

## **SHORT ASSESSMENT OF RENT**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 120<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]

**MINISTRY OF HOME AFFAIRS**

**COMMITTEE ON PUBLIC ACCOUNTS  
(2024-25)**

**SIXTH REPORT**

**EIGHTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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**MINISTRY OF HOME AFFAIRS**



*Presented to Lok Sabha on: 17.12.2024*

*Laid in Rajya Sabha on: 17.12.2024*

**LOK SABHA SECRETARIAT  
NEW DELHI**

**December 2024/ Agrahayana1946 (Saka)**

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25)	(ii)
INTRODUCTION	(iii)
CHAPTER I            Report	1
CHAPTER II            Observations/Recommendations which have been accepted by the Government	7
CHAPTER III            Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government	20
CHAPTER IV            Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	21
CHAPTER V            Observations/Recommendations in respect of which the Government have furnished interim replies	22

## APPENDICES

I	Minutes of the sitting of the Committee on Public Accounts (2024- 25) held on 3.12.2024	23
II	Analysis of the Action Taken by the Government on the Observations/Recommendations of the Committee on Public Accounts contained in their One Hundred Twentieth Report (Seventeenth Lok Sabha)	25

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**COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS  
(2024-25)**

Shri K. C. Venugopal                      -                      Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Shri C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
15. Shri Dharmendra Yadav

**RAJYA SABHA**

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Shri Sudhanshu Trivedi

**Secretariat**

1. Dr. Sanjeev Sharma                      -                      Joint Secretary
2. Shri Alok Mani Tripathi                      -                      Deputy Secretary
3. Shri Vijay Mishra                      -                      Executive Officer

## INTRODUCTION

I, the Chairperson, Committee on Public Accounts (2024-25) having been authorised by the Committee, do present this **Sixth** Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee on Public Accounts contained in their One Hundred and Twentieth Report (Seventeenth Lok Sabha) on the subject "Short Assessment of Rent".

2. The 120<sup>th</sup> Report was presented to Lok Sabha/laid in Rajya Sabha on 8th February, 2024. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Committee on Public Accounts considered and adopted the draft Report at their Sitting held on 3.12.2024. Minutes of the Sitting are given at Appendix-I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

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

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the 120<sup>th</sup> Report (Seventeenth Lok Sabha) is given at Appendix-II

**NEW DELHI:**  
**03 December, 2024**  
**12 Agrahayana 1946 (Saka)**

**K.C. VENUGOPAL**  
**Chairperson,**  
**Committee on Public Accounts**

## CHAPTER - I

### REPORT

This Report of the Committee on Public Accounts deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Twentieth Report (17<sup>th</sup> Lok Sabha) on "**Short Assessment of Rent**" based on Para 3.4 of C&AG Report No. 24 of 2022 of Ministry of Home Affairs.

2. The One Hundred and Twentieth Report was presented to Lok Sabha and laid in Rajya Sabha on 8<sup>th</sup> February, 2024. The Report contained five Observations/Recommendations. Action Taken Notes on all the Observations/Recommendations have been received from the Ministry Home Affairs and are categorized as under:

i. Observations/Recommendations which have been accepted by the Government:

**Para Nos. 1, 2, 3, 4 & 5**

**Total: 5**

**Chapter –II**

ii. Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

**Para Nos. NIL**

**Total: 0**

**Chapter – III**

iii. Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

**Para Nos. NIL**

**Total: 0**

**Chapter – IV**

iv. Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

**Para Nos. NIL**

**Total: 0**

**Chapter –V**

3. The Action Taken Notes furnished by the Ministry of Home Affairs on the Observations/Recommendations of the Committee contained in their One Hundred and Twentieth Report (Seventeenth Lok Sabha) have been reproduced in the relevant chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations which either need reiteration or merit comments.
4. The Committee desire the Ministry of Home Affairs to furnish Action Taken Notes in respect of Observations/Recommendations contained in Chapter I within three months of the presentation of the Report to the Parliament.

**Recommendation No. 3 of the 120<sup>th</sup> Report of the PAC (17<sup>th</sup> LS)**

5. *In response to the audit findings, the Committee noted that demand notices were issued and actions taken by the Chandigarh Administration, including the initiation of proceedings for the cancellation of leases and recovery of pending dues. The Committee observed that disciplinary action had been initiated against eight officers who had charge-sheeted under major penalty clauses for their role in the anomaly. The Committee took note of the seriousness with which the Chandigarh Administration was addressing the issue. In this regard, the Committee had recommended continued vigilance and timely resolution of pending cases, ensuring that lease cancellations and recovery processes are efficiently concluded within stipulated timeframes.*

**6. The Ministry of Home Affairs in their action taken reply stated as under:-**

“Chandigarh Administration has informed the following: -

1. **Recovery of Dues:** The process of recovering outstanding dues from defaulting licensees is being pursued through the court of the Sub Divisional Magistrate (SDM) (Central), who has been given the authority of the Estate Officer in the Union Territory (UT) of Chandigarh. This step has been taken as the licensees failed to pay the dues within the stipulated time.

2. **Legal Proceedings:** Proceedings have been initiated in the court of the SDM (Central) to impose penalties of up to 100% of the outstanding amount and to terminate the leases of 18 SCOs and 5 Booths located in Sector 17-E, Chandigarh. The next hearing in this regard is scheduled for **24.05.2024**, in the court of the SDM (Central).
3. **Appeal Filed by Licensees:** Licensees of the SCOs/Booths in Sector 17-E have lodged an appeal with the Court of the Chief Administrator of UT Chandigarh against the Show Cause Notices issued to them. The date of hearing of appeal in the Court of Chief Administrator is fixed for **29.07.2024**.
4. **Chargesheets Issued:** Chargesheets have been served to 8 defaulting officials under the major penalty provisions outlined in Rule 14 of the Central Civil Services (Classification, Control, and Appeal) Rules, 1965.

In summary, legal actions have been initiated to recover outstanding dues, impose penalties, and terminate leases where necessary. Additionally, the appeals filed by the licensees and the chargesheets issued to defaulting officials demonstrate a comprehensive effort to address the situation effectively and ensure compliance with regulations.”

7. Vetting Comments of Audit are as under: -

“Since the desired action have already been initiated and under the court of SDM, no further comments of audit.”

8. Updated Action Taken reply of the Ministry is as under: -

“No further comments demanded by the Audit on action taken, therefore, no updated action is required at this stage.”

**9. The Committee had recommended continued vigilance and timely resolution of pending cases, ensuring that lease cancellations and recovery processes are efficiently concluded within stipulated timeframes. The Ministry through their Action taken note have informed about the efforts of the Chandigarh Administration such as imposition of penalties, and termination of leases wherever necessary. The Committee note that proceedings are underway in the Sub Divisional Magistrate (SDM) court for**



recovery of dues and conclusion of lease cancellations. The Committee find that establishing a dedicated task force to track the progress of recovery actions, lease terminations, and disciplinary cases, with regular progress reports, would enhance transparency and accountability. The Committee are of the opinion that follow-through on disciplinary actions for officials charged under Rule 14 of the Central Civil Services Rules, 1965, should act as a deterrent to maintain accountability. The Committee recommend that public awareness campaigns be launched to educate stakeholders about compliance obligations and penalties to prevent future defaults. Finally, the Committee desire that a continuous audit follow-up mechanism should still be implemented to ensure all actions in these cases are properly concluded and to prevent the recurrence of similar anomalies. Through these measures, the Committee believe the Ministry can significantly strengthen the Chandigarh Administration's efforts to resolve outstanding issues, enhance compliance, and improve overall accountability.

#### **Recommendation No. 5 of the 120<sup>th</sup> Report of the PAC (17<sup>th</sup> LS)**

10. *While being appreciative of the measures taken by the Chandigarh Administration, such as the development of an online accounting software, aimed at preventing similar anomalies, the Committee recommended prompt implementation of the online accounting software in the Estate Office, as indicated during oral evidence, along with a mechanism soliciting feedback from shops/booth owners, so as to continually improve the online system. Regarding the pro rata basis for fixing the rent of five booths, the Committee observed the acknowledged calculation mistake and corrective action taken by the Ministry. However, the Committee had recommended that the Estate Office conduct a thorough review of its calculation procedures to prevent such errors in the future.*

11. **The Ministry of Home Affairs in their action taken reply stated as under:-**

“Chandigarh Administration has informed the following: -

1. **Development of Online Accounting Software:** The National Informatics Centre (NIC) has developed an online accounting software specifically designed for automatic calculation of rent for these properties. This software has undergone thorough testing by the Estate Office of Union Territory Chandigarh to ensure its reliability and accuracy. Moving forward, this software will streamline the process of rent recovery from tenants and licensees.
2. **Rent Fixation for 05 Booths:** The rent for five booths was determined on a pro-rata basis due to variations in their area dimensions. The Engineering Department of UT Chandigarh assessed the rent based on the dimensions of each area. This assessment was subsequently approved by the Finance Department of the Chandigarh Administration via a letter dated July 30, 1992.

In summary, the implementation of an online accounting software will simplify the rent calculation process, while the pro-rata determination of rent for the booths ensures fairness and accuracy based on their individual area dimensions.”

12. Vetting Comments of Audit are as under: -

“The Action Taken Report, however, does not project whether a mechanism soliciting feedback from shops/booth owners, so as to continually improve the online system has been developed or not.”

13. Updated Action Taken reply of the Ministry is as under: -

“As informed by Chandigarh Administration, the mechanism soliciting feedback from shops/booths licensees on the online accounting software has been developed whereby shops/booth licensees can submit their representations/feedback to Estate Office at the single window counter. Subsequently the representation/feedback mechanism is being added to the online accounting software.”

**14. The Committee had recommended prompt implementation of the online accounting software in the Estate Office, Chandigarh. The Committee have been informed about the steps taken by the Chandigarh Administration in collaboration with the National Informatics Centre (NIC) to develop and test an online accounting software for automatic rent calculation. In this regard the Committee desire that Chandigarh Administration expedite the full integration of the feedback mechanism**

from shops and booth licensees into the online system. The Committee further urge that regular audits be conducted on the effectiveness of this feedback system so as to ensure that the Estate Office is responsive to user input and consistently enhances the online platform. The Committee also desire that periodic awareness campaigns be organised to educate the shop and booth owners about using the online system effectively with an aim to bring greater transparency.

The Committee would also like to reiterate the importance of a thorough review of all rent calculation procedures. This will minimize the likelihood of future errors, fostering confidence in the administrative process and ensuring that all financial determinants are accurate and transparent.

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## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

The Committee note that the Estate Office of Union Territory Chandigarh deviated from the prescribed procedure for enhancing rent in the year 2000, leading to a significant shortfall of ₹9.37 crore for the period 1992-2022. The Committee observe that this deviation occurred despite the legal framework in place, including the Supreme Court order and the introduction of the “Leasing out of Government Built up Shops/Booths on Monthly Rent Basis in Chandigarh Scheme,2000.”

**Pg. No.4, Para 1 of the 120<sup>th</sup> Report of the Public Accounts Committee (Seventeenth Lok Sabha)**

#### Action Taken

As informed by Chandigarh Administration, there was mis-interpretation of Clause 9 &10 of Category-A of notification dated 19.04.2000 which was amended on 16.04.2002. The same is reproduced as under-

**Clause-9:** *The annual increase shall be 7.5% over the base rate, for the rent to be charged from the lessee for the first five years. A fresh lease deed after the expiry of first five years shall be executed, for a period of another five years with further increase of 50% of the base rent and thereafter the rent may be enhanced by 37.5% after every five years.*

**Clause-10:** *The base rate for the rent to be charged from the lessee against the category-A property shall be calculated after applying the same formulas under clause-9 under the head Category-“A” w.e.f. 01.03.1992 when the rent for these Shop Cum Offices (SCO's) was fixed @ Rs. 14000/- per month.*

Earlier, the Estate Office of Union Territory Chandigarh was charging rent as under: -

#### **18 SCOs:-**

Period	Rent	Formula adopted
01.03.1992	14000/-	
01.03.1993	15050/-	i.e. 7.5% of 14000
01.03.1994	16100/-	i.e. 15% of 14000
01.03.1995	17150/-	i.e. 22.5% of 14000
01.03.1996	18200/-	i.e. 30% of 14000

<b>1997-2002</b>	<b>21000/-</b>	<b>i.e. 50% of 14000</b>
2002-2007	28875/-	i.e. 37.5 % of 21000
2007-2012	39703/-	i.e. 37.5 % of 28875
2012-2017	54592/-	i.e. 37.5 % of 39703
2017-2022	75064/-	i.e. 37.5 % of 54592
01.04.2022 to till date	103213/-	i.e. 37.5 % of 75064

**Booth No. 2, 3 & 4:-**

<b>Period</b>	<b>Rent</b>	<b>Formula adopted</b>
01.03.1992	3000/-	
01.03.1993	3225/-	i.e. 7.5% of 3000
01.03.1994	3450/-	i.e. 15% of 3000
01.03.1995	3675/-	i.e. 22.5% of 3000
01.03.1996	3900/-	i.e. 30% of 3000
<b>1997-2002</b>	<b>4500-</b>	<b>i.e. 50% of 3000</b>
2002-2007	6188/-	i.e. 37.5 % of 4500
2007-2012	8509/-	i.e. 37.5 % of 6188
2012-2017	11700/-	i.e. 37.5 % of 8509
2017-2022	16088/-	i.e. 37.5 % of 11700
01.04.2022 to till date	22121/-	i.e. 37.5 % of 16088

**Booth No. 1 & 5:-**

<b>Period</b>	<b>Rent</b>	<b>Formula adopted</b>
01.03.1992	3250/-	
01.03.1993	3494/-	i.e. 7.5% of 3250
01.03.1994	3738/-	i.e. 15% of 3250
01.03.1995	3982/-	i.e. 22.5% of 3250
01.03.1996	4226/-	i.e. 30% of 3250
<b>1997-2002</b>	<b>4875/-</b>	<b>i.e. 50% of 3250</b>
2002-2007	6703/-	i.e. 37.5 % of 4875
2007-2012	9217/-	i.e. 37.5 % of 6703

2012-2017	12673/-	i.e. 37.5 % of 9217
2017-2022	17425/-	i.e. 37.5 % of 12673
01.04.2022 to till date	23960/-	i.e. 37.5 % of 17425

Thereafter, the Estate Office of Union Territory Chandigarh re-calculated the rent as per calculation method adopted in the Audit Para by AG office as under:-

**18 SCOs:-**

Period	Rent	Formula adopted
01.03.1992	14000	
01.03.1993	15050	i.e.(7.5% of 14000)+14000
01.03.1994	16100	i.e. (15% of 14000)+14000
01.03.1995	17150	i.e.(22.5% of 14000)+14000
01.03.1996	18200	i.e. (30% of 14000)+14000
<b>1997-2002</b>	<b>25200</b>	<b>i.e. (50% of 14000)+18200</b>
2002-2007	34650	i.e.(37.5% of 25200)+25200
2007-2012	47644	i.e. (37.5% of 34650)+34650
2012-2017	65510	i.e. (37.5% of 47644)+47644
2017-2022	90076	i.e. (37.5% of 65510)+65510
01.04.2022 to till date	123855	i.e. (37.5% of 90076)+90076

**Booth No. 2, 3 & 4:-**

Period	Rent	Formula adopted
01.03.1992	3000	
01.03.1993	3225	i.e. (7.5% of 3000)+ 3000
01.03.1994	3450	i.e. (15% of 3000)+ 3000
01.03.1995	3675	i.e. (22.5% of 3000)+ 3000
01.03.1996	3900	i.e. (30% of 3000)+ 3000
<b>1997-2002</b>	<b>5400</b>	<b>i.e. (50% of 3000)+3900</b>

2002-2007	7425	i.e. (37.5% of 5400)+ 5400
2007-2012	10210	i.e. (37.5% of 7425)+ 7425
2012-2017	14039	i.e. (37.5% of 10210)+ 10210
2017-2022	19304	i.e. (37.5% of 14039)+ 14039
01.04.2022 to till date	26543	i.e. (37.5% of 19304)+ 19304

**Booth No. 1 & 5:-**

<b>Period</b>	<b>Rent</b>	<b>Formula adopted</b>
01.03.1992	3250	
01.03.1993	3494	i.e. (7.5% of 3250)+ 3250
01.03.1994	3738	i.e. (15% of 3250)+ 3250
01.03.1995	3982	i.e. (22.5% of 3250)+ 3250
01.03.1996	4226	i.e. (30% of 3250)+ 3250
<b>1997-2002</b>	<b>5850</b>	<b>i.e. (50% of 3250)+4226</b>
2002-2007	8044	i.e. (37.5% of 5850)+ 5850
2007-2012	11060	i.e. (37.5% of 8044)+ 8044
2012-2017	15208	i.e. (37.5% of 11060)+ 11060
2017-2022	20911	i.e. (37.5% of 15208)+ 15208
01.04.2022 to till date	28753	i.e. (37.5% of 20911)+ 20911

**Vetting Comments of Audit**

As the amount has been recalculated after rectification of calculation formula, for raising the demand, no further comments.

**Updated Action Taken reply of the Ministry**

No further comments demanded by the Audit on action taken, therefore, no updated action is required at this stage.

**(Ashutosh Agnihotri)**  
**Additional Secretary**

**Ministry of Home Affairs OM No. U-14037/6/2022-CPD(CHD) dated 7<sup>th</sup> August,2024**

## Observation/Recommendation

The Committee learn from the Audit Report (No. 24 of 2022, Para 3.4) which highlighted the failure of the Estate Officer to adhere to the prescribed stages for rent increase, resulting in a revenue loss of ₹3.71 crore. The Committee acknowledge the admission by the Estate Office of the lapse and the subsequent review that determined a total short assessment of ₹9.37 crore for 1992-2022.

### **Pg. No.4, Para 2 of the 120<sup>th</sup> Report of the Public Accounts Committee (Seventeenth Lok Sabha)**

#### **Action Taken**

As informed by Chandigarh Administration, there was mis-interpretation of Clause 9 &10 of Category-A of notification dated 19.04.2000 which was amended on 16.04.2002. The same is reproduced as under-

**Clause-9:** *The annual increase shall be 7.5% over the base rate, for the rent to be charged from the lessee for the first five years. A fresh lease deed after the expiry of first five years shall be executed, for a period of another five years with further increase of 50% of the base rent and thereafter the rent may be enhanced by 37.5% after every five years.*

**Clause-10:** *The base rate for the rent to be charged from the lessee against the category-A property shall be calculated after applying the same formulas under clause-9 under the head Category-"A" w.e.f. 01.03.1992 when the rent for these SCO's was fixed @ Rs. 14000/- per month.*

Earlier, the Estate Office of Union Territory Chandigarh was charging rent as under:-

#### **18 SCOs:-**

<b>Period</b>	<b>Rent</b>	<b>Formula adopted</b>
01.03.1992	14000/-	
01.03.1993	15050/-	i.e. 7.5% of 14000
01.03.1994	16100/-	i.e. 15% of 14000
01.03.1995	17150/-	i.e. 22.5% of 14000
01.03.1996	18200/-	i.e. 30% of 14000
<b>1997-2002</b>	<b>21000/-</b>	<b>i.e. 50% of 14000</b>
2002-2007	28875/-	i.e. 37.5 % of 21000
2007-2012	39703/-	i.e. 37.5 % of 28875



2012-2017	54592/-	i.e. 37.5 % of 39703
2017-2022	75064/-	i.e. 37.5 % of 54592
01.04.2022 to till date	103213/-	i.e. 37.5 % of 75064

**Booth No. 2, 3 & 4:-**

Period	Rent	Formula adopted
01.03.1992	3000/-	
01.03.1993	3225/-	i.e. 7.5% of 3000
01.03.1994	3450/-	i.e. 15% of 3000
01.03.1995	3675/-	i.e. 22.5% of 3000
01.03.1996	3900/-	i.e. 30% of 3000
<b>1997-2002</b>	<b>4500-</b>	<b>i.e. 50% of 3000</b>
2002-2007	6188/-	i.e. 37.5 % of 4500
2007-2012	8509/-	i.e. 37.5 % of 6188
2012-2017	11700/-	i.e. 37.5 % of 8509
2017-2022	16088/-	i.e. 37.5 % of 11700
01.04.2022 to till date	22121/-	i.e. 37.5 % of 16088

**Booth No. 1 & 5:-**

Period	Rent	Formula adopted
01.03.1992	3250/-	
01.03.1993	3494/-	i.e. 7.5% of 3250
01.03.1994	3738/-	i.e. 15% of 3250
01.03.1995	3982/-	i.e. 22.5% of 3250
01.03.1996	4226/-	i.e. 30% of 3250
<b>1997-2002</b>	<b>4875/-</b>	<b>i.e. 50% of 3250</b>
2002-2007	6703/-	i.e. 37.5 % of 4875
2007-2012	9217/-	i.e. 37.5 % of 6703
2012-2017	12673/-	i.e. 37.5 % of 9217
2017-2022	17425/-	i.e. 37.5 % of 12673
01.04.2022	23960/-	i.e. 37.5 % of 17425

to till date		
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Thereafter, the Estate Office of Union Territory Chandigarh re-calculated the rent as per calculation method adopted in the Audit Para by AG office as under:-

**18 SCOs:-**

Period	Rent	Formula adopted
01.03.1992	14000	
01.03.1993	15050	i.e. (7.5% of 14000)+14000
01.03.1994	16100	i.e. (15% of 14000)+14000
01.03.1995	17150	i.e. (22.5% of 14000)+14000
01.03.1996	18200	i.e. (30% of 14000)+14000
<b>1997-2002</b>	<b>25200</b>	<b>i.e. (50% of 14000)+18200</b>
2002-2007	34650	i.e. (37.5% of 25200)+25200
2007-2012	47644	i.e. (37.5% of 34650)+34650
2012-2017	65510	i.e. (37.5% of 47644)+47644
2017-2022	90076	i.e. (37.5% of 65510)+65510
01.04.2022 to till date	123855	i.e. (37.5% of 90076)+90076

**Booth No. 2, 3 & 4:-**

Period	Rent	Formula adopted
01.03.1992	3000	
01.03.1993	3225	i.e. (7.5% of 3000)+ 3000
01.03.1994	3450	i.e. (15% of 3000)+ 3000
01.03.1995	3675	i.e. (22.5% of 3000)+ 3000
01.03.1996	3900	i.e. (30% of 3000)+ 3000
<b>1997-2002</b>	<b>5400</b>	<b>i.e. (50% of 3000)+3900</b>
2002-2007	7425	i.e. (37.5% of 5400)+ 5400
2007-2012	10210	i.e. (37.5% of 7425)+ 7425
2012-2017	14039	i.e. (37.5% of 10210)+

		10210
2017-2022	19304	i.e. (37.5% of 14039)+ 14039
01.04.2022 to till date	26543	i.e. (37.5% of 19304)+ 19304

**Booth No. 1 & 5:-**

<b>Period</b>	<b>Rent</b>	<b>Formula adopted</b>
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01.03.1994	3738	i.e. (15% of 3250)+ 3250
01.03.1995	3982	i.e. (22.5% of 3250)+ 3250
01.03.1996	4226	i.e. (30% of 3250)+ 3250
<b>1997-2002</b>	<b>5850</b>	<b>i.e. (50% of 3250)+4226</b>
2002-2007	8044	i.e. (37.5% of 5850)+ 5850
2007-2012	11060	i.e. (37.5% of 8044)+ 8044
2012-2017	15208	i.e. (37.5% of 11060)+ 11060
2017-2022	20911	i.e. (37.5% of 15208)+ 15208
01.04.2022 to till date	28753	i.e. (37.5% of 20911)+ 20911

**Vetting Comments of Audit**

As the amount has been recalculated after rectification of calculation formula, for raising the demand, no further comments.

**Updated Action Taken reply of the Ministry**

No further comments demanded by the Audit on action taken, therefore, no updated action is required at this stage.

**(Ashutosh Agnihotri)**  
**Additional Secretary**

**Ministry of Home Affairs OM No. U-14037/6/2022-CPD(CHD) dated 7<sup>th</sup> August,2024**

## Observation/Recommendation

In response to the audit findings, the Committee note that demand notices were issued and actions taken by the Chandigarh Administration, including the initiation of proceedings for the cancellation of leases and recovery of pending dues. The Committee observe that disciplinary action has been initiated against eight officers who have charge-sheeted under major penalty clauses for their role in the anomaly. The Committee take note of the seriousness with which the Chandigarh Administration is addressing the issue. In this regard, the Committee recommend continued vigilance and timely resolution of pending cases, ensuring that lease cancellations and recovery processes are efficiently concluded within stipulated timeframes.

**Pg. No.4, Para 3 of the 120<sup>th</sup> Report of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

### Action Taken

Chandigarh Administration has informed the following: -

1. **Recovery of Dues:** The process of recovering outstanding dues from defaulting licensees is being pursued through the court of the Sub Divisional Magistrate (SDM) (Central), who has been given the authority of the Estate Officer in the Union Territory (UT) of Chandigarh. This step has been taken as the licensees failed to pay the dues within the stipulated time.
2. **Legal Proceedings:** Proceedings have been initiated in the court of the SDM (Central) to impose penalties of up to 100% of the outstanding amount and to terminate the leases of 18 SCOs and 5 Booths located in Sector 17-E, Chandigarh. The next hearing in this regard is scheduled for **24.05.2024**, in the court of the SDM (Central).
3. **Appeal Filed by Licensees:** Licensees of the SCOs/Booths in Sector 17-E have lodged an appeal with the Court of the Chief Administrator of UT Chandigarh against the Show Cause Notices issued to them. The date of hearing of appeal in the Court of Chief Administrator is fixed for **29.07.2024**.
4. **Chargesheets Issued:** Chargesheets have been served to 8 defaulting officials under the major penalty provisions outlined in Rule 14 of the Central Civil Services (Classification, Control, and Appeal) Rules, 1965.

In summary, legal actions have been initiated to recover outstanding dues, impose penalties, and terminate leases where necessary. Additionally, the appeals filed by the licensees and the chargesheets issued to defaulting officials demonstrate a comprehensive effort to address the situation effectively and ensure compliance with regulations.

### **Vetting Comments of Audit**

Since the desired action have already been initiated and under the court of SDM, no further comments of audit.

### **Updated Action Taken reply of the Ministry**

No further comments demanded by the Audit on action taken, therefore, no updated action is required at this stage.

**(Ashutosh Agnihotri)**  
**Additional Secretary**

**Ministry of Home Affairs OM No. U-14037/6/2022-CPD(CHD) dated 7<sup>th</sup> August,2024**

## Observation/Recommendation

In light of the above, the Committee observe that the case is not simply a matter of computational error, but is indicative of lack of monitoring and possibility of irregularity. The Committee accordingly, recommend that the Estate Office, Chandigarh Administration strengthens its internal audit mechanisms to prevent such deviations in the future. The Committee would also like to suggest that regular training and awareness programs be conducted for officers involved in rent assessment to ensure a clear understanding of the prescribed procedures.

**Pg. No.4 & 5, Para 4 of the 120<sup>th</sup> Report of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

### Action Taken

Chandigarh Administration has informed the following: -

- 1. Correction of Error:** An error in the calculation formula led to misinterpretation, resulting in incorrect demand notices being issued. To rectify this, amended demand notices were issued to address the inaccuracies.
- 2. Improvement of Internal Audit Mechanism:** The internal audit process has been enhanced to prevent similar errors in the future. This includes implementing stricter checks and balances to ensure the issuance of accurate rent demand notices in future.
- 3. Training and Awareness Programs:** Regular training and awareness programs are being conducted for officers/officials responsible for rent assessment. These programs aim to provide a clear understanding of the prescribed procedures, reducing the likelihood of misinterpretation or errors in the future.
- 4. Development of Online Accounting Software:** To streamline the rent calculation process and minimize human error, an online accounting software has been developed by the National Informatics Centre (NIC). This software automates the calculation of rent for the properties in question.
- 5. Testing of Software:** The developed accounting software has undergone thorough testing by the Estate Office of Union Territory Chandigarh to ensure its accuracy and reliability in calculating rent for the properties. Now the calculations are being carried on the newly developed software.

In summary, measures have been taken to address the misinterpretation of calculation formulas and to prevent similar errors from occurring in the future. These include enhancing internal audit mechanisms, conducting training programs, and implementing automated accounting software for rent calculations.

### Vetting Comments of Audit

Necessary action has been taken up, hence no comments.

**Updated Action Taken reply of the Ministry**

No further comments demanded by the Audit on action taken, therefore, no updated action is required at this stage.

**(Ashutosh Agnihotri)  
Additional Secretary**

**Ministry of Home Affairs OM No. U-14037/6/2022-CPD(CHD) dated 7<sup>th</sup> August,2024**

## **Observation/Recommendation**

While being appreciative of the measures taken by the Chandigarh Administration, such as the development of an online accounting software, aimed at preventing similar anomalies, the Committee would like to recommend prompt implementation of the online accounting software in the Estate Office, as indicated during oral evidence, along with a mechanism soliciting feedback from shops/booth owners, so as to continually improve the online system. Regarding the pro rata basis for fixing the rent of five booths, the Committee observe the acknowledged calculation mistake and corrective action taken by the Ministry. However, the Committee recommend that the Estate Office conducts a thorough review of its calculation procedures to prevent such errors in the future.

**Pg. No.5, Para 5 of the 120<sup>th</sup> Report of the Public Accounts Committee  
(Seventeenth Lok Sabha)**

### **Action Taken**

Chandigarh Administration has informed the following: -

- 1. Development of Online Accounting Software:** The National Informatics Centre (NIC) has developed an online accounting software specifically designed for automatic calculation of rent for these properties. This software has undergone thorough testing by the Estate Office of Union Territory Chandigarh to ensure its reliability and accuracy. Moving forward, this software will streamline the process of rent recovery from tenants and licensees.
- 2. Rent Fixation for 05 Booths:** The rent for five booths was determined on a pro-rata basis due to variations in their area dimensions. The Engineering Department of UT Chandigarh assessed the rent based on the dimensions of each area. This assessment was subsequently approved by the Finance Department of the Chandigarh Administration via a letter dated July 30, 1992.

In summary, the implementation of an online accounting software will simplify the rent calculation process, while the pro-rata determination of rent for the booths ensures fairness and accuracy based on their individual area dimensions.

### **Vetting Comments of Audit**

The Action Taken Report, however, does not project whether a mechanism soliciting feedback from shops/booth owners, so as to continually improve the online system has been developed or not.

### **Updated Action Taken reply of the Ministry**

As informed by Chandigarh Administration, the mechanism soliciting feedback from shops/booths licensees on the online accounting software has been developed whereby shops/booth licensees can submit their representations/feedback to Estate Office at the single window counter. Subsequently the representation/feedback mechanism is being added to the online accounting software.

**(Ashutosh Agnihotri)  
Additional Secretary**

**Ministry of Home Affairs OM No. U-14037/6/2022-CPD(CHD) dated 7<sup>th</sup> August, 2024**



**CHAPTER III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE  
GOVERNMENT**

**NIL**

**CHAPTER IV**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE  
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH  
REQUIRE REITERATION**

**NIL**

**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT  
HAVE FURNISHED INTERIM REPLIES**

**NIL**

**NEW DELHI:  
03 December, 2024  
12 Agrahayana 1946 (saka)**

**K.C. VENUGOPAL  
Chairperson,  
Committee on Public Accounts**

## APPENDIX-I

### MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 03<sup>rd</sup> DECEMBER 2024

The Committee on Public Accounts sat on Tuesday, the 3<sup>rd</sup> of December 2024, from 1600 hrs to 1745 hrs in Committee Room '3', Block A, First Floor, Extension to Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri K.C. Venugopal - Chairperson

#### **Members**

#### **LOK SABHA**

2. Dr. Nishikant Dubey
3. Shri Jagdambika Pal
4. Shri Jai Parkash
5. Shri Ravi Shankar Prasad
6. Shri C. M. Ramesh
7. Shri Magunta Sreenivasulu Reddy
8. Smt. Aparajita Sarangi
9. Dr. Amar Singh
10. Shri Tejasvi Surya
11. Shri Anurag Singh Thakur
12. Shri Balashowry Vallabhaneni
13. Shri Dharmendra Yadav

#### **RAJYA SABHA**

14. Shri Shaktisinh Gohil
15. Dr. K. Laxman
16. Shri Praful Patel
17. Shri Sukhendu Sekhar Ray
18. Shri Tiruchi Siva
19. Shri Sudhanshu Trivedi

#### **LOK SABHA SECRETARIAT**

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Muraleedharan. P - Director
3. Shri Alok Mani Tripathi - Deputy Secretary
4. Shri Pankaj Sharma - Deputy Secretary
5. Shri Atul Bhave - Deputy Secretary

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

1. Sh. Rebecca Mathai - Dy. CAG
2. Ms. Atreyee Das - Dy. CAG
3. Ms. Smita S. Chaudhari - Dy. CAG
4. Sh. Samar Kant Thakur - Director General

**REPRESENTATIVES OF THE MINISTRY OF XXXXXX**

1. XXXXXXXXXXXX
2. XXXXXXXXXXXX
3. XXXXXXXXXXXX
4. XXXXXXXXXXXX
5. XXXXXXXXXXXX
6. XXXXXXXXXXXX
7. XXXXXXXXXXXX
8. XXXXXXXXXXXX
9. XXXXXXXXXXXX

**PART A**

XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX

**PART B**

Thereafter, Hon'ble Chairperson stated that the following six draft reports may be taken up for consideration and adoption :-

- a) XXXXX
- b) XXXXX
- c) XXXXX
- d) XXXXX
- e) XXXXX
- f) Action Taken by the Government on the Observations/ Recommendations of the Public Accounts Committee contained in their 120th Report (Seventeenth Lok Sabha) on "Short Assessment of Rent".

After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

***The Committee then adjourned.***

***A copy of the transcript of audio recording of the proceedings of the sitting has been kept on record.***

**APPENDIX-II**  
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR ONE HUNDRED TWENTIETH REPORT (SEVENTEENTH LOK SABHA)**

- |  |                                      |
|--|--------------------------------------|
| <b>(i) Total number of Observations/Recommendations</b>  | <b>of 05</b>                         |
| <b>(ii) Observations/Recommendations of the Committee which have been accepted by the Government:<br/>Para Nos. 1, 2, 3, 4, and 5</b>  | <b>Total: 05<br/>Percentage: 100</b> |
| <b>(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:<br/>Para No. – NIL</b>                                 | <b>Total: 0<br/>Percentage: 0</b>    |
| <b>(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:<br/>Para No. – NIL</b> | <b>Total: 0<br/>Percentage: 0</b>    |
| <b>(v) Observations/Recommendations in respect of which the Government have furnished interim replies:<br/>Para No. – NIL</b>  | <b>Total: 0<br/>Percentage: 0</b>    |