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## **E-stamping: growth, opportunities and challenges in India**

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### **Abstract**

Internet is a powerful medium that can serve as an innovative platform for the growth of financial industry in India. The Indian financial industry is witnessing a revolution. It is not just the metro cities and urban areas that are fueling the online scene in India but the tier 2-3 cities where there is internet penetration but non availability of electronic financial facility is also adding to growth. The growth of internet and other related technologies has enabled a new format called E-stamping to emerge. The e- stamping definition includes using the internet way to pay non judicial Stamp to the government. E-stamping is short for electronic stamping and has been active on the internet as early as 2008. G2C (government to consumer) is another way e- stamping is described. The Government of India has mandated the Stock Holding Corporation of India (SHCIL) as central record keeping agency for e-Stamping. The CRA will also appoint authorised collection centres (ACC) & travelling vendor who issue certificate to their clients at their counters. The authorised collection centre would be Bank & Financial institutions, law firms, chartered accountant firms, professionals. E stamping has established itself as a viable option for old traditional stamping. This paper attempts to throw some lights on the growth, opportunities and challenges for e stamping in Indian context.

**Keywords:** E stamping, CRA, ACC, SHCIL.

### **Introduction**

After losing lot of revenue through the circulation of fake stamp papers in famous Telgi Stamp paper scam and thereby learning a lesson, the Government started to find a way to curb the loss in the revenue to the Governments. Aimed to introduce such a facility which could prevent the circulation of fake stamp papers in the market, E stamping is the measure now adopted by some of the States, The first initiative has been taken by the Government of Karnataka and others would follow suit sooner or later. The new system will not only prevent frauds and duplication but would also result in cost saving to the States on mailing and handling of Stamp Papers to the tune of 90%. The new system will provide the Stamp paper to the exact amount/denomination and Stamp Duty can be paid to the Government and one can log and see the property transaction. Purchasing Stamp Papers is the process of paying duties on various Instruments created for the purpose of creating a Right or liability. Annual Average purchase of Stamp Paper is estimated to be around Rs. 30,000-40,000 Crores. Stamp duty is paid on all the transaction that needs to be registered. These could be for land and property transaction where Stamp duty is invariably paid to the State Government. Revenue is recognised as a leader in using information and communications technologies to deliver fast and efficient public services. Revenue's online service – ROS – has developed dramatically since its launch in September 2000 to the point that it handled 71% of all annual Income Tax returns and tax payments in 2008. ROS now covers the majority of our customer interactions and this latest expansion the launch of e-Stamping. E Stamping is computer based stamping of documents where recordkeeping agency maintains the database

electronically instead of physical stamping of documents which could be forged or duplicated. This is a secure electronic way of stamping of

documents. This system will replace the present system of physical Stamp papers/franking is replaced by e stamping. E-Stamping will provide a fast and cost-effective stamping system and has been developed to be compatible with the broader developments on E-Conveyance being undertaken by the Property Registration Authority. Paying stamp duty while purchasing or transferring a property is often a long drawn process .You need to go to a registrar's office and await your turn, or seeks a brokers help to get job done with minimum fuss. But yet there is another way e –stamping. It allows third party verification, which is not possible in other option. This feature lend this maximum authenticity. Besides, the biggest limitation in case of other stamp vendors is that the amount of stamp duty they can accept in a day is limited. This is not the case with e-stamping.

E stamping will calculate the current stamp duty(and any interest and penalties that may apply) based on the information entered on the electronic return,the date of the execution of the instrument and the date on which the return is filed.

.Stamp duty is paid on all the transaction that needs to be registered. These could be for land and property transaction where Stamp duty is invariably paid to the State Government. Other kinds of Instrument are as follows (for the State of Delhi).List of Compulsorily Registrable Documents - NCT of Delhi

Article No. Description of Instrument

5(c) Rectification Deed- Immovable

6(2)(a) Agreement relating to deposit of title deed

6(2)(b) Agreement relating to deposit of title deed

12 Award

12 Award – Immovable

17 Cancellation of Instrument

18 Certificate of Sale

23 Conveyance

23 Sale

23 Decree (Sale Deed/Conveyance)

23-A Sale Agreement

25 Additional Copy of document

31 Exchange of property

32(a) Further Charge

32(b)(i) Further Charge

32(b)(ii) Further Charge

33 Gift

35 Perpetual

35(i) Lease- Rent deed upto 1 year

35(ii) Lease upto 5 years

35(iii) Lease upto 10 years

35(iv) Lease upto 20 years

35(v) Lease upto 30 years35(vi) Lease upto 100 years

35(vii) Lease upto 200 years

35(ii) Lease with security upto 5 years

35(iii) Lease with security upto 10 years

35(iv) Lease with security upto 20 years

35(v) Lease with security upto 30 years

35(vi) Lease with security upto 100 years

With a view to get over the problem of fake stamp paper and resultant loss of revenue to the state, electronic stamping has recently been introduced by some state governments. Others are bound to follow.

In general, e stamping from a public service perspective offer an opportunities to cater to public across geographies, less operational timing, wider reach ability, and all this with minimum quantity of infrastructure.

E Stamping enables the Government to collect the revenue from the sale of stamp papers quickly. By this new system the Government is in a position to get the credit of funds in the Government accounts on the very next day.

### Literature Review

According to the The New Indian Express(2013), E-stamping facility is a state-of-the-art internet application that gives public the convenience of paying stamp duty without the hassles of obtaining stamp paper.

E stamping is a computer based application and a secured electronic way of stamping documents. It is an electronic way of paying stamp duty to the government.

Karnataka stamp duty act 1957 defines “e- stamp means an electronically generated impression on paper to denote the payment of stamp duty, by Central Record Keeping Agency.

Stock Holding Corporation of India define “E- Stamping is a computer based application and a secured electronically way of stamping documents.

In India Today Chief Minister Sheila Dikshit defines “ e stamping is a tamper proof & a secured electronic gateway to the government ,with the help of which authenticity of the paper can be checked using Unique Identification Number.

**Table 1. Difference Between Traditional stamping & E stamping**

	<b>Stamping</b>	<b>E- Stamping</b>
Physical Expansion	limited to a specific place Such as high court, District Court, govt organization.	wider accessibility through introduction of authorised Collection centre ( ACC).
Intermediary Body	Mainly stamp vendor at Court.	scheduled bank, financial Institution, post office Controlled by central Or State Bank, chartered Accountant firms, law Firms, etc.
Technology	Traditional Technique	working on ROS, using

	Usually vendor & purchaser meeting.	computer oriented Technology.
Service Hours	can only be available during working hours	Because of web based system 24*7 facility available.
Mode Of Payment	only cash based.	Can be made in cash/cheque/ DD/RTGS/NEFT.
Online verification	Online verification facility Is absent.	Online verification is Possible Using UIN no.
Cost Saving	Printing & Handling charges Were to be borne by states.	These charges are eliminated here , which tune to 90% Saving in cost.

E –stamping are of the opinion that new online payment options, wider accessibility, online transaction tracking of stamping, 24\*7 availability, and a larger reach of internet & ACC at a cheaper cost would make E- Stamping an inevitable alternative to physical stamping.

### **Growth of E stamping**

E stamping in India is still limited to a several states & up to some union territories but it is projected to grow rapidly and to cover all the states & union territories of India soon. With in seven years of introduction it has been successfully working in more than seven states of india & in three union territories. Because of its easy accessibility at various branches accelerating its growth rapidly.

### **Key growth driver**

Penetration of technology:

Internet access in India has been increasing day by day and it is anticipated to grow and reach up to 800 million users by 2020. And in the era of digitization how can stamping be left behind. Thus because of secure & efficient network technology used by SHCIL changed the stamping methodology in India, and developed the e stamping in India.

Forgery ,fraud & Duplication:

To avoid any forgery & fraud of stamp dealing & to make authenticity stamping has given the birth to e stamping. The famous Telgi scam could be supposed to be the root cause of introduction of E stamping method in India. That has witnessed one of the big scam in India since independence.

**Changing life style:**

There is increasing time poverty in urban India with people spending more time commuting to & from the office, leading to a very limited time. People now wants the thing to be done in a second and avoid to go long and to wait & perform lengthy procedure. These factors boosted E- stamping with the help of which stamp paper can be generated within a minute at different places.

**Young Demographic:**

India is a young country with 35% of the population between the age bracket of 15 and 35 yrs. The new generation are more technology oriented & technical savvy & they move towards hassle free procedures that save time. That's why in the coming decade its seems to be a complete transformation in stamping method in India, from traditional to E stamping.

**Banking facilities:**

Computerization of banking sectors and introduction of various financial facility like NEFT, RTGS, ACCOUNT TO ACCOUNT transfer facility facilitates the introduction, usage & boost the growth of E stamping in India where payment can be done easy through electronic modes that provide again safety, security, convenience, wider accessibility.

**Opportunities for E-stamping****Accessibility & wider range:**

e- stamping provides easy accessibility to a large no of common public. It does not now restrict to just one or two place in a city but it scattered & available at different financial institution & firms. Banks, chartered account firms, law firms can be appoint as a authorised collection counter.

**Better cost structure:**

Unlike traditional stamping, E stamping does need to keep stock of non judicial paper in advance as it can generated immediately. It does it operation with mini mal infrastructure using internet technologies and thus offer a better cost structure compared to a traditional method. According to revenue department officials government would save around 10 crore annually on printing & transportation cost of stamp paper.

**Opportunity beyond urban areas or metros:**

India comprises of larger portion of rural & semi urban where there is lackness of presence of judiciary everywhere to offer sale of stamp paper but another financial institution like banks has wider reachability by means of which stamp paper can be made available easily and increasing internet technology in these location facilitating in functioning of e stamping in India.

**Challenges for e stamping in India****Trouble with online payment system:**

Indian people are not used to, with the online payment system like debit cards, RTGS, NEFT, Account to Account transfer etc. And mainly like to stick with the old cash system that is one of the significant problem that E stamping has been facing.

**Stamp paper of small denomination:**

Often stamp paper of low value is required, for the purpose of affidavit.& other registration to perform a specific task, even though in the case of e stamping one has to compile all formalities in order to get that it some times proves more complicated than before.

Completely depend upon electronic network:

E stamping itself means that the process will be performed electronically, which involve proper ,consistent,& secure network medium through which task could be done thus inconsistent &ineffective network creates problem in e stamping generation of paper &may cause lengthier time to execution or may take longer waiting time.

Cancellation or returning of papers:

In case of returning or cancellation of e generated certificate one has to compile the formality with the CRA (shcil) not with the ACC i,e authorised collection centre appointed by CRA. This procedure little bit complicated as it might possible that there may be one CRA as compared to many ACC.

### Conclusion

Indian financial sector developing fast & with the advent of E stamping , this development & modification will reach soaring heights. E stamping has emerged as a potent area that can further fuel this development with innovative & unique ideas of stamping. The growth of internet penetration in urban & rural India has provided immense growth potential to the government in modification of stamping. There are lot many opportunities for the E stamping including wider reachability, wider accessibility, consistent, effective & efficient procedures. But with the growth of opportunities also comes challenges. The E stamping has to find out ways to tackle problems like proper & efficient internet network facility, finding some another medium of segregating the small & large denomination value paper so that time could be save for small purchaser & they get it within a lower time, increasing & building the the trust among the common public about the E stamping facility. The government need to focus on improved & higly advanced technology, easy facility & procedures for returning& cancellation of e certificate & above all secure online payment systems & public trust on E stamping .

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