

# **LOSS OF REVENUE DUE TO NON-REGISTRATION OF LEASE AGREEMENT**

**MINISTRY OF HOME AFFAIRS (UT)**

**PUBLIC ACCOUNTS COMMITTEE  
(2023-24)**

**ONE HUNDRED AND FORTY-FIRST REPORT**

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**SEVENTEENTH LOK SABHA**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

**ONE HUNDRED AND FORTY-  
FIRST REPORT**

**PUBLIC ACCOUNTS COMMITTEE**  
**(2023-24)**

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**LOSS OF REVENUE DUE TO NON-  
REGISTRATION OF LEASE  
AGREEMENT**

MINISTRY OF HOME AFFAIRS



*Presented to Hon'ble Speaker, Lok Sabha on 29.4.2024*

*Presented to Lok Sabha on: .....*

*Laid in Rajya Sabha on: .....*

**LOK SABHA SECRETARIAT  
NEW DELHI**

April 2024/ Chaitra 1945 (Saka)

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	*Minutes of the adoption of the Public Accounts Committee (2023-24) through digital circulation on 20.4.2024	

\*Not appended in the report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2023-24)**

**Shri Adhir Ranjan Chowdhury** - **Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabhaneni
14. Shri Ram Kripal Yadav
15. Vacant<sup>1</sup>

**RAJYA SABHA**

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Vacant<sup>2</sup>

**SECRETARIAT**

Shri Sanjeev Sharma - Joint Secretary  
Shri Partha Goswami - Director  
Shri Pankaj Kumar Sharma - Deputy Secretary

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<sup>1</sup> Shri Brijendra Singh resigned w.e.f 12 March 2024

<sup>2</sup> Dr. Sudhanshu Trivedi retired from Rajya Sabha w.e.f. 2 April 2024

## **INTRODUCTION**

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this One Hundred and Forty-First Report (Seventeenth Lok Sabha) on “**LOSS OF REVENUE DUE TO NON-REGISTRATION OF LEASE AGREEMENT**” based on Para 3.8 of Comptroller and Auditor General's Report No. 24 of 2022.

2. The Report of Comptroller and Auditor General of India was laid on the Table of the House on 20.12.2022.

3. The Public Accounts Committee took oral evidence of the representatives of Ministry of Home Affairs on 20.11.2023. The Committee considered and adopted this Report *vide* digital circulation on 20.4.2024.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part-II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Home Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee also place on record their appreciation for the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

**NEW DELHI**  
**20 April, 2024**  
**31 Chaitra, 1945 (Saka)**

**ADHIR RANJAN CHOWDHURY**  
**Chairperson,**  
**Public Accounts Committee**

# REPORT

## **PART – I**

### INTRODUCTION

The Public Accounts Committee decided to take up for detailed examination and Report **Para 3.8 of C&AG Report No. 24 of 2022** on the subject “**Loss of Revenue due to Non-Registration of Lease Agreement**”. The above para relates to acceptance of lease agreement by Municipal Corporation Chandigarh on non-Judicial Stamp paper without ensuring it was registered as a lease deed which resulted in loss of revenue of 29.66 lakh on account of Stamp Duty and Registration fee.

2. While examination the Audit Para, the Committee found that Municipal Corporation, Chandigarh in June 2017 granted license to operate and manage 25 paid parking sites and 01 Multi-Level parking in Chandigarh to the successful bidder i.e. M/s Arya Toll Infra Ltd, Mumbai initially for a period of three years, extendable by further two years on a payment of license fee of Rs. 14.78 crore per annum plus GST at prevailing rates. Accordingly, an agreement was executed in June 2017 between Municipal Corporation and M/s Arya Toll Infra Pvt Ltd, Mumbai.

3. Audit highlighted that the Municipal Corporation of Chandigarh accepted the instrument as agreement on non-judicial stamp paper of Rs. 100 without ensuring that the instrument is registered as lease deed with the concerned Sub Registrar. Due to non-registration of lease deed by the licensee and acceptance of the same by the Municipal Corporation, the Government was deprived of stamp duty and registration fee of Rs. 29.56 lakh and Rs. 0.10 lakh, respectively.

4. The Committee also learnt that Section 17 (1) (d) of the Indian Registration Act, 1908 provides that lease of immovable properties from year to year, or for any term exceeding one year or reserving a yearly rent are compulsorily registerable documents. Further, the expenses for providing the proper stamp duty and registration fee in the case of lease shall be borne by the lessee. Article 35 of Schedule 1-A of the Indian Stamp (Punjab Amendment) Act applicable to UT of Chandigarh, which provides for levy of stamp duty on lease deeds at prescribed rates for the

amount of the average annual rent, where the lease purports to be for a term of not less than one year but not more than five years.

5. On being pointed out by Audit, the Municipal Corporation stated that as per Clause 9 of the agreement, the licensee was to execute a Memorandum of Understanding/Licence Deed on stamp papers within seven days of issue of letter of intent and the original copy of licence deed was to be deposited with licensor; hence, there was no fault on the part of Municipal Corporation Chandigarh regarding non registration of lease deed because it was the sole responsibility of the Agency.

6. In their Action Taken Note, the Ministry of Home Affairs stated that the Chandigarh Administration upon noticing deficient stamp duty, as pointed out in the Audit objections, has rectified the same in subsequent tenders by incorporating the specific condition that stamp duty shall be payable after confirming the same from the Sub-Registrar UT, Chandigarh.

Further, Chandigarh Administration has cancelled the tender of M/S Aiya Toll Infra Limited, Mumbai and blacklisted it. An FIR No. 160/222 dated 15.10.2022 has also been registered u/s 420 and 120 B of IPC against Director-cum-Authorized Representative of M/s Arya Toll Infra Limited for dishonor of cheques and non-payment of outstanding dues.

7. The Committee also found that as a remedial measure, the MCC has adopted the process to receive as also verify the electronic Performance Bank Guarantee (E-PBG) for security and accessibility. Necessary directions have been issued to all the wings of MC, Chandigarh to use the E-PBG format effective from 1.7.2023 for forthcoming RFP/Tender and tenders going to be awarded onwards vide letter no. 1048147 dated 11.7.2023

8. Further, the Committee learnt that concerned employees of Municipal Corporation have been charge-sheeted for non-compliance of the Registration Act, 1908 as well as Indian Stamp Act as applicable to UT, Chandigarh.

9. During the course of oral evidence held on 20.11.2023 the Committee wanted to know as to why instead of taking preventive measures, some

sort of preemptive measures should have been explored. In this regard, the representative of Administration of Union Territory of Chandigarh stated as under:

***“Sir, we learnt from this that there was a vagueness in the clause and that has been removed. Now such things have to be registered on a judicial stamp paper where the stamp duty is payable.”***



**PART – II**  
**OBSERVATIONS/RECOMMENDATIONS**

- 1. The Committee note that Municipal Corporation, Chandigarh granted license to operate and manage 25 paid parking sites and 01 Multi-Level parking in Chandigarh to the successful bidder i.e. M/s Arya Toll Infra Ltd, Mumbai in June 2017 initially for a period of three years, extendable by further two years on a payment of license fee of Rs. 14.78 crore per annum plus GST at prevailing rates. Accordingly, an agreement was executed in June 2017 between Municipal Corporation and M/s Arya Toll Infra Pvt Ltd, Mumbai.**
- 2. The Committee further note that Section 17 (1) (d) of the Indian Registration Act, 1908 provides that lease of immovable properties from year to year, or for any term exceeding one year or reserving a yearly rent are compulsorily registerable documents. Further, the expenses for providing the proper stamp duty and registration fee in the case of lease shall be borne by the lessee. Article 35 of Schedule 1-A of the Indian Stamp (Punjab Amendment) Act as applicable to UT of Chandigarh, provides for levy of stamp duty on lease deeds at prescribed rates for the amount of the average annual rent, where the lease purports to be for a term of not less than one year but not more than five years.**
- 3. The Committee during the course of the examination of the subject learn that Municipal Corporation accepted the instrument as agreement on non-judicial stamp paper of Rs. 100 without ensuring that the instrument was registered as lease deed with the concerned Sub Registrar. Due to non-registration of lease deed by the licensee and acceptance of the same by the Municipal Corporation the Government was**

deprived of stamp duty and registration fee of Rs. 29.56 lakh and Rs. 0.10 lakh, respectively.

The Committee are concerned to note from the Action Taken Replies of the Ministry where the Chandigarh Administration has stated that Municipal Corporation of

Chandigarh was not at fault for non-registration of lease deed and non-deposition of stamp duty and sole liability/responsibility to register the lease deed before the Sub-Registrar was of the licensee. The Committee are further surprised to note in this regard that instead of admitting the lapse, the Municipal Corporation of Chandigarh has justified their inaction by stating that Municipal Corporation of Chandigarh was strictly bound by the lease deed wherein registration of the lease agreement was nowhere mentioned. The Committee are of firm opinion that entire episode may not be just a lapse and appears to be a deliberate act on part of some vested interests of Municipal Corporation of Chandigarh in connivance and collusion with licensee/contractor. Above all, it appears to have happened due to failure to follow the systems and procedure or lack of it in Chandigarh Municipal Corporation.

4. The Committee also learn that Municipal Corporation of Chandigarh has charge sheeted concerned employees of the Municipal Corporation of Chandigarh for non-compliance of the Registration Act, 1908 as well as Indian Stamp Act as applicable to Union Territory of Chandigarh. The Committee while expressing satisfaction that disciplinary proceedings against concerned officials has been initiated, nevertheless, recommend that with a view to obviate such recurrences in future a robust system of IT-enabled internal control and checks and balances should be put in place in a time bound manner under intimation to the Committee. The Committee would like to be apprised of the action primarily initiated in this regard.

**NEW DELHI**  
**20 April, 2024**  
**31 Chaitra, 1945 (Saka)**

**ADHIR RANJAN CHOWDHURY**  
**Chairperson,**  
**Public Accounts Committee**