. NOC from police, water certificate in case of hotel barat ghar, dharamshalas. OK report from food inspector( Hotel and restaurant, bakery)
Ludhiana	Affidavit attested by the Notary Public; Blank letterhead of the firm/business firm. Rent deed in case of rented premises; NOC from the neighbors in case of premises falling outside the specified area or in the residential areas.
Mumbai	Proof of Possession, Proof of authenticity of Premises, Proof of Fire Safety measures, List of Ancillary commodities
Ranchi	Application form, Identity Proof
Surat	Proof of ownership, Partnership Deed/Registration Certificate under Company Act/Memorandum of Company as applicable, copy of the Shops & Establishment Certificate renewed till current year if obtained, Proof of authorization/tolerance status of the structure
Trivandrum	Prescribed application form affixing court fee stamp worth Re.1/-; If the applicant is a tenant, he shall file a consent of the building owner to the secretary; Up-to-date tax receipt of the proposed building; An affidavit(self) for not using any banned item/illegal/banned plastic; Details of board, which exhibits in front of shop, shall include the place of business; The required fees shall be remitted in the local body and copy of the Challan may be enclosed along with the application; Affidavits: (i) Affidavits showing, not to use/trade plastic articles below 30 micron in the business premises during the course of business; (ii.) Affidavits showing the details of the board, which exhibits, in front of the shop, shall include the place of business; (iii.) Special categories like poultry farm, hotel business, vegetable wholesale etc shall file affidavit for disposing their solid waste. (Daily during the course of business)

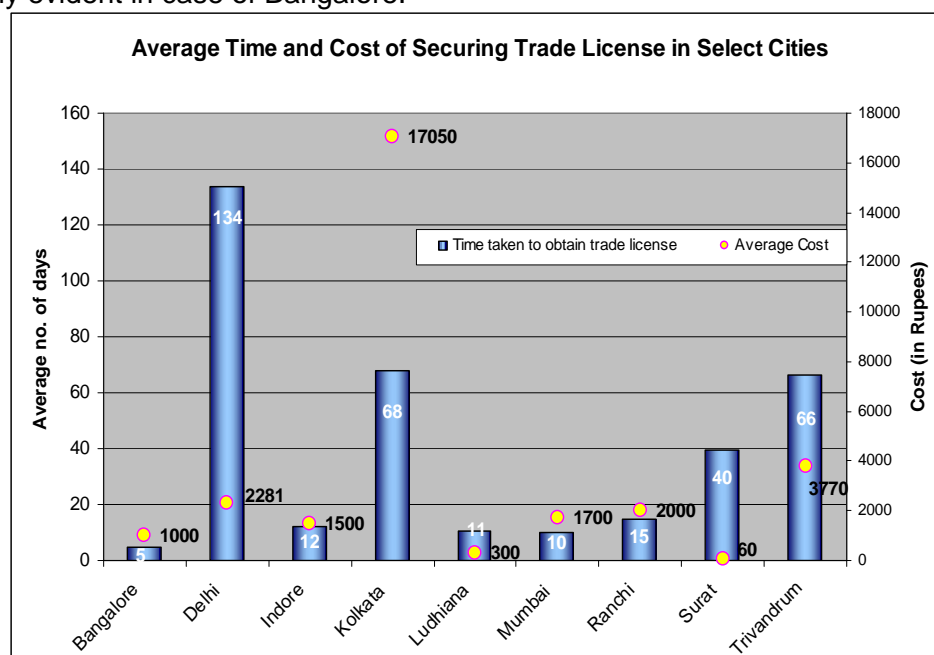
**Trade License: Table 4**

Cities	NOCs
Bangalore	Owners Consent along with proof of ownership in any viz., Tax paid receipt, Khata extract, Sale deed etc.; Neighbours consent in respect of any trade in a residential zone even if it is a trade permitted in the residential zone as per the CDP
Delhi	Documentary proof of existence of fire fighting equipment at the unit (NOC); Documentary proof regarding non-existence of unauthorized construction at the unit on or before 30.6.1977 (NOC); NOC from land-owning agency
Indore	Property tax clearance receipt, water tax clearance receipt
Kolkata	Different types of NOCs are to be required for different Red Category trades
Lucknow	NOC from the neighbors of the locality, Water Testing report ( only in case of hotels, barat ghar, dharamshalas)
Ludhiana	No-objection certificate from the neighbors in case of premises falling outside the specified area or in the residential areas.
Mumbai	NOC from CFO and Commissioner of police
Ranchi	Not required
Surat	If trade is carried on with the help of Electric Motor Power then NOC from Director of Industries, Government of Maharashtra, NOC issued by A.E. (Building & Factory) under Section 390 of M.M.C. Act & NOC from
Trivandrum	Sanction from Council; Structural stability of the building from PWD Authorities; NOC from Pollution Control Board; NOC from Health Authorities NOC from neighbors residing, 100 m of radius

### Average Time and Cost of securing Trade License<sup>12</sup>

Bangalore took 5 days to obtain trade license followed by Mumbai (10 days) and Ludhiana (11 days). In comparison Trivandrum, Kolkata and Delhi took over 2 months. The impact of the reforms is highly evident in case of Bangalore.

Surat accounts for the least cost of obtaining trade license, followed by Ludhiana and Bangalore. The low cost in Surat and Ludhiana is due to the absence of regular revision in the license fee rates. Bangalore on the other hand has maintained a low license fee even after introduction of the reforms.



Source: Based on NIUA field study 2007-08

<sup>12</sup> To ensure comparability across cities, the time and cost of obtaining license for textile trade has been calculated.

## Annexure 4.8: Factory License

The following section tries to bring about the time and cost of obtaining factory license across the select cities. Details regarding the relevant municipal acts, issuing authority, documentary evidence, etc. have been encapsulated in the form of tables.

**Factory License: Table 5**

Cities	Relevant Municipal Acts
Bangalore	Factories Act, 1948
Delhi	Section 416/417 of the DMC Act
Indore	Madhya Pradesh establishment bye laws 1958 (25)
Kolkata	It is defined under the factory act, 1948. U/S 2(m) (i), (ii) & U/S 85 read with Rules 3, 4, 9, 12 & 13 of The West Bengal Factory Rules, 1958
Lucknow	Under section 298 F (d) & U(d) of act II of the municipality act 1916 for Ice factories; Under section 299 F (d) of act II of the municipality act 1916 for Flour mill; Under section 298 G (XIII) & (V) of act II of the municipality act 1916 for Dyeing factories.
Ludhiana	Section 343 of the Punjab Municipal Corporation Act, 1976
Mumbai	Section 390 of MMC Act
Ranchi	Section 387 and Section 389 of Patna Municipal Corporation Act, 1951
Surat	Section 2 & Section 85 of Factory Act 1948

**Factory License: Table 6**

Cities	Responsible Department for Issuing Factory License
Bangalore	The department of Factories & Boilers issues the Factory License under the provision of the Factories Act, 1948
Delhi	Factory licensing department of MCD
Indore	Deputy Commissioner Revenue(Licensing department)
Kolkata	No department of a Municipality / Corporation issues factory license. Directorate of factories, Government of West Bengal issues factory license
Lucknow	Nagar Swasthya Adhikari
Ludhiana	Commissioner, Municipal Corporation
Mumbai	Building and Factory Permit Department
Ranchi	MOH (Medical officer Health), Ranchi Nagar Nigam
Surat	Director Industrial Safety & Health

**Factory License: Table 7**

Cities	Documents required for issuing Factory License
Bangalore	Form no.2, Registration fee as per Table A and Table B, Partnership deed in case of a firm/Memorandum and article of association in case of a company/KST & CST certificate in case of a proprietorship firm and present list of partners/ directors with residential addresses; No affidavit need to be submitted
Delhi	Proof of ownership for lease hold plots allotted by DDA, DSIDC, Delhi Govt. & any other Govt. Agency i.e. Copy of the lease deed. In case the lease deed has not been executed, copy of auction letter/allotment letter/possession letter; One copy of the sanctioned building plan, one copy of sanction letter; Affidavit to the effect that the building has been constructed as per sanctioned plan; Constitution of firm, if any; Details of proposed machinery with H.P. rating; Affidavit on Rs. 10 Stamp Paper duly attested by the Notary Public; Consent from DPCC in respect of F, G-1 and some categories from A to E as per minutes of the meeting of DPCC held on 17-6-2002; One copy of site and key plan each.
Indore	Factory location maps; Firms name; Trade registration (e.g. partnership, proprietorship etc.); Copy of memorandum; Bond resolutions; Type of business Clearances from respective department depending upon the type of factory (fire, health etc); Number of persons to be employed; Power consumption; Rent agreement



Cities	Documents required for issuing Factory License
Kolkata	Form No. 2 (for format, see last part of Annexure – A at page - 11), TR-7 of appropriate fees (which depend on H.P (Horse Power) & no. of workers), copy of trade license from MC/ Municipality, NOC of pollution Control Board, Partnership Deed, Memorandum & Article of Association, Deed of the Land/Rent Receipt/ Lease Agreement, and Form No.-1 with plan of the Factory Premises as per Rule-3 of W.B. Factory Rules, 1958. No affidavit is required
Lucknow	Factory location map, Firms name, partnership deed, proprietorship deed, Copy of memorandum, type of factory, clearances from respective department depending upon the type of factory( fire, health etc), NOC from nearby people, four side location map, house tax clearance; Rent agreement if rented
Ludhiana	Affidavit attested by the Notary Public; Blank letter head of the firm/business firm; Rent deed in case of rented premises
Mumbai	Rent Receipt, Maintenance Receipt, Society agreement, electricity bill, Telephone bill etc.; Affidavit depends on the factory owners status, if owners are partner they have to produced partnership deed etc.
Ranchi	Application form; Identity Proof; Affidavit (Business location, Firms name, proprietorship Copy of memorandum, bond resolutions, type of business); Rent agreement (if premise is Rented); Partnership deed (if Partnership)
Surat	Form no.2,3, fees chalan, Documents for possession of premises Proof of being occupation, no affidavit is required

**Factory License: Table 8**

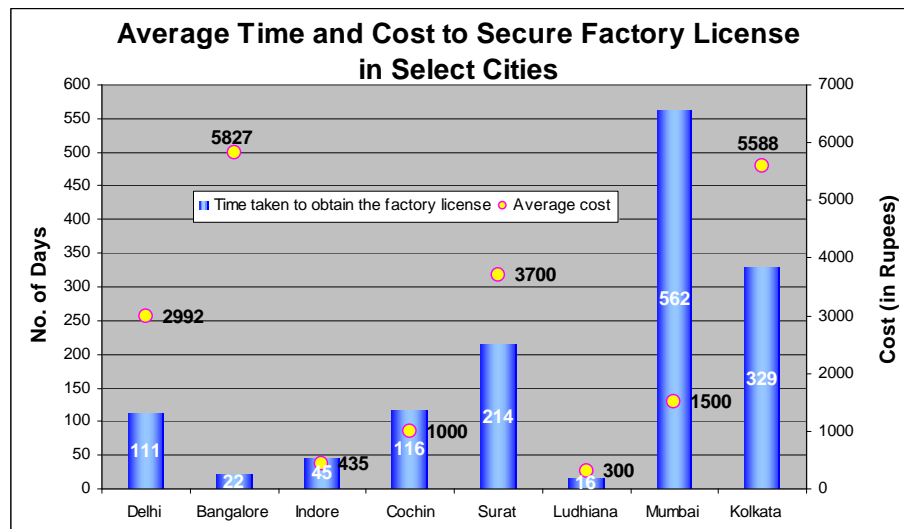
Cities	NOCs
Bangalore	Large number of NOCs are required from respective departments e.g. fire, health, pollution etc
Delhi	Consent from DPCC in respect of F, G-1 and some categories from A to E as per minutes of the meeting of DPCC held on 17-6-2002, NOC from respective departments e.g. fire, health etc
Indore	NOC from respective departments e.g. fire, health, pollution etc
Kolkata	Pollution Control Board, in case of factories under the explosive Act. Copy of NOC received from the controller of explosive, Nagpur, MP.
Lucknow	NOC from the neighbors of the locality; Property tax receipt; Water tax receipt, NOC from respective departments e.g. fire, health etc
Ludhiana	No-objection certificate from the neighbors in case of premises falling outside the specified area or in the residential areas.
Mumbai	Fire brigade, Air pollution abetment, Water and sewage Dept., City Survey dept.
Ranchi	Large number of NOCs are required from respective departments e.g. fire, health, pollution etc
Surat	NOCs from Municipal Corporation ,Health Dept., State Pollution control office ,etc.
Cochin	NOC from respective departments e.g. fire, health, pollution etc

### Average Time and Cost of securing Factory License<sup>13</sup>

Ludhiana took the least time of 16 days to obtain factory license followed by Bangalore (22 days) and Indore (45 days). In comparison Mumbai, Kolkata and Surat took over 7 months.

Ludhiana accounts for the least cost of obtaining factory license, followed by Indore and Cochin. The low cost in Ludhiana is due to the absence of regular revision in the license fee rates. This is true for the other cities

as well.

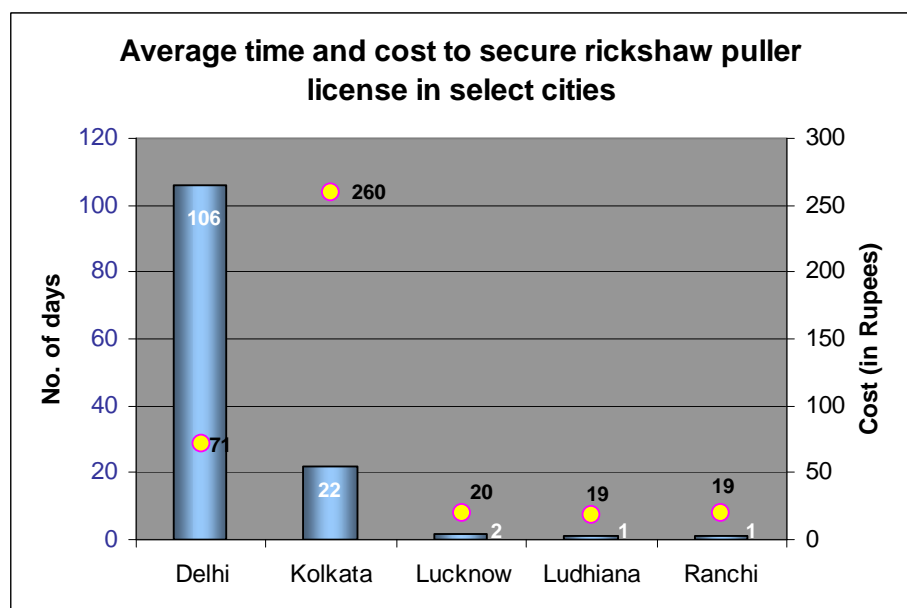


Source: Based on NIUA field study 2007-08

### Annexure 4.9: Transport (Rickshaw puller) License

The following section tries to bring about the time and cost of obtaining Transport (Rickshaw Puller) license across the select cities. Ludhiana and Ranchi took the least time of one day to obtain rickshaw puller license. The license fee is also reported to be the least in these cities. Delhi and Kolkata took the maximum time as well as cost. It may be noted that Delhi is launching a citywide

reform to simplify the rickshaw puller licensing procedure in the city.



Source: Based on NIUA field study 2007-08

<sup>13</sup> To ensure comparability across cities, the time and cost of obtaining the license for Electrical and Engineering goods has been calculated. Lucknow and Ranchi have been excluded from the study as the files did not specified the date of submission of application.

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