

WORKING OF LAND AND DEVELOPMENT OFFICE

MINISTRY OF URBAN DEVELOPMENT

PUBLIC ACCOUNTS
COMMITTEE
1989-90

MINISTRY OF URBAN DEVELOPMENT
GOVERNMENT OF INDIA

EIGHTH LOK SABHA

**HUNDRED AND SIXTY-SIXTH
REPORT**

**PUBLIC ACCOUNTS COMMITTEE
(1989-90)**

(EIGHTH LOK SABHA)

WORKING OF LAND & DEVELOPMENT OFFICE

MINISTRY OF URBAN DEVELOPMENT



*Presented in Lok Sabha on
Laid in Rajya Sabha on*

**LOK SABHA SECRETARIAT
NEW DELHI**

September, 1989/Bhadra, 1911 (Saka)

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PART II *

Minutes of the sitting of Public Accounts Committee held on 23-1-1989, 8-3-1989 and 31-8-1989

*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

PUBLIC ACCOUNTS COMMITTEE
(1989-90)

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*Elected w.e.f. 3-8-1989 *vice* Sarvashri Bh. Vijay Kumar Raju, S. Jaipal Reddy and Saifuddin Chowdhary resigned from the Committee.

**Nominated w.e.f. 18-8-89 *vice* Sarvashri Parvathaneni Upendra, Virendra Verma and Jaswant Singh resigned from the Committee.

(iv)

SECRETARIAT

1. Shri G. L. Batra—*Joint Secretary*
2. Shri K. K. Sharma—*Director*
3. Shri A. Subramanian—*Senior Financial Committee Officer*

INTRODUCTION

1. the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 166th Report on Paragraph 43 of the Report of the C&AG of India for the year ended 31 March, 1987, Union Government (Civil) on Land and Development Office.

2. The Public Accounts Committee examined this paragraph at their sittings held on 23 January, 1989 and 8 March, 1989. The Committee considered and approved the Report at their sitting held on 31 August, 1989. Minutes of these sittings of the Committee form Part-II* of the Report.

3. The Committee have noted with concern that the standard of maintenance of land records, action for assessment and recovery of dues, inspection, revision, etc. have left a lot to be desired and as a consequence substantial loss of revenue to the exchequer remains unnoticed and recoveries inordinately delayed. The Committee have recommended an appropriate scheme of action to be drawn and implemented by a time-bound programme to improve the situation.

4. In regard to the allotment of four plots of land by Ministry of Urban Development in February/March 1981 to NDMC (2 plots), DDA and ITDC for construction of hotels with a condition to commission them before Asiad 1982, the Committee have noted that the hotels were not commissioned in time and that the available time between allotment of the 4 plots in February/March 1981 and for completion of the hotels by Asiad 1982 being too short, certain specific extraordinary measures ought to have been taken as several new structures like, Jawaharlal Nehru Stadium, Indira Gandhi Stadium, Asiad Village etc. were completed in record time.

5. In regard to the leases of land in these, the Committee have recommended that the legal validity of leasing arrangements may be reviewed in consultation with the Ministry of Law and appropriate measures taken to ensure that there exists no legal lacuna whereby it would be feasible to any one to take undue advantage to the detriment of Government's interests. The Committee have further observed that even though approval for these hotel projects were given more than 8 years back, several formalities such as approval of Delhi Urban Arts

(vi)

Commission, Leasing and Licensing arrangements, Completion Certificates etc. were not completed in time.

6. The Committee have noted with concern that Bharat & Meridian hoteliers are reported to have utilised substantial areas for commercial purposes as opposed to hotel purposes for which the prime land was leased to them. As the Ministry of Urban Development is stated to have received a Report from NDMC in regard to commercial use of more space in Bharat hotel, the Committee have recommended that the matter may be fully investigated and conclusive remedial action taken without any delay.

7. For reference, facility and convenience, the observations/recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

8. The Committee would like to express their thanks to the officers of the Ministry of Urban Development for the cooperation extended by them in giving information to the Committee.

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

NEW DELHI;

1 September, 1989

10 Bhadra, 1911 (Saka)

P. KOLANDAIVELU,

Chairman,

Public Accounts Committee.

REPORT

LAND AND DEVELOPMENT OFFICE, DELHI

Introductory

The Land and Development Office, Delhi, under the Ministry of Urban Development, is responsible for the administration and management of Nazul* and Rehabilitation** leases of lands in Delhi|New Delhi. An audit review of the Land and Development Office has been given in Paragraph 43*** of the Report (No. 1) of the C&AG of India for the year ended 31st March 1987 (No. 1 of 1988) on Union Government (Civil). The audit review has *inter-alia*, pointed out that:—

- (i) Ground rent registers had not been maintained in the prescribed proforma to watch recovery of ground rent, initiate action against defaulters, etc.
- (ii) Arrears of recovery of ground rent had increased from Rs. 184.80 lakhs as in 1981 to Rs. 887.52 lakhs at the end of 1986;
- (iii) Revised ground rent rates were not notified in time, resulting in loss of revenue of Rs. 13.11 lakhs in respect of 90 cases test-checked in audit;
- (iv) The revision of ground rent was over-due in 7576 properties in 4 colonies test checked and periodicity of revision had also not been fixed in several cases;
- (v) Proper records of inspection of land|properties and breaches of terms and conditions, etc. noticed in inspection had not been maintained and in 4 cases covered in inspection, recoveries ranging between Rs. 0.81 lakh and Rs. 8.23 crores had been delayed for 2 to 8 years;
- (vi) Survey of vacant Government lands was not conducted as required under rules with the result that encroachments remained undetected for years together;

*Nazul land means Government land acquired under the Land Acquisition Act by the Government for the formation of Capital at Delhi New Delhi under the Notification from 1911 on wards.

**Rehabilitation land means land acquired by the Government for the speedy rehabilitation of displaced persons from Pakistan.

***Appendix I

- (vii) As in March 1987, 231 cases were pending in various courts ranging from one to 25 years of which in 67 cases were pending for over 10 years, stay orders against eviction/levy of damages were in operation.
- (viii) Plots of lands which were allotted at concessional rates for construction of hotels by Asiad 1982 were not brought in use in time for the specified purposes.
- (ix) No guidelines existed for allotment of lands to social, cultural, charitable and religious institutions and reading with breaches in terms of allotment to them and;
- (x) There was no proper coordination between the activities of L&DO, DDA and NDMC, the three main agencies dealing with land in Delhi and New Delhi.

2. In response to a questionnaire issued by the Committee on the various findings of Audit, the Ministry of Urban Development have generally admitted the several shortcomings brought out by Audit in maintenance of records, inspection, revision of ground rent etc. and have also indicated the measures being taken by them to improve the situation.

3. The Committee are concerned to note that standard of maintenance of land records, action for assessment and recovery of dues, inspection, revision etc. have left a lot to be desired and as a consequence, substantial loss of revenue to the exchequer remains unnoticed and recoveries also inordinately delayed. The Committee are of the view that unless a time bound programme is drawn to bring the basic records current and to initiate appropriate action in all cases, the situation will continue to be as grim as it has been so far. The Committee hence recommend that an appropriate scheme of action be drawn and steps taken for its implementation.

4. The Committee note that the Ministry has no information about the present position of squatters on lands transferred to DDA for care and maintenance and that large number of files relating to encroachment of land under the control of L&DO remains to be attended to. The Committee recommended that a time bound programme may be framed for identifying all cases of encroachment and completing follow up action.

5. In regard to cases pending in the various courts, the Ministry have stated that records pertaining to litigation cases had been computerised to expedite finalisation of the cases and that a legal cell has been created in L&DO for effective follow up. The Committee recommend that the position of pending court cases should be monitored on a regular basis by the

Ministry for ensuring action for expediting finalisation of the same in view of the large financial implication.

Allotment of land for Asiad Hotels

6. In paragraph 55* of volume I of the Report of the Comptroller and Auditor General of India for the year 1985-86 and in sub-paragraph 43.12 of paragraph 43 of the Report for the year 1986-87 (mentioned in paragraph 1) of this Report, various aspects of non-fulfilment of terms and conditions of allotment of lands for construction of 4 hotels for Asiad 1982, have been brought out by Audit. These matters were examined in some detail by the Committee and this Report essentially deals with these 4 cases of hotel allotments.

7. The Ministry of Urban Development allotted the following four sites out of the lands at their disposal for construction of hotels for Asiad—1982:

- (i) Site at Janpath measuring 4.5 acres—allotted to NDMC on 30-3-1981.
- (ii) Site at Barakhamba Road measuring about 6.0485 acres—to NDMC on 17-2-1981.
- (iii) Site at Sardar Patel Marg measuring about 6 acres—allotted to DDA on 4-3-1981.
- (iv) Site at the crossing of Kautilaya Marg and Panchsheel Marg measuring 3.195 acres—allotted to ITDC on 19-2-1981.

8. According to the Ministry the decision to allot these plots for hotel construction to local bodies like NDMC, DDA, etc. was taken because the DDA was already engaged in developmental activities and the NDMC had also taken up, even earlier to Asian Games, some hotel projects. Enquired as to why the Ministry did not themselves take up these projects, the witness deposed that if they had gone into a process of choosing the parties themselves through some kind of an auction or otherwise on their own, that would have taken time whereas DDA and NDMC were engaged in a number of developmental activities in the context of the Asian Games. He added that it was felt that the DDA or NDMC could either take up the construction itself or it could get the construction done or it could engage in some kind of licensing arrangement for the hotel project.

9. The allotment of land at Barakhamba Road in February, 1981 is actually a case of re-allotment to NDMC. The NDMC had invited restricted tenders for allotment of 4.5 acres hotel site at Barakhamba Road on

30 June, 1976. The offer of Rs. 28.11 lakhs per annum as licence fee by a firm—M/s. Delhi Automobiles (P) Ltd. (successor in interest of M/s. Bharat Hotels Ltd.), according to the NDMC, was the highest. Subsequently a plot of land measuring 6.0485 acres (covering the area included in the tender invited) was sanctioned in March 1977, on a request made by NDMC to the erstwhile Ministry of Works and Housing (now Ministry of Urban Development) for the construction of a hotel. Upon allotment to the NDMC of 6.0485 acres of land as against 4.5 acres mentioned in the tender documents, the NDMC negotiated with M/s. Delhi Automobiles (P) Ltd. which agreed to pay the proportionately increased tendered amount of Rs. 37.78 lakhs as licence fee per annum. It paid to the NDMC Rs. 20 lakhs as earnest money and sought permission to pay the balance (Rs. 17.78 lakhs) at the time of taking actual possession of the site.

10. As the term of offer of land by the Ministry to the NDMC did not provide for giving possession to another party for constructing the hotel, the NDMC informed the Ministry in October 1977 that it did not intend to construct and run the hotel itself and, therefore, requested for amendment of certain clauses of the licence deed; the Ministry did not however, accede to the request and cancelled the allotment of site in March, 1978 without assigning any reasons.

11. M/s. Delhi Automobiles (P) Ltd. complained to Government in March 1978 that the NDMC had failed to honour its commitment to hand over the possession of the site to it with the result that it was unnecessarily being made to suffer financial loss. In August 1979, a notice under section 80 of the Civil Procedure Code was received by Government through an advocate of the firm. This was considered in consultation with the Ministry of Law which stated in October 1979 that there was no privity of contract between the Union of India and the said firm on whose behalf the notice had been served. It also opined that it was not necessary to send a reply to the notice. Thereafter the firm filed a suit in Delhi High Court against the NDMC and the Union of India claiming either specific performance by the defendants of their obligation, particularly of handing over the immediate physical possession of the hotel site or payment of Rs. 64.40 lakhs, costs of the suit in favour of the firm and any other relief to which it might be found entitled.

12. With a view to ending the stalemate and expedite the development of land for the hotel accommodation for Asian Games, 1982, the Delhi Administration suggested to the Ministry in October, 1980 that the firm M/s. Delhi Automobiles (P) Ltd. might be allowed to execute the licence deed with some modifications, provided it withdrew the civil suit and undertook the construction of the hotel and ensured its completion before the Asian Games, 1982.

13. The then Ministry of Works and Housing were of the view that the plot of land might be allotted to NDMC at a premium of Rs. 3,000 per sq. yard and ground rent at the rate of 2.5 per cent per annum or they might, instead of paying premium and ground rent as above, make an annual payment to be calculated @ 14.35 per cent of the total premium. According to the Audit Para, the Finance Wing of the Ministry had however, observed that the plot was situated in an extremely valuable area and should be put to public auction so as to obtain the highest price, and that if the decision of the Government was not to put the plot in public auction but to allot it to NDMC at pre-determined market rates, the Ministry might take note of the difference of Rs. 2,417 per sq. yard between the pre-determined rates and the highest rate received for 3 to 5 Star Hotel site at Vasant Vihar; on this reckoning, for a plot of 6.0485 acres, the difference in value on the basis of the two rates would come to Rs. 7.076 crores. However, with the approval of Ministry of Finance the plot was reallocated to NDMC by the then Ministry of Works, Housing and Supply in February 1981.

14. Justifying the out of Court settlement, the Secretary, Ministry of Urban Development stated during evidence that the decision to reallocate the plot was taken in pursuance of the recommendations of the Lt. Governor of Delhi and the Asian Games Steering Committee. The Committee enquired whether it was not a fact that the responsibility of the Ministry was to take an independent decision irrespective of the recommendation made by others in this regard, the witness replied in the affirmative. On being asked whether the Ministry was bound by the views of the Asian Games Steering Committee, the witness stated "That is a matter of judgement." In reply to another query as to whether it was necessary for the Ministry to be a party to this out of court settlement, particularly when they had got the legal opinion that there was no contract between the Government and the party, the Secretary stated that the Government did take the decision in the interest of the Asian Games and restored the allotment.

15. The plot was re-allotted on certain terms and conditions which, *inter-alia*, included that:

"the land was allotted for the purpose of construction of a Five Star Hotel for meeting the requirement of hotel accommodation for Asian Games 1982 and the hotel should be constructed and commissioned by the NDMC sufficiently in time before the commencement of Asian Games, 1982."

16. A similar letter of allotment was issued by the Ministry of Works and Housing to NDMC on 30 March, 1981 in respect of plot at Janpath measuring 4.5 acres of land. Similarly the allotment letters for the Hotel sites at Sardar Patel arg and at the crossing of PManchsheel and Kautilya Marg allotted to DDA and ITDC respectively, stipulated that the hotels should be constructed sufficiently in time before the commencement of the Asian Games in November, 1982.

17. The Committee find that the NDMC had invited restricted tenders for allotment of the land at Barakhamba Road for construction of a hotel in June 1976 even before the land was allotted to it by the Ministry for the purpose. As this fact cannot be outside the knowledge of the Ministry and NDMC could not have gone ahead with its advertisement without some sort of a commitment either in writing or during discussions with Government, the Committee consider it odd that the allotment of land was made in March 1977 for construction of a hotel without taking note of the factual position and making provision for the NDMC to lease the land to the party whose offer had been accepted. What is more surprising to the Committee is that the Ministry did not agree to the request even when the intention was made clear and cancelled the allotment in March 1978 without assigning any reason. The consequential delays in reallotment for over 2 years are entirely the creation of the Ministry for which they cannot escape responsibility. The Committee consider it imperative that all concerned wings be it the Ministry, the DDA or NDMC ought to function in coordination and unison and the collective responsibility as well as accountability for the consequences of failure to act in a coordinated way must be realised.

Time stipulated for completion of the hotels

18. On being asked during evidence as to how the time frame given to these parties was considered adequate for completing the construction of the hotels before Asiad, the Secretary, Ministry of Urban Development stated that it was mainly because at that time various construction works were taking place for Asiad and also preparations were being made for the games that within the same period they had also undertaken very large construction works and put up the same. He further explained that while they were responsible for making available the land the decision whether it was feasible at all for a hotel to be constructed within a particular time was taken by the Ministry of Urban Development on the basis of the understanding given by the proponents. The NDMC, who agreed to put up two of the hotels also thought that the hotels could be completed within the stipulated time. However, the Administrator, NDMC conceded during evidence that such big complexes are not completed within a period of two years.

19. Subsequently, in a note, the Ministry of Urban Development stated that it was learnt from the Ministry of Tourism that the subject four sites were part of the ten hotel projects which were approved by the Department of Tourism on the recommendations of the Asian Games Steering Committee. According to the Ministry, approvals to these projects were given keeping in view the requirement of hotel accommodation for Asiad 1982 and the growing needs for tourists and their suitability for the above purpose.

20. The completion schedules of the four hotels were as under:—

Bharat & Meridian Hotels

According to the hoteliers 100 rooms each were ready by Asiad out of the proposed 500 and 350 rooms for Bharat and Meridian Hotels respectively. But the Administrator, NDMC could not confirm whether anybody stayed in these hotels during Asiad.

21. As regards Bharat Hotels, NDMC granted the extensions sought by M/s. Bharat Hotels (P) Ltd. from time to time and the last extension was granted upto September 1988 for completion of the hotel.

22. In regard to present position of construction of Meridian Hotel, the Committee are informed that it is complete. After the Asiad, Mis. C. J. International Hotels (P) Ltd. is stated to have commissioned the hotel in a phased manner as under:—

(i) Coffee shop & Banquet Halls	September, 1985
(ii) Bar, Beauty parlour and roof top restaurant	December, 1986
(iii) 45 Guest Rooms	September, 1987
(iv) Balance rooms	In phases from October, 1987 to March, 1988.

Tej Palace Hotel

23. 100 out of the proposed 500 rooms are stated to have been commissioned in October, 1982; another 150 rooms in March 1983; and all the 504 rooms by October 1983. The Committee are informed that although buildings were completed, interiors took longer time than estimated. The company had also felt that since the response was not very good by way of advance booking, it was not necessary to rush up the opening.

Samrat Hotel

24. According to ITDC (India Tourism Development Corporation) 146 out of the proposed 300 rooms with coffee shop, lobby—Lounge.

reception, car parking and essential engineering services were commissioned in November 1982. Fifty additional guest rooms and two restaurants were commissioned in March 1983 and the hotel was fully commissioned by November, 1983.

25. The reasons for delay in full commissioning of the hotel by November 1982 are stated to be as under:—

- (a) Foundations work had to be done through rocky strata in a very tight plot;
- (b) removal, diversion and rehabilitation of a number of the existing over ground and underground services pertaining to the adjacent operating Ashok Hotel, New Delhi, without affecting the operating Ashok Hotel;

Rates of Allotment

26. The conditions of allotment of these 4 hotel sites stipulated premium rates as under:

Sl. No.	Location of the hotel site	Group to which the site belongs	Name of the local body/undertaking	Date of Allotment	Rate per sq.yd.	FAR (Floor Area ratio)
1	Barakhamba Road	II	NDMC	17-2-81	3000	250
2	Janpath	II	NDMC	30-3-81	2400	150
3	Sardar Patel Road	III	DDA	4-3-81	1800	150
4	Crossing of Kautilya Marg and Panchsheel Marg	III	ITDC	19-2-81	1200	150

27. According to the Secretary, Ministry of Urban Development the premium for each of the sites was determined on the basis of pre-determined rates which prevailed in that particular year. These rates, determined on the basis of locations, are same for local Authorities and Public Sector Undertaking which are allotted land for residential and commercial purposes. He added:

“If the lands were to be allotted to a private party then these rates obviously would not apply.”

28. As per the schedule of market rates of land in different areas of Delhi/New Delhi notified by the Ministry of Works and Housing vide their order No. J.—22011/1|75|L-II dated 21 June 1979 for the period

from 1-4-1979 to 31-3-1981, the commercial rates per sq. yard for groups I, II and III localities were Rs. 4000/-, Rs. 3000/- and Rs. 1800/- respectively. These market rates for commercial purposes for Groups I & II were stated to be based on an FAR of 250 and for Group III on an FAR of 150. In case of hotels and Cinema sites, each case was required to be specifically considered in consultation with Finance Ministry.

29. The Ministry of Urban Development are stated to have fixed the premiums of these hotels based on these pre-determined rates. However effective from 1-4-1981, a steep rise in the pre-determined rates became operative for the period from 1-4-1981 to 31-3-1983, orders for which were issued later on. The rate so determined was Rs. 10,500 per sq. meter from 1-4-1981 in case of plots in the area where Bharat and Meridian hotels are situated.

30. According to the guidelines of rates in NDMC area for valuation purpose, the commercial rate prevalent in 1981 was Rs. 14000 per sq. meter for the area in which the Barakhamba Road and Janpath plots of Bharat Hotel and Meridian Hotel respectively are situated.

31. The Committee pointed out during evidence that in 1981, the pre-determined rate (Rs. 3000/-) was applicable to a local Body or Public Sector Undertaking and when the land was allotted to NDMC, it was clear that a private party (at Barakhamba Road Site) was to be allowed to utilise the land and enquired as to how this schedule was allowed to be made applicable. The Secretary, Ministry of Urban Development deposed that the original allotment which had been made in 1977 was at the rate of Rs. 1000 per sq. Yard, that when the allotment was made in February 1981, a decision was taken to apply the prevailing rate of Rs. 3000 per Sq. Yard and that at that time it was not open to them to revise the basic premium itself as the revised letter of allotment was in some parts, a reiteration, and in some other parts, a modification. He added that there was a dispute and the government considered that it would be in the best interest that a settlement was reached and at the same time it was felt that the rate should not be the old rate but the prevailing rate and therefore the prevailing rate was applied. Further, according to him, the Ministry decided to raise the ground rent from 2½ to 5 per cent so that over a period of time it would be possible to collect higher ground rent on a continuing basis rather than to collect the increase in the premium in one shot.

32. The Committee note that the available time between allotment of the four plots in February/March 1981 and the commencement of the Asiad was too short a period for completion of the hotels unless certain specific extra ordinary and special measures were taken. The Committee also note that during the same period several new structures like the

Jawaharlal Nehru Stadium, Indira Gandhi Stadium, Talkatora Swimming Pool, Asiad Village with most modern facilities in a substantial number of quarters etc., were all constructed in record time as a result of special measures taken by the semi-Government organisations. Further the Public Sector undertaking, ITDC also achieved success in providing hotel facilities to a great extent. Taking these into consideration, the Committee are convinced that if the will for completion was there with the private parties and the monitoring of progress adequate, the hotel projects entrusted to the private parties could have been completed in time for Asiad.

33. In this context, the Committee note that the allotments were made in Feb-March 1981 whereas an upward revision of allotment rates took place from April 1981 as per orders subsequently issued. The Committee have also been informed that the rates at which they were allotted would not be admissible had direct allotment been made to them by Government. In the circumstances, the Committee desire to know why the feasibility of changing the higher rates that became due after 1-4-81 in the context of the revisions done as damages for failure to comply with objective of allotment at the old rates, was not examined. The Committee also recommend that the feasibility of claiming appropriate damages for their failures to put up the hotels in time may be examined and action taken reported to the Committee.

34. The Committee also recommend that a review of allotment, utilisation for Asiad etc. in respect of the remaining six hotel projects taken for Asiad may be conducted in regard to issues like, method of selection of party, area allotted, rates and terms of allotment, percentage completed by Asiad, follow up action taken etc. and a comprehensive report given to the Committee.

Post-Asiad Developments

35. In May 1983, the Ministry asked the NDMC to show cause as to why the allotment of land relating to Bharat Hotel should not be cancelled as it had committed the following breaches:—

- (a) NDMC had sub-leased the plot of land in contravention of the Clause of the letter of allotment.
- (b) NDMC had not completed the five star hotel before Asiad 1982 as required in the letter of allotment.
- (c) NDMC had not paid the outstanding instalments of premium and interest thereon, and
- (d) NDMC had not till then executed the Memorandum of agreement.

36. The reply furnished (May 1983) by the NDMC to the show cause notice was found by the Government to be unacceptable and unsatisfactory. It however, decided in July 1983 to grant fresh lease to the NDMC on the condition that the hotel should be completed and commissioned by 31st December, 1984. The annual ground rent was raised (February 1984) by the Government from 2.5 per cent to 5 per cent with effect from 15th July, 1983.

37. Only 20 per cent of the construction work in respect of Meridian hotel was completed by November 1982.

The NDMC informed the Ministry (1984) that in the absence of lease hold rights, the NDMC/firm were facing difficulties in providing legally enforceable securities and obtaining loans from public financial institutions. Government thereupon held that due to various breaches on the part of the NDMC, the licence already granted automatically stood revoked and decided to grant leasehold rights on the terms and conditions to be determined later which were communicated to the NDMC in July 1983/June 1984. These provided for the enhancement of ground rent from 2½ per cent to 5 per cent per annum, payment of outstanding dues on account of premium and ground rent and interest on belated payment, etc.

Taj Palace Hotel

38. As DDA had started construction of the hotel building without agreeing to the terms and conditions of the allotment and even without taking over formal possession of the land, a notice was issued (25-5-1983) to the DDA to show cause as to why the licence might not be revoked. The following additional breaches on the part of the DDA were also found out:

- Only 75 per cent of the hotel had been completed by November, 1982.
- DDA had not paid Rs. 2.13 crores on account of licence fee, interest on licence fee, premium amount and interest on first, second and third instalments of premium.
- DDA had not executed the Memorandum of Agreement sent to them on 10-5-1982.

39. Failing submission of satisfactory cause to the notice, the allotment was cancelled on 29-10-1983. A re-allotment was, however, offered later (10-4-1985) on fresh lease which provided, *inter alia*, enhancement of the ground rent from 2.5 per cent to 5 per cent and clearance of all dues before issue of new lease.

40. Justifying the re-allotment of hotels site to NDMC and DDA, the Secretary, Ministry of Urban Development stated that the letter of allotment permitted both the DDA and the NDMC to enter into a licensing arrangement if they considered that necessary.

41. On being pointed out that they did not enter into a licensing arrangement and on the contrary the arrangement could be said to amount to sub-lapse of the plots, the Secretary explained that the first information they received from the NDMC was that they had entered into certain licensing arrangements but the Ministry of Law advised that the licensing arrangement partook the nature of sub-lease. Therefore it was thought that the original allotment letter was unenforceable and the need for a fresh letter of allotment was felt. In that fresh letter of allotment, the Government of India reiterated the provision that they could enter into a licensing agreement but not sub-leasing.

42. Explaining further in this regard, he stated that the revised letter of allotment was considered necessary because after the first letter of allotment had been given, NDMC and the DDA had entered into licence and they had also granted a moratorium in regard to payment of dues. As the payments due from the NDMC and the DDA were not forthcoming the Ministry took a view that the fresh letter of allotment issue.

43. The Committee have been informed that in so far as Government are concerned, they have recognised only NDMC/DDA as lessees of the land and that both Government and DDA/NDMC had initially agreed not to sub-lease the land in favour of any other party. The Committee also note that based on this reported understanding, cancellations of allotments, issue of revised allotment, revision of terms of allotment, etc. have also taken place during the last few years. The Committee consider all these understandings, legal actions for cancellation, realloctment, revision in terms, etc. as exercises in futility and also consider it unfortunate that conceptually, the actions so far taken have failed to recognise the collective responsibility of Government and semi-government organisations in such matters. Viewed in this context, the Committee are of the view that the licensing arrangements between NDMC/DDA and the private parties are matters of mutual concern of both the Ministry and NDMC/DDA and responsibility of Government and DDA/NDMC. The Committee hence consider it imperative that all these organisations ought to function in unison and collective decisions be taken with no party disowning responsibility merely based on legal quibblings of their respective roles.

44. In regard to the leases of land in these cases, the Committee recommend that the legal validity of the leasing arrangement may be reviewed in consultation with the Ministry of Law and appropriate measures taken

to ensure that there exists no legal lacuna whereby it would be feasible for any one to take undue advantage to the detriment of Government's interests.

Building plans, completion, violations, compounding etc.

(a) *Bharat Hotel*

45. According to the NDMC, initially the plans for the hotel complex on plot measuring 6.0485 acres on Barakhamba Lane, were approved by the NDMC on 2 June, 1981. Subsequently, revised plans were approved on 25 October, 1982 and thereafter on 21 March, 1984.. These plans were revalidated from time to time. The Committee are informed that the licensee applied for "Temporary Occupation Certificate" after completion of 100 rooms which was granted by the NDMC *vide* Reso. No. 32 dated 25 October, 1982. On completion of the Commercial Block known as 'World Trade Centre', the licensee applied for Temporary Occupation Certificate of the same which was granted by the Committee on 11 June, 1985 after receipt of 'No objection certificate' from Chief Fire Officer. Simultaneously on completing another 8 storeyed separate commercial office block called 'World Trade Tower' the licensee requested for temporary occupation certificate and the same was issued by the NDMC on 8 December, 1987, after receipt of 'No objection certificate' from Chief Fire Officer. Certain deviations were stated to have been noticed with respect to the sanctioned plans at the time of grant of the Occupation Certificate and on account of the same, Rs. 5 lakhs adhoc compounding charges were imposed as the deviation departures were stated to be of compoundable nature.

46. On 27 July, 1988, the licensee submitted revised/completion plans in respect of the hotel building and requested for grant of completion certificate. Rejecting the application of the licensee dated 27-7-1988 for grant of completion/temporary occupation certificate in respect of the hotel block in Bharat Hotels, the following reasons were recorded in the resolution of the NDMC dated 4-8-1988.

1. Plans need corrections in terms of area and otherwise.
2. Clearance from Chief Engineer(E), NDMC, not submitted.
3. A separate three level (underground) parking block has not been constructed at site.
4. Plans need approval from Delhi Urban Art Commission.
5. There are deviations in terms of covered area and otherwise at site and in the plans with respect to the sanctioned plans

6. Temporary site offices are existing on Municipal land.
7. There are structures in set back like gas store/oil tanker and flower bed etc.
8. Party has not submitted NOC/Clearance from Chief Fire Officer.

47. Thereafter the Party again requested for grant of completion certificate/temporary occupancy certificate on 24-8-1988 which was followed up by another letter from the licensee dated 20-9-1988. By these two letters, the licensee contended that it had complied or substantially complied with all the terms of the plan and renewed its request for grant of certificate as mentioned above. In dealing with the application, the latest position of the case was recorded by the NDMC as follows:

1. Completion Plans stand rejected under Section 193(2) of Punjab Municipal Act and Completion Certificate also rejected, as approval from DUAC not received.
2. NOC for making application for various licences issued on 22-9-1988.
3. The work for demolition/removal of temporary offices at site is in progress as roof has already been removed.
4. Party has submitted certificate for fitness of lifts from Inspector of Lifts, Delhi Administration (Photostate copy of the Certificate received) for 6 No. of lifts.
5. NOC from Chief Fire Officer issued vide letter No. F. 6/MS/DFS/88-Hotel/1367 dated 16-9-1988 placed on the table.
6. Approval from Chief Engineer (Elect.) NDMC vide letter dated 16-8-1988 (placed on the table) has been received.
7. Boundary wall has been shifted by leaving 10' area for road widening on Babar Road side.
8. Most of the parking areas in the basement where a number of stores and workshops were in existence, as shown in the Completion Plans submitted by the party, have been cleared for parking and the remaining work is in progress.
9. Deviations with respect to the sanctioned plans have already been given in the preamble.
10. There are structures in the set backs like gas store, oil tanker, flower bed etc, which has been accepted as fate accomplie

even by the fire authorities while issuing their NOC dated 16-9-1988.

11. The construction work for three level underground parking block has been started at site.

48. Thereafter, the following decision of the Building Plan Committee Administrator was recorded:

"BPC resolved and Administrator decided that action taken in issuing NOC for making application for various licences connected with the hotel be approved.

Temporary Occupation Certificate for Block 'B' constituting of 245 guest rooms alongwith the common areas upto 16 metre level be granted subject to the following:

1. Party depositing ad-hoc composition fee of Rs. 5 lakhs for deviations carried out at site with respect to the sanctioned plans.
2. Party submitting an undertaking that they shall at all the times, comply with all the conditions contained in NOC issued by C.F.O. vide letter No. F. 6 MS DFS/88-Hotel/1367 dated 16-9-1988.
3. Basement areas to be cleared for parking."

(b) *Meridien Hotel*

49. Initially all the plans for the construction of a Five Star Hotel on a piece of land measuring 4.29 acres, were licensed by the NDMC to M/s. C. J. International Hotels Ltd. on 15-10-81 and the revised plans were approved vide Reso. No. 18 dated 11-6-1982, No. 28 dated 31-1-83 and No. 33 dated 31-3-84.

50. The licensee applied for the grant of temporary occupation certificate for a portion of the Hotel and the same was granted by the Committee vide Reso. No. 31 dated 25-10-82 upto 31-3-88. The Hotel management applied for occupancy certificate in February, 1985, which was not complete and the clearance from Chief Fire Officer regarding the fire protection measures had not been obtained by the licensee. The applicant again applied for the grant of completion certificate alongwith completion plans on 28-4-86. The NDMC vide Reso. No. 35 dated 1-5-86, however, rejected the request for grant of completion certificate and also rejected the completion plans under Section 193(2) of P.M Act. However, in view of the 'provisional' clearance/concurrence having

been granted by Chief Fire Officer on 9-4-86, the temporary occupation certificate was granted for the High rise tower block (guest room block) subject to various conditions. The decision regarding grant of temporary occupation certificate was conveyed to the licensee on 8-5-86, after obtaining the approval from Lt. Governor. Temporary occupation certificate was released on 7-8-86 after the licensee had complied with all the conditions of the resolution No. dated 1-5-1986 of the Committee.

51. According to NDMC, on receipt of the request from the licensee, the Committee vide Reso. No. 16 dated 7-8-86 granted temporary occupation certificate for low rise tower block, subject to the various conditions including payment of Rs. 25 lakhs as ad hoc compounding charges for the deviations carried out a site with respect of the sanctioned plans. The Licensee is reported to have complied with the conditions of the Committee's resolution and provisional occupation certificate was issued on 12 March, 1987.

52. According to the NDMC, the completion plan stands rejected under Section 192(2) of the P.M. Act, as the approval from DUAC has not been received so far and the case for the grant of completion certificate and approval of completion plans would be considered after receipt of approval from DUAC.

53. In regard to the powers vested in Delhi Urban Arts Commission for building plans, sections 11(1) and 12 of Delhi Urban Arts Commission Act provided as under:

Section 11(1) : It shall be the general duty of the Commission to advise the Central Government in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design within Delhi and to provide advice and guidance to any local body in respect of any project of building operations or engineering operations or any development proposal which affects or is likely to affect the skyline or the aesthetic quality of surroundings or any public amenity provided therein.

Section 12 : Notwithstanding anything contained in any other law for the time being in force, every local body shall, before according approval in respect of any building operations, engineering operations or development proposals referred to in sub-section (1) of Section 11 or intended to be undertaken in any area or locality

specified in sub-section (2) of that section, refer the same to the Commission for scrutiny and the decision of the Commission in respect thereof shall be binding on such local body.

54. The Committee note that though the clearance of the building plan by the Delhi Urban Arts Commission is a pre-requisite before approvals to construction plans of high rise buildings are granted, their approvals are yet to be granted by DUAC. The Committee recommend that the circumstances under which construction plans were cleared before approval by DUAC in the case of Bharat and Meridian Hotels, may be examined and appropriate action taken under intimation to the Committee.

55. The Committee have been informed that substantial deviations in building plans had taken place in both the cases. The Committee recommend that the circumstances under which these deviations were not taken note of in time by the concerned authorities for ensuring strict compliance with building plan may be examined and result intimated to the Committee. The Committee also recommend that the adequacy of the penalty levied may be reviewed by Government and results of their findings reported.

56. The Committee note that even though approvals for these hotel projects were given more than 8 years back, several formalities such as approval of Delhi Urban Arts Commission, leasing and licensing arrangements, completion certificates etc. were not completed. The Committee recommended that all related legal issues should be settled by a time bound programme and compliance reported to the Committee within a period of 6 months.

Financial dues of Government vis-avis NDMC and DDA vis-a-vis Hoteliers

(a) From NDMC

57. The Ministry of Urban Development have informed that in respect of the Barakhamba Road plot (Bharat Hotel), the NDMC have paid the first two instalments of premium amounting to nearly Rs. 3.51 crores and two instalments of ground rent amounting to Rs. 43.91 lakhs. The dues outstanding against the NDMC by way of premium, ground rent and interest, was reported to be nearly Rs. 14.09 crores.

58. In the case of the Janpath Plot (Meridian Hotel), the NDMC have stated to have paid the first two instalments of premium amounting to about Rs. 1.99 crores and two instalments of ground rent amounting to Rs. 24.91 lakhs. The present dues outstanding against the NDMC by way of premium, ground rent and interest amount to nearly Rs. 8.00 crores.

59. The Ministry of Urban Development have further stated that the NDMC have been pleading its inability to pay dues to the Government as it had granted moratorium on payment of licence fee due to the NDMC by both the hoteliers after reviewing the problem of resources with them and examining details of their construction activities. According to NDMC, the moratorium granted initially for two years only was extended from time to time considering the financial difficulties faced by the licensees. The extended moratorium in case of Meridian Hotel and Bharat Hotel expired in September, 1988 and November, 1988 respectively.

60. As regards the delay in receipt of dues from the hoteliers to NDMC and in turn from NDMC to the Government, the Ministry of Urban Development have explained that the matter was reviewed in the Ministry in December 1987 in consultation with the Department of Tourism and Department of Banking, and that in June, 1988, the views of the financial institutions and the Department of Banking have been received stating that the All India Financial Institutions have assessed and satisfied themselves about the viability of these hotel projects. It was also stated by the Department of Banking that the detrement of the NDMC licence fee dues has been recokned, by them, as the source for financing the cost of the project. They have expressed their opinion that if the moratorium had not been granted, it would have amounted to shortfall in the resources putting the project in jeopardy.

61. The Committee are informed that the accumulated licence fees of Rs. 16.08 crores (Meridian Hotel) and Rs. 7.25 crores (Bharat Hotel) for the preiod of moratorium granted to them is payable in 30 half yearly instalments. In all, the Hoteliers owe to NDMC Rs. 18.76 crores (in case of Meridian Hotel) and Rs. 8.70 crores (in case of Bharat Hotel) as on September 1988 including advance licence fees due on 28-9-88 and 16-11-88 respectively, which have not yet been paid, for which notices are stated to have been served to them. However, M/s. Bharat Hotel (P) Ltd. have applied for grant of further moratorium for one more year on the ground that the project is still incomplete and their request, according to NDMC, is under examination. On being asked during evidence as to what action the NDMC contemplate to take against the hoteliers as mere issuance of notices are not going to help, the Administrator, NDMC stated:

“We have given the notice that the money be given immediately; otherwise we will take necessary action as per the law.”

62. When asked about the specific action that could be taken in case of default of payment, the witness replied:

“The last resort is that we can revoke their licence and then we refer the matter to the court.”

63. In reply to a query whether they can enter the premises and take over, he stated:

"Unless there is an order from the court, we cannot enter."

64. The Ministry of Urban Development subsequently (15-89) informed the Committee that an amount of Rs. 24 lakhs has been deposited by the Bharat Hotels to the NDMC towards their dues and this amount has been credited by NDMC to L&DO on 9th March, 1989. The NDMC has also reported that an amount of Rs. 50 lakhs has been received by them from the Meridian Hotel towards their dues and this amount is being forwarded by the NDMC to L&DO.

(B) From DDA

65. The Committee have been informed by the Ministry that under the terms and conditions of allotment offered to DDA on 4-3-1981, the DDA was required to pay the premium in 5 instalments. DDA paid only two instalments. Since the DDA had not made the payment of remaining three instalments and Ground Rent from very beginning, a show cause notice dated 25-5-1983 was served. On DDA's representation against this notice, the Govt. granted fresh terms of lease on 10-4-1985.

66. According to the revised terms for the period of their occupation of the plot from 4 March, 1981 the date of earlier licence to 29-10-1983, when the allotment was cancelled, the DDA shall pay damages to the extent of Rs. 3.09 crores and Ground Rent shall be @ 5 per cent of the total premium instead of 24 per cent. The DDA has paid full amount of premium but has been representing for withdrawal of the demand for damages for the period from 4 March 1981, the date of original allotment to 9 April, 1985, the date on which the fresh terms were issued. According to the Ministry the DDA's representation in this regard have been accepted "on account". The damage charges and the ground rent alongwith the interest works out to about Rs. 6.46 crores. A final decision regarding payment of damages by DDA is stated to have been taken by the Ministry and DDA is being called upon by L&DO to pay these damages.

(C) From ITDC

67. The ITDC are stated to have paid the premium due except a balance amount of Rs. 4.65 lakhs for a small portion of 0.08 acres which is under unauthorised occupation by a private individual. The DDA have been asked to take action to evict the unauthorised occupant. The ITDC have requested that the request for belated payment of instalment of premium and ground rent should not be charged from them and their request

is under examination. The total dues from the ITDC upto 31-3-1989 works out to about Rs. 25.69 lakhs.

68. From the information furnished to the Committee by the Ministry on the outstanding dues, it appears that in the case of Meridian Hotel, the interest on the outstanding premium for the period from 23-4-81 to 26-3-82 and on the outstanding ground rent for the period from 18-12-81 to 8-9-82 had not been taken into account. Further in the case of Bharat Hotel, the interest on outstanding premium for the period from 10-4-81 to 26-3-82 does not seem to have been provided for. The Committee recommend that the outstanding dues in these cases and other hotel projects may be fully rechecked, subjected to audit scrutiny and final figures as assessed intimated.

69. The Committee are perturbed to note that the outstanding recoveries of licence fees as on September 1988 amounted to Rs. 18.76 crores in the case of Meridian Hotel and Rs. 8.70 crores in the case of Bharat Hotel and that consequent on non-realisation of these dues by the NDMC, Government dues have not also been recovered. The Committee also note that the moratorium for recovery has been given by NDMC with full knowledge and concurrence of Government, though Government have not recognised the private parties from the point of the lease arrangement. In any case, as the substantial period of a moratorium has already been given, the Committee strongly feel that there exists no justification for grant of further moratorium. The Committee urge the Ministry to take steps to realise the dues by a time bound programme and apprise of the arrangements made for recovery of dues.

70. The Committee note that the Ministry have not so far been able to recover the damage charges and ground rent alongwith interest amounting to Rs. 6.46 crores from DDA, an organisation which is directly under their control. The Committee desire that suitable early action should be taken by the Ministry to recover the dues from the DDA and they may be apprised of precise action taken by them in this regard within 3 months of the presentation of the Report

Area for Commercial purposes

71. According to the licence deeds entered into by NDMC with M/s. Bharat Hotel Ltd. and M/s. C. J. International Hotels (P) Ltd., there are no provision for sub-licensing of the offices other than bank offices in these hotels, and that too within the shopping arcades. However,

according to press reports* both M/s. Bharat Hotels Ltd. and M/s. C. J. International Hotels (P) Ltd. are reported to have sub-leased substantial portions of the constructed area for commercial purposes.

72. When asked to confirm during evidence whether a large portion of the hotels (Bharat and Meridian) had been sold for offices, the Administrator, NDMC stated:

"There is no sale, there is a sub-licence which we have permitted."

73. Clarifying the point, the Committee were informed by the Ministry that according to NDMC, M/s. Bharat Hotel Ltd. were required to construct building for housing 500 guest rooms and other facilities and were further allowed to use the balance area for commercial purposes like shopping arcade etc. Initially plans for the hotel complex were approved on 2 June, 1981. Subsequently, revised plans were approved on 25 October, 1982 and thereafter on 21 March, 1984. These plans were stated to have been revalidated from time to time. Ultimately, the hotel complex comprises of the following:

(1) *Hotel*

Hotel Block (2 Basement + Ground Floor + 21 Upper Floors
Tower 'A', 18 Upper Floors Tower 'B', 14 Upper Floors
Tower 'C').

(2) *World Trade Centre*

Shopping-cum-Office Block (2 Basements + Ground Floor +
6 Upper Floors).

(3) *World Trade Tower*

A separate 8 storeyed office block (2 basements + Ground Floor
+ 7 Upper Floors).

(4) *Parking Block*

Besides parking in the basements, there is a separate underground parking block (Electric Sub-station on ground floor + 3 basements for parking).

Meridian Hotel

74. Regarding this hotel, the NDMC have stated that as per the provisions of the licence agreement, M/s. C. J. International Hotels Ltd.

*Sunday weekly, 12—18 March, 1989.

were required to construct building for housing first class hotel of 5 star category of the current highest international standards, equipped with all modern amenities for 350 guest rooms and other allied facilities and were further allowed to use the balance area for commercial purposes like shopping arcade etc. Licensee, accordingly submitted the plans which were approved in 1984 for shops|commercial offices besides 5 star hotel complex constituting 351 guest rooms.

75. Regarding Taj Palace Hotel as per information available with ICICI (Industrial Credit and Investment Corporation of India Ltd.), the total built area in the hotel complex is 52,405 sq. mt. of which about 500 sq. mt. (about 9 per cent of total covered area) have been allocated for shops and balance is entirely used for hotel purpose.

76. During evidence (23 January 1989) the attention of representatives of the Ministry of Urban Development was drawn to the press reports that the conditions of the sub-lease prescribed for the hotels were violated to the effect that more area was left for the commercial purposes than for the hotel. Reacting to this, the representative of the Ministry stated that this was something which was ordinarily left to the hotelier, that it was the internal economics of the entrepreneur and it was for him to decide as to what portion of the total area he wanted to leave for shopping etc. and how much to be left for the hotel proper. Further, according to him, the regulations particularly pertaining to the construction of hotel complex in Delhi and the relevant provisions of the Master Plan for Delhi do not prescribe any ceiling on a part of the hotel which could be used for non-hotel purposes.

77. In this connection, the NDMC have clarified that there are no norms either in the building by-laws or in the Master/Zonal plan regulations, as to how much percentage of the commercial area, like shops, offices etc. can be permitted in a hotel complex.

78. On being pointed out during evidence that the NDMC should direct the extent of commercial and hotel purposes in a hotel complex, the Administrator, NDMC stated:

“NDMC has not framed any regulation to this effect.”

79. On being pointed out that in case the sanctioning authority of building plan is the lessee itself and if that commits a breach, how that is going to be checked, the witness replied (23-1-1989):—

“The reported irregularities by the Bharat Hotel came up in Parliament and Press last month. We immediately asked for a report and the NDMC has already sent this report a few days

ago. We are going into it. And, as rightly observed by the Hon. Chairman, the lessee and the building permission authority happen to be the same and we are taking more than extra care in examining that report....we are still examining the report and we have asked for some further comments from the NDMC on some points on which we were not clear..... In another two or three weeks, we would be able to be get a considered view on the report."

80. During the further evidence on the subject on 8 March 1989, the Committee desired to know whether the Ministry have completed the study of the Report from NDMC in respect of the use of more commercial area by Bharat Hotel and whether the Government have worked out the ratio that should be between area for commercial purpose and that for hotel proper, the representative of the Ministry stated as under:—

"The only important aspect that is emerging from the report of NDMC about Bharat Hotel is whether there should be cut-off point in the use of a hotel complex for non-hotel purpose and if so, what should be the cut-off point. Since the issue is very basic and has very wide implications on the commercial interests of land owning authorities as well as on the bearing of the future development of their National capital, therefore it has not been possible for the Government to take a final view on this subject during this time."

81. The Committee requested the Ministry to furnish them the minutes of the discussions held by them so far in the matter and the report submitted by NDMC but the Ministry has not made the relevant papers available to the Committee so far.

82. The Committee note with concern that the two hoteliers are reported to have utilised substantial areas for commercial purposes, as opposed to hotel purposes for which the prime lands were leased to them. The Committee have been informed in this regard that report received from NDMC is under examination. The Committee recommend that the matter may be fully investigated, conclusive action taken without delay and a report furnished to the Committee within a period of 3 months.

NEW DELHI:

P. KOLANDAIVELU,

1 September, 1989

Chairman,

10 Bhadra, 1911(S)

Public Accounts Committee.

APPENDIX I

AUDIT PARAGRAPH

43. Working of Land and Development Office

43.1 Introduction

The Land and Development Office (L & DO), under the Ministry of Urban Development, is responsible for the administration and management of Nazul* and Rehabilitation **leases of lands in Delhi/New Delhi granted by him or by the Settlement Commissioner. The main functions of the L & DO include allotment and auction of land and maintenance of records relating thereto.

An Audit review of the L&DO was included in the Report of the Comptroller and Auditor General of India for the year 1973-74, Union Government (Civil). The present review generally covers the working of the office during 1981—86.

43.2 Highlights

—One of the main functions of the L&DO is the maintenance of records of lands comprising both Nazul as well as rehabilitation colonies. A number of important registers had neither been maintained, or where maintained these were not in the prescribed form or were not up-to-date. Lease deeds had not been executed in 3072 cases (September 1987). The exact period of pendency was not made available to Audit.

—Ground Rent registers had not been maintained in the prescribed proforma to watch recovery of ground rent, initiate action against defaulters and take up revision of ground rent by due date with the result that;

(i) demands for ground rent were not raised when due and

(ii) action was not taken against defaulters for 2 to 7 years.

—Arrears of ground rent had increased year after year from Rs. 184.80 lakhs in the beginning of 1981 to Rs. 887.52 lakhs at the end of 1986.

*Nazul land means Government land acquired under the Land Acquisition Act by the Government for the formation of capital at Delhi/New Delhi under the notifications from 1911 onwards.

**Rehabilitation land means land acquired by the Government for the speedy rehabilitation of displaced person from Pakistan.

In the absence of a consolidated record of demands made and due, it could not be said whether these arrears gave a correct picture.

—Revised ground rent rates were not notified in terms of lease resulting in deferment of the effective date of revision with consequential loss of revenue (loss in 90 cases test checked amounted to Rs. 13.11 lakhs upto July 1987). In four colonies alone, ground rent revision had fallen due in 7576 properties as against the L & DO's statement that it had fallen due only in 1883 rehabilitation properties.

—Periodicity for revision of rates was not fixed. The revised rates were on the lower side as compared to those of the Delhi Development Authority (DDA) and the Delhi Administration resulting in short assessment of unearned increase in the cases of transfers/sales of land and such other cases. In a single case of sale of land test checked, the loss was estimated to be Rs. 2.02 lakhs. In the case of sale/transfer of land with structures the value of land was not arrived at to the advantage of Government. In four instances, the short realisation was estimated to be Rs. 4.59 lakhs.

—A consolidated record showing the total number of inspections of land/properties held breaches detected, amount assessed for recovery and outstanding was not kept with the result that realisations due from the lessees were held up. The L & DO was not able to furnish details of inspections of land and properties conducted during the last five years and their follow up action. In four cases, recoveries ranging between Rs. 0.81 lakh and Rs. 8.23 crores were delayed for 2 to 8 years.

—The quick survey of vacant Government lands was not conducted as contemplated in the Manual with the result that cases of squatting remained undetected for years together. Follow-up action in such cases of squatting was delayed. Cases were filed with the Estate Officer as late as 6 to 60 months of expiry of notice period. Even where the Estate Officer had ordered recovery, realisation of dues was delayed and consequently some cases had to be closed without realisation. As per the records of the L&DO there were 21897 cases of squatters as in May 1973.

—As in March 1987, 231 cases were pending in various Law Courts ranging from one to 25 years of which 67 cases were pending for over ten years where the lessees had obtained stay orders against eviction/levy of damages charged by the L&DO etc. Most of the cases pending in the Supreme Court and High Court pertained to multi-storied buildings where stay orders had been obtained by the lessees. An estimated amount of Rs. 42 crores stood recoverable in these cases.

—As in September 1987, 242 cases of eviction were pending with the Estate Officer. Action taken, where eviction orders had been passed up to March 1986, was not known.

—In three cases where plots of land were allotted to the DDA|New Delhi Municipal Committee (NDMC)|India Tourism Development Corporation (ITDC) at concessional rates with specific stipulation that hotels were to be completed before the Asian Games, 1982, the hotels were not completed before the Asian Games. Terms of allotment regarding payment of ground rent, premium and interest were violated and un-authorised encroachments were made. Over Rs. 9 crores were due from three organisations from May 1983 to September 1986.

—76 shops|stalls constructed at a cost of over Rs. 11.69 lakhs (cost of 12 units was not known) between May 1981 and November 1983 had not been auctioned till September 1987 resulting in blocking of investment for periods ranging from 50 to 70 months. In 6 cases, stalls were allotted to individuals on licence fee basis against the Government policy of auction.

—No guidelines had been laid down for the allotment of land to Social, Cultural, Charitable and Religious Institutions and the manner to deal with the breaches committed by them after allotment. A test-check of a few cases revealed that violation of conditions of allotment had been regularised at varied terms, including nominal penalty of Rs. 100 only.

There was absence of coordination amongst the L&DO, DDA and NDMC as mentioned below:—

- (i) in the case of land transferred to the DDA for development and maintenance as green, squatting was not checked both by the L&DO and DDA. Joint Inspections wherever suggested were not arranged to identify the extent of encroachment|squatting for long periods, with the result that such cases remained unnoticed for years together resulting in loss of revenue.
- (ii) DDA had sub-leased Lands to private parties and realised revenue without the knowledge of the L&DO and the amount realised by it was also not remitted to the L & DO.
- (iii) site plans were approved by the DDA/NDMC although cases for breaches were under process by the L&DO in the respective cases.

43.3 Land and Lease records

The number of Nazul and rehabilitation leases and properties administered by the L&DO as at the end of 1986 was as under:—

	No. of leases	No. of properties
Nazul	3103	3212
Rehabilitation	48712	56266

The number of cases where lease deeds had not been executed upto July 1987 was 3072; out of which, 2099 were stated to have been transferred by the Department of Rehabilitation in January 1987. The reasons for non-execution of leases in the remaining 973 cases and their break up into 'Nazul' and 'Rehabilitation' properties, although called for by Audit, had not been furnished (September 1987). The L & DO stated that it was not possible to indicate the exact period since when the execution of these deeds had been pending.

43.4 Collection of revenue

From the records maintained in the Accounts section, it was seen that the collection of revenue during the six years ending 1986-87 was as under:—

Items of Revenue	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
(Rupees in lakhs)						
<i>Realisations</i>						
Premium (including additional premium)	909.06	338.77	2049.46	164.05	287.83	1735.88
Ground rent (including additional ground rent)	60.34	143.07	167.31	74.32	85.96	299.80
Unauthorised construction and misuse .	17.45	13.24	2.43	14.10	4.73	12.12
Damages	34.27	10.15	7.88	15.22	10.16	18.25
Unearned increase on sale/transfer of property	28.78	50.55	12.23	33.36	53.02	129.01
Penalty	1.28	8.09	1.05	0.64	02.96	1.54
Interest	152.15	21.00	168.11	3.81	39.06	52.10
Miscellaneous	292.60	275.40	156.21	105.79	635.67	872.52
Total Realisation	1495.93	860.27	2564.68	411.29	1117.39	3121.22

In the absence of any reconciliation between the records in the Accounts section and those in the Lease and Property section, it could not be said whether the arrears represented the correct picture.

The L&DO was asked to elucidate the variations in realisations under the sub-heads premium, ground rent (including additional premium and ground rent), interest and miscellaneous during 1983-84 and 1986-87 but the same was not received (September 1987). On analysing the receipts of the relevant years, it was seen that there had been heavy deposits under these sub-heads due to regularisation of breaches as indicated below:—

	1983-84		1986-87	
	No. of cases	Realisation (Rupees in lakhs)	No. of cases	Realisation (Rupees in lakhs)
Ground rent and additional ground rent	60	153.78	43	271.93
Premium and additional Premium	18	2033.99	57	1614.17
Interest	8	167.05	7	48.77
Miscellaneous.	25	129.70	48	459.85

*All on account payments were initially classified under the sub head 'Miscellaneous' to be eventually transferred to final sub-heads of revenue after verification. It was, however, observed that no efforts were made to clear these items.

43.5 Ground rent

Ground rent is recoverable in the case of Nazul lands at the rate of 2 1/2 per cent of the premium. In the case of rehabilitation properties (a) for 99 years lease cases where the full cost of land and building stood recovered a ground rent is payable as Re. 1 per 100 sq. yds. per annum and (b) in cases where half the cost of land stood recovered, the ground rent is payable at a rate equal to the amount of interest on the cost of land.

It was observed that Ground Rent Registers had not been maintained in the proforma prescribed in the Manual. Review of a Register produced to Audit, stated to be in lieu of Ground Rent Register, revealed that in 43 out of 95 properties there were breaches and ground rent had not been accepted. In the remaining 52 cases, where ground rent had not been recovered for the last 2 to 7 years, there was no indication whether action was taken against the defaulters for non-payment.

A test-check of 50 files revealed that demands for payment of ground rent had not been issued in any of the cases.

The arrears of ground rent had increased year after year as shown below:—

Particulars	Arrears (In lakhs of rupees)	
	At the commencement of 1981	At the close of 1986
(i) Nazul properties	128.06	792.32
(ii) Rehabilitation properties	56.74	105.20

43.6 Revision of ground rent

Since revision of ground rent is applicable from the date of demand instead of from the due date of revision, delay in issue of notice for revision of ground rent results in deferring the effective date of revision and consequential loss to Government. In reply to an Audit query, the department replied (July 1987) that the revision of ground rent in respect of 1983 rehabilitation properties had fallen due, but orders for revision had been issued only in 520 properties. In the absence of the Ground Rent Registers, in proper form which contemplate not of date of revision of ground rent in red ink, the total number of cases where revision was due but had not been done could not be verified. A test-check of records, however, revealed that the number of such properties in four colonies alone was 7576 (East Patel Nagar—1185, West Patel Nagar—4493, Nizamuddin West—252 and New Rajender Nagar—1646).

A further check of 90 properties in East Patel Nagar leased out during 1949, revealed that ground rent had not been revised in 69 cases (due 5 to 6 year ago) and in 21 cases where it was revised, no payment had been received (September 1987). The non revision/belated revision of ground rent in the 90 cases had resulted in a loss of Rs. 13.11 lakhs up to July 1987.

43.7 *Fixation of market rates of land.*—The prevailing prices of land in different localities are criteria which directly or indirectly determine the several elements of revenue namely premium for leases. Government's share of unearned increase, revised ground rent, additional premium for permanent change of land use, charges for additional construction, etc. Land prices in different localities are assessed and fixed by Government from time to time to serve as norm for calculating the

amounts due. The prices were revised in April 1979, April 1981, April 1985 and April 1987, an analysis of which revealed the following:—

- (a) No periodicity had been fixed for revising the land rates. The prices were being revised after two years except in 1985/1987 when these were fixed after four/six years in case of residential/commercial lands.
- (b) While the increase in the rate of residential land in April 1981 over the April 1979 rates ranged between 200 and 300 *per cent*, the increase was only 10 *per cent* in April 1985, over the rates of April 1981.
- (c) The rates were not revised in the context of the ever increasing trend of market prices of land for 4 years and 6 years in the case of residential and commercial plots respectively and when revised these were fixed generally on the lower side as compared to the rates fixed by the DDA and the Delhi Administration in corresponding periods as indicated below:—

Colony	Contiguous colony	Date of revision of rate	Rate per sq. m. fixed by (In rupees)		
			L&DO	Delhi Adminis- tration	DDA
Vasant Vihar		1-4-1987	4000	—	5750
Masjid Moth/CRP colony	Kalkaji	1-4-1981	1200	—	940
	Chitranjan Park	1-11-1981	1200	—	1600
		1-4-1985	1320	2420	2420
		1-4-1986	1320	4000	4000
		1-4-1987	4000	—	4600
Malviya Nagar	Malviya Nagar (Old)	1-4-1981	1200	—	825
		1-11-1981	1200	—	1500
		1-4-1982	1200	—	2100
		1-4-1985	1320	—	2310
		1-4-1986	1320	—	3600
		1-4-1987	3600	—	4150
Jhilmil	Jhil Kurnja	1-4-1981	800	—	320
		1-11-1981	800	—	400
		1-4-1986	880	—	1155
		1-4-1987	1200	—	1330

(d) The fixation of land value on the lower side and their revision after long intervals had resulted in short assessment of unearned increase in cases of transfer/sale of the land. To illustrate, in the case of plot No. 1976 in Chitranjan Park, the sale was permitted by the L&DO in April 1986 Rs. 1320 per sq. m. as against the rate of Rs. 4000 per sq. m. approved by the Delhi Administration and DDA, resulting in less recovery of unearned increase by Rs. 2.02 lakhs.

(e) In the case of sale/transfer of lands with structure, the unearned increase was worked out on the basis of notified rates of land approved by Government from time to time and not the actual market rate prevailing on the date of sale/transfer. In the view of Audit, the higher of the alternative given below should have been taken into account for determining the price of land:—

(i) The cost of land arrived at by deducting the evaluated cost of structure from the sale consideration or

(ii) The cost of land as approved by Government. It was noticed that in respect of sale of 4 plots in the Chitranjan Park Colony (Kalkaji), the cost of land, if worked out on the basis of the rates fixed by the Delhi Administration/DDA during 1984-85, would have provided more revenue to Government on account of its share of unearned increase to the extent of Rs. 4.59 lakhs.

(f) Normally, transfer of unbuilt plot should not be permitted to avoid profiteering, particularly in cases where allotments were made on special considerations, in line with Government's policy. The Register of Transfers was not made available to Audit. During test-check, it was noticed that sale of vacant plots (Plot Nos. 642, 1768, 1716 and 1976), allotted to displaced persons from East Pakistan, was permitted.

43.8 Recoveries in case of breaches.—Departmental instructions contemplate annual inspection of all lands/properties to identify breaches of lease conditions, if any. No consolidated record showing the total number of inspections held, breaches detected, cases in which notices were issued, amount assessed for recovery and outstanding, etc. was kept. The L&DO was requested (April 1987) to make available the details of inspections of lands/properties conducted by the staff during the last five years but were not supplied.

If the lease terms are violated, the lessor (i.e. L&DO) could re-enter the premises. Acceptance of ground rent, after a breach of the lease condition occurs, implies a waiver of forfeiture. The L&DO does not, therefore accept any payment of ground rent for periods after the breaches come to notice till the breaches are either removed by the lessees or regularised after recovery of penalty. It was noticed in Audit that during 1984, 1985 and 1986 out of 4688, 5046 and 5109 cheques received, 1011, 1014 and 893 cheques respectively (17 to 21 per cent) were returned, which is indicative of the large number of breaches that are occurring. The value of cheques returned in 1986 amounted to Rs. 228.89 lakhs. In the absence of a consolidated record Audit could not verify, even by test-check, whether there were wrongful acceptances of ground rent in cases where breaches had occurred.

43.9 *Squatting on vacant Government lands.*—Surveys contemplated to find out cases of squatting as per provisions of the Departmental Manual were not carried out and the Squatters Registers had not been maintained. In reply to an Audit query, the department stated (July 1987) that almost all the vacant lands were transferred to the DDA in 1974 and 1975 for care and maintenance and hence no survey was conducted. It was, however, seen that a number of plots continued to remain under the control of the L&DO. 100 such plots were tentatively listed in the L&DO's order dated 29-11-1979 wherein instructions were issued for conducting periodical inspection and watch and ward of such plots. Out of these 100 cases, squatting/encroachments existed in 23 cases (fully) and in 28 cases (partially).

It was seen from the L&DO's files that in May 1973, there were 21897 cases of squatters (19404 residential and 2493 commercial). During January 1975, it was decided to carry out a physical survey of the lands, to be completed within six months. From an office order issued on 13-9-1984 it was seen that 18000 old files which remained unattended to were traced out for review and action. The L&DO was asked (August 1987) to intimate the progress in the matter but reply was awaited (September 1987).

The following cases are illustrative of not taking effective follow up action.

(a) *I point at Panchkuin Road*

(i) In a plot of 1.80 acres re-entered on 9-9-1970, there existed 45 squatters. Action for eviction or recovery of damages was initiated only during April/May 1980. In four cases, action was taken much later; November 1985 (1 case), December 1985 (1 case) and March 1986 (2 cases).

(ii) Six cases were closed (December 1986) with the approval of the Ministry on the suggestion of the L&DO as the squatters had vacated the plots and were not traceable. Delay in action by the L&DO had resulted in damages for which loss was recoverable from the squatters.

(iii) The demand notices issued to the squatters contemplate payment of damages within 30 days of their receipt failing which cases were to be filed in the court of the Estate Officer for eviction and realisation of damages. It was observed that in 15 cases (involving Rs. 6.16 lakhs), plaints were filed after a lapse of 6 to 69 months of the expiry of notice. In 3 cases (involving Rs. 1.66 lakhs), the plaints prepared after 7 to 12 months of the expiry of notice period could not be filed as the post of Estate Officer was lying vacant. In other 3 cases (involving Rs. 19.42 lakhs), plaints were yet to be prepared and filed though a period of over a year had expired beyond the notice period.

(iv) Out of 35 cases pertaining to 23 squatters involving a demand of Rs. 60.66 lakhs, the Estate Officer had decided 14 cases (involving a demand of Rs. 2.99 lakhs) and ordered recovery of Rs. 1.36 lakhs against which an amount of Rs. 0.40 lakh only had been recovered.

(v) Out of 23 existing squatters, eviction orders were passed by the Estate Officer in 7 cases—during 1964 (one case), and 1985 (3 cases) but the department has not yet secured actual eviction in any case so far. Twenty cases (1975—1, 1985—4 and 1986—15) were pending disposal with the Estate Officer. In one case, no action had been taken by the L&DO so far. In other 5 cases, the plaints could not be filed as the post of Estate Officer was vacant.

(b) The field staff during site inspection conducted in 1981 noticed encroachments on Government land near the NDMC Staff Quarters on Panchkuin Road by four firms 'A', 'B', 'C' and 'D'. Review of the concerned files revealed the following:—

— The squatting was noticed in 1981 by the Inspection staff while the unauthorised occupation existed from May 1977.

— Notices were issued to two squatters in 1978 on the basis of survey then conducted, but the squatting continued to exist as noticed during the survey conducted in 1981. Notices were issued to other squatters after five to six years after receipt of survey report from the field staff.

- Damages had been demanded from the NDMC for temporary stalls constructed by it from 8-10-1982 while from other squatters, the damages had been demanded from 1-5-1977.
- Over Rs. 4 lakhs remained unrecovered from the squatters (30-4-1986|31st January 1987) due to delay in taking action.

(c) On the basis of the inspection report of the overseer dated 13-1-1986, the L&DO issued notices on 18-9-1986 to five State/Central Government enterprises 'E', 'F', 'G', 'H', and 'I' which had held exhibitions without the permission of the L&DO, to pay damages ranging from Rs. 13558 to Rs. 55642 from 1-11-1985 to 15-2-1986. In response, enterprise 'H' and 'I' intimated (September 1986 and March 1987) that they had occupied the land under proper permission from the NDMC and had paid the rent to it. Enterprise 'E' denied to have held any exhibition on these dates and on the site. No response had been received from firms 'F' and 'G'.

From a review of files, it was seen that issue of notices in these cases involving a recovery of Rs. 1.40 lakhs was delayed by about 8 months after the receipt of Inspection Report. Further, the matter was taken up with the NDMC in August 1987 after about a year for payment of rent realised by it.

On receipt of a letter dated 11-6-1987 from firm 'J', was found that the site earlier occupied by firm 'I' was purchased by it alongwith the structures constructed thereon. But for the letter of party 'J' the unauthorised occupation by it (i.e. 'J') would have remained unnoticed.

43.10 *Delay in pursuance of cases by L&DO*

There was no mechanism to ensure regular pursuance of cases of breaches with the result that realisation due from the lessees were held up. The following cases are illustrative.

(a) 14, Barakhamba Road.

A lessee having constructed a multi-storeyed commercial building on the above leased land unauthorisedly and having failed to remedy the breach or get it regularised, despite issue of notice, the premises was re-entered by the L&DO on 13-12-1972. The lessee thereupon filed a writ petition in the High Court against the re-entry and obtained a stay order. The Land Acquisition Collector acquired a portion of this land for the construction of the School Lane fly-over and paid Rs. 3.27 lakhs to the Court of the Additional District Judge on 10-6-1982 as compensation. The L&DO requested the Land Acquisition Collector on 27-7-1982 amend the award to provide for the lessor's share to the extent of 25

per cent of the amount of compensation R. 0.82 lakh) and also not to make payment of compensation to the ex-lessee until clearance was obtained from his office as the premises having been re-entered stood vested with the President of India. As the Land Acquisition Collector had already deposited the award amount with the Additional District Judge, Delhi for adjudication, the L&DO referred the case on 8-10-1982 to the Ministry of Law to submit the claim to the Court. The full particulars called for by the Ministry of Law had not been furnished so far with the result that the receipt of Rs. 0.82 lakh from the Court was getting delayed since 1982. The files did not indicate the progress of the Court case

The comments of the L&DO, called for in July 1987, had not been received (December 1987).

(b) 9, *Aurangzeb Road*.

During the course of site inspection, breaches viz. unauthorised construction and misuse were noticed to have been committed by the lessee, a State Government. The damages chargeable for unauthorised construction were waived by the Government (1-8-1973). To regularise the misuse, the rates for misuse charges recoverable from 21-8-1978 were worked out by the department but the same had not been communicated to the lessee so far (September 1987).

(c) *Plots in Block B, Connaught Place*.

The lessee was asked on 12-4-1979 to remedy the breaches noticed during the course of inspection on 25-11-1978 and pay the charges (to be intimated) for past breaches within 30 days from the receipt of the letter. The lessee refuted on 29-11-1979 to have committed any breach and requested the L&DO to clarify how the alleged action violated the terms of the perpetual lease and constituted breaches. The L&DO in his letter dated 1-10-1982 reiterating the breaches contemplated action for re-entry and eviction from the premises. In reply, the lessee again refuted the alleged breaches and intimated (May 1984) that he was prepared to compromise if there was any breach for which an inspector might be deputed. For the last 8 years, the department had neither clarified the breaches and intimated the charges for the breaches nor had taken action for re-entry and eviction (September 1987).

(d) *Land opposite to Lady Harding Medical College*.

The NDMC had leased out some area of land transferred by the L&DO to it for a recreation park and to utilise portion of it for running a child welfare centre, (the ownership remaining with Government with

right to resume the land in case of misuse). The NDMC, however, leased out the land to a private company for construction of a Youth Hostel. The L&DO asked the NDMC on 22-4-1982 to stop the construction work failing which the premises could be re-entered. The NDMC in reply stated (29-4-1982) that the said plot of land formed a part of the lands and properties transferred by Government in a package deal of Rs. 60 lakhs and that this plot had been shown as belonging to the NDMC in the site plan prepared and signed by the L&DO. Since the NDMC did not provide requisite documentary proof to show their ownership of the land, the Ministry directed the L&DO (2-2-1985) to work out the conversion charges for change of use and communicate to the NDMC for payment. This had not been done so far (September 1987).

(e) *Plot Nos. 2/F to 4/F in Connaught Place.*

The terms and conditions for the permission for the additional construction on the above plots and for regularising the breaches, which, *inter alia*, contemplated payment of Rs. 19.95 lakhs as additional premium, and Rs. 8.32 lakhs as interest, were communicated to the lessee by the L&DO on 8-1-1981 and 16-2-1981. In response, the lessee made payment of Rs. 7.28 lakhs in January—March 1981 on account of the first instalment of additional premium, ground rent and damages for unauthorised constructions and interest. Further payments were not accepted by the L&DO pending revision of the amount of additional premium due to increase in the area of plots. During the course of subsequent inspections of the premises, further breaches were found and notices to remove or to get the breaches regularised within 30 days from the date of receipt of the notice were issued in May 1984, October 1985 and January 1987 failing which action for re-entry was contemplated.

Though payment of the second instalment of the additional premium and interest was refused in 1981 on the ground that revised rates of additional premium would be advised, the same had not been done so far (September 1987) resulting in non-receipt of over Rs. 21 lakhs. Action for breaches noticed subsequently, for which notice for re-entry was issued in May 1984, had also not been taken (September 1987).

(f) *Plot in neighbourhood of Sector IX in R.K. Puram.*

The above plot measuring 4001.33 square yards was sold in auction (24-10-1969) for construction of a cinema for Rs. 14 lakhs. The agreement for lease was signed on 13-5-1970 and the land was handed over to the firm on 29-5-1970. The building was to be completed within 30 months from 7-11-1969.

The lessee sought permission (1-12-1972) to rent a portion of the ground and first floor to a bank as it was necessary for raising finances and agreed to pay any reasonable additional lease money if required under the rules. The request was agreed to subject to such terms and conditions as might be prescribed after completion of the building. The lessee further intimated (18-2-1976) that four commercial flats had been let out to a Government organisation.

The L&DO declined (3-7-1976) to accept the ground rent due to existence of breaches regarding the letting out of the premises. The lessee replied (26-7-1976) that the premises were occupied by tenants with effect from (1-10-1974) and 22-11-1975 respectively and that he had no objection to pay the charges on this account.

The premises in question was inspected on 12-10-1977 and breaches were intimated (23-1-1978) to the lessee. The lessee clarified (24-2-1978) the position and requested for regularisation of breaches with no extra charge. The matter remained under correspondence between the L&DO and the lessee till April 1983. The premises was again inspected (30-4-1983) and a show cause notice was issued (11-7-1983), followed by a final notice (27-10-1983). In response to this, the lessee intimated (9-11-1983) that they had already expressed their willingness to pay the charges for the breaches which were in contravention of the lease deed and requested to intimate the charges after considering the clarification furnished by them. The L&DO after 2 years intimated (26-12-1985) that breaches could be regularised temporarily upto 14-1-1986 after payment of Rs. 120.88 lakhs as damages for unauthorised construction, additional charges for change of purpose and ground rent etc. excluding interest for outstanding dues and bealted payment of ground rent. Considering the representation of the lessee (10-3-1986) as unsatisfactory, the L&DO sought (17-6-1986) orders of the Ministry of Urban Development for re-entry. The case was received back on 21-11-1986 for further clarification and stands unreplyed to so far. The recovery of over Rs. 1.20 crores remained held up.

(g) 24, Barakhamba Road.

The above plot was leased out for construction of a residential building. The lessee, however, constructed a multi-storied commercial building on the plot after getting the plans sanctioned from the NDMC on 30-1-1970 without obtaining prior approval of the lessor. On issue of a show cause notice for the aforesaid breach, the lessee filed a writ petition in the High Court and obtained a stay order. On the directions of the High Court issued on 24-9-1982, the terms and conditions for the construction of multi-storeyed commercial building were conveyed to the lessee.

on 20-12-1982 which, inter alia, included damages from the date of sanction of plans by the NDMC to the date of communication of terms (termed as a crucial date) as per guidelines in force at that time for the re-entered property.

Though the lessee offered on 16-6-1986 to settle the issue out of the Court within the frame work of the revised guidelines issued by the Ministry on 4-1-1984, the matter remained undecided so far (September 1987) which involved recovery of Rs. 8.23 crores upto December 1982. The L&DO was requested to intimate the amount due but the same had not been furnished (September 1987).

43.11 Delay in settlement of Court and eviction cases resulting in loss of revenue.—A record indicating Court cases initiated, settled and pending with the latest position had not been maintained by the Office. As per a note submitted to the Ministry, 231 cases were pending, as on March 1987, in different Courts the agewise break up of which was:

Period	Supreme Court	High Court	Lower Court
For 20 to 25 years	—	1	1
For 15 to 19 years	—	6	6
For 10 to 14 years	—	42	11
For 5 to 9 years	4	15	24
For 1 to 4 years	8	46	61
Cases for which pendency was not available	1	4	1
	13	114	104

All these cases had been filed by the lessee and stay orders obtained against (a) notices of re-entry issued by the L&DO for breaches of lease conditions, (b) orders for the removal of encroachment/unauthorised occupation and (c) against the conversion charges for more intensive or lucrative use of the land decided by the L&DO. Most of the cases pending in the Supreme Court and High Court pertained to multi-storeyed buildings. An estimated amount of Rs. 42 crores stood recoverable in these cases.

The L&DO stated that the post of Junior Legal Officer-cum-Vigilance Officer was lying vacant for the last three years and that there should be more staff to deal with legal cases.

The question of delay in the settlement of Court cases and their regular pursuance was discussed in a meeting chaired by the Secretary, Urban

Development on 27-3-1987 wherein it was stressed that cases, where large amounts of revenue were involved, should be tackled on a priority basis and a list of such cases might be prepared with full details so that the appointment of a private counsel as a consultant as well as defence counsel to advise Government as to how to expedite these cases could be considered. No progress had been made so far.

(b) *Cases pending with Estate Officer*

As per information furnished by the Estate Office, out of 1265 cases for eviction filed by the L&DO during the period from 1969 to 1986, 242 cases were pending as on 30-9-1987, the yearwise break up being:

Year to which the cases pertain	No. of cases		Cases in which eviction orders were passed
	Filed	Settled	
1969—71	92	3	Nil
1972—74	539	184	50
1975—77	435	500	178
1978—80	22	194	15
1981—83	74	92	14
1984—86	103	50	22
	1265	1023	279

The L&DO was asked (August 1987) to intimate the number of cases where actual eviction had been effected against orders passed. The information was awaited (September 1987).

43.12 *Non-fulfilment of the terms and conditions of allotment of land for hotels to be completed and commissioned before Asiad.*

As case of non-fulfilment of the terms & conditions of allotment of land made to the NDMC for construction and completion of a hotel at Barakhamba Road before the commencement of the Asian Games, 1982 was commented upon in para 55 of Volume-I of the Report of the Comptroller & Auditor General of India for the year 1985-86—Union Government

(Civil). Three more cases of similar nature were noticed in Audit as under:—

(a) *Hotel at Janpath*

A plot of land measuring 4.5 acres for the construction of a five star hotel was allotted to the NDMC in March 1981. The conditions of allotment stipulated :

- Predetermined rate of Rs. 2,400 per square yard to be paid either in lump sum or in five equal instalments;
- licence fee at 2½ per cent of the premium per annum; and
- the hotel to be commissioned before the commencement of the Asian Games in November, 1982.

It was also provided that the NDMC should not sub-lease the land in favour of any other party though they could make such arrangements for construction and running the hotel as would not involve sub-lease of the plot. Grant of lease-hold right was contemplated after completion of the hotel building and payment of all instalments of the premium. The NDMC was allowed to enter upon 4.29 acres of land by 22nd September, 1981.

The NDMC sub-leased the land in favour of firm 'K' and the building plans were approved on a Floor Area Ratio (FAR) of 150 on the area of 4.5 acres (or FAR of 158.8 on the area of 4.29 acres against the prescribed FAR of 150). Only 20 per cent of the construction work was completed by November 1982. Due to non-payment of annual licence fee and premium, an amount of Rs. 1.51 crores had become due against the NDMC upto May 1983, besides the additional premium of Rs. 0.93 lakh for increased FAR.

The NDMC informed the Ministry (1984) that in the absence of lease hold rights, the NDMC/firm 'K' were facing difficulties in providing legally enforceable securities and obtaining loans from public financial institutions. Government thereupon held that due to various breaches on the part of the NDMC, the licence already granted automatically stood revoked and decided to grant lease-hold rights on the terms and conditions to be determined later which were communicated to the NDMC in July 1983/June 1984. These provided for the enhancement of ground rent from 2½ per cent to 5 per cent per annum payment of outstanding dues on account of premium and ground rent and interest on belated payment, etc.

The NDMC's representation (August 1984) against the revision of the ground rent and for a moratorium on payment of premium for 1982, 1983 and 1984 was rejected in November 1984 and final orders were passed on 6-3-1985 to the effect that all dues should be recovered without delay. The NDMC had not settled the outstanding amount which worked out to Rs. 6.77 crores as on 14-1-1987.

(b) Hotel at Sardar Patel Marg

A plot of land measuring about 6 acres was allotted to the DDA on 4-3-1981 for the construction of a five star hotel. The conditions of allotment stipulated :

- the hotel should be constructed sufficiently in time before the commencement of the Asian Games in November 1982,
- payment of security deposit/premium at Rs. 1,800 per square yard for an FAR of 150 to be paid either in lump sum or in five equal instalments with interest at the rate of 11.85 per cent on unpaid amount and licence fee/ground rent at the rate of 2½ per cent of the amount of security deposit/premium.

Necessary lease documents were sent to the DDA for execution on 10-5-1982. The DDA requested in July 1982 for the following modifications in the terms and conditions of allotment :

- reduction of rate of land from Rs. 1,800 per square yard to Rs. 1,200 per square yard and
- levy of ground rent at the rate of Rupee one only per annum at least during the period of construction till the hotel was commissioned.

The DDA further requested not to charge interest on account of belated payment of security deposit/premium as the fixation of the rate of cost of land was still under consideration. The then Ministry of Works and Housing rejected the request of the DDA (18-8-1982) and requested it to make payment of Government dues immediately. The DDA, however, started construction of the hotel building without agreeing to the terms and conditions of the allotment and even without taking over formal possession of the land. A notice was issued (25-5-1983) to the DDA to show cause as to why the licence might not be revoked. The following additional breaches on the part of the DDA were also found out :

- Only 75 per cent of the hotel had been completed by November 1982.
- DDA had not paid Rs. 2.13 crores on account of licence fee, interest on licence fee, premium amount and interest on first, second and third instalments of premium.
- DDA had not executed the Memorandum of Agreement sent to them on 10-5-1982.

Failing submission of satisfactory cause to the notice, the allotment was cancelled on 29-10-1983. A re-allotment was, however, offered later (10-4-1985) on fresh lease which provided, *inter alia*, enhancement of the ground rent from 2.5 per cent to 5 per cent and clearance of all dues before issue of new lease.

The terms and conditions offered for the new lease had not been accepted by the DDA so far (September 1987) and it had not signed the Memorandum of Agreement also.

Rs. 5.80 crores were due from the DDA on account of (i) ground rent up to 9-4-1986 (Rs. 0.78 crore), (ii) premium upto 10-4-1985 (Rs. 3.14 crores, and (iii) interest on belated payments (Rs. 1.88 crores).

(c) *Hotel at the crossing of Panchsheel and Kautilya Marg*

An area of 3.195 acres of land was allotted to the ITDC at the above site in February 1981 for the construction of a five star hotel with the stipulations that :

- the hotel should be constructed and commissioned sufficiently in time before the commencement of Asian Games;
- security/premium at Rs. 1200 per sq. yd. for an FAR of 150 in three equal half yearly instalments with interest at 14 per cent per annum on the outstanding amount and further interest at the rate of 2½ per cent per annum on defaulted instalments; and
- licence fee/ground rent at 2½ per cent of the amount of security/premium.

The physical possession of the land, except the area unauthorisedly occupied by a person, was taken over by the ITDC on 8-4-1982.

In the Memorandum of Agreement, the ITDC requested some modifications (November 1982) which were not accepted by the L&DO and the same still remained unexecuted.

The L&DO reported (July 1983) to the Ministry the following breaches committed by the ITDC:—

- The hotel had not been completed within the stipulated time only 70 per cent of the hotel building had been completed by 1982.
- The outstanding premium amounting to Rs. 4,64,640, licence fee amounting to Rs. 13,91,472 and interest amounting to Rs. 11,08,019 on balance premium and Rs. 1,97,149 on belated payment of licence fee.

- Government land reserved for the right of way of public roads had been encroached upon unauthorisedly.
- The building plans had been got sanctioned with FAR of 248.48 against the prescribed FAR of 150.
- The Memorandum of Agreement had not been executed.

The ITDC while making part payment of the third instalment of security deposit stated (November 1982) that one person and the NDMC were in unauthorised occupation of 0.60 acre of land and that they would pay the premium for this portion as soon as vacant possession of this site was given. In referring the matter to the Ministry (September 1986), about the interest chargeable for defaulted instalments of security deposit, the L&DO stated that the area occupied by the person was 0.073 acre only (for which action by the DDA was awaited) and no area was in occupation of the NDMC. The amount due from the ITDC was stated to be Rs. 90 lakhs (September 1986) against which the ITDC had sent (May-June 1986) two cheques for Rs. 18,59,998 which had been kept pending till the issue was decided by the Ministry.

The L&DO had not taken action for the breaches committed by the ITDC reported to Government in July 1983 so far. Decision on the question of interest to be charged for default, referred to the Ministry in September 1986 was awaited and over Rs. 90 lakhs were outstanding against the ITDC on account of ground rent, security deposit, etc.

43.13 Construction of shopping centres.

Shopping centres constructed in Government colonies by the CPWD are to be handed over to the L&DO for disposal in auction. Details of shopping centres constructed in four colonies are given below:—

Sl. No.	Location	No. of centres constructed	Type	Cost of construction (Rs. in lakhs)	Month of completion as per records	Month of intimation to the L&DO
1	Lodi Road Complex	31	Stalls 19 Shops 12	5.52	August 1983	June 1983
2	Mohamadpur		Shops 7	1.51	November 1981	September 1983
3	Baba Kharag Singh Marg	26	Shops 10 Stalls 9 Pl. tforms 7	4.66	January 1982	May 1983
4	Hanuman Road	12	Shops 3 Stalls 9	Awaited from CPWD	November 1983	May 1983

In this connection the following observations are made:—

- While the shops at Sl. Nos. 2 and 3 had been completed in November 1981 and January 1982, intimation of completion was sent by the CPWD to the L&DO in September 1983 and May 1983 respectively.
- Fixation of reserve price in respect of Sl. Nos. 1, 2 and 3 (fixed in July 1985) was delayed by 22 to 26 months. The Reserve price of Sl. No. 4 had not been fixed so far (September 1987).
- Auction of shops was arranged for Sl. No. 1 in March 1986 and August 1987 and for Sl. No. 2 in March 1986 but the same was cancelled as the bidders withdrew.
- In Sl. No. 3, six stalls had been allotted by Government on licence fee basis in August 1985 (5 stalls to persons belonging to members of weaker sections of society/community) and in April 1987 one stall to a person (who had gone to Court against the allotment of 5 stalls) contrary to the policy of auction.
- The reserve price had been revised for Sl. No. 1, in March 1987, reducing the element of land value to 50 per cent on the plea that FAR being 100 with permissible area coverage of 25 per cent, it was permissible under the Municipal bye laws to raise the shops to four storeys, but it was structurally not feasible at that stage (in the instant case because of provision of 9" wide partition wall and single common roof slab). The defective planning resulted in under-utilisation of land and thereby loss of revenue to Government.
- While determining the revised reserve price for Sl. No. 1 the element of interest till the date of revision was ignored.
- Delay in the auction of the shops/stalls against Sl. Nos. 1, 2 and 3 had resulted in blocking of Rs. 11.69 lakhs for period ranging from 50 to 70 months, the cost of construction of the fourth case being not available.

43.14 Allotment of land to Social, Cultural, Charitable and Religious Institutions

No guidelines had been laid down for the allotment of land to Social, Cultural, Charitable and Religious Institutions. These were allotted by the Ministry at rates decided by Government from time to time and ground

rent is recovered at 2½ per cent thereon (rate fixed in 1981 was Rs. 6 lakhs per acre i.e. Rs. 120 per sq. yr.), approximately against the normal rate of Rs. 4.00 to Rs. 2000/- per sq. yd. Thus, the cost of land and rate of ground rent (which was recovered at 2½ per cent thereof) were concessional. The register of allotment of land to such institutions made available to Audit had been maintained from 12-7-1985 and only 33 cases were entered therein. The L&DO was requested (3-4-1987) to furnish details of all cases of allotment of land to such institutions but the same were awaited (September 1987).

A random examination of ten cases revealed that the organisations to whom such allotments were made did not adhere to the terms and conditions of allotment as indicated below:—

- (a) A charitable society 'X', the lessee for plot No. 5 Block 'M', Connaught Place, New Delhi made un-authorised constructions and misuse of the premises in January 1979 which were temporarily regularised (22-12-1979) upto 14-1-1980 on payment of Rs. 49,237.65. On representation of the lessee it was decided (February 1984) to intimate revised terms for regularisation of breaches which has not been done so far (September 1987).
- (b) A plot of land measuring 1.628 acres was allotted to a cultural society 'Y' on 18-6-1962 at a concessional rate at Rs. 36,000 per acre as premium plus 5 per cent annual ground rent thereon.

Though the agreement of lease provided that no part of the building should at any time, without the previous consent in writing or the President, be used for any purpose whatsoever, other than as a memorial building, the lessee let out a portion of the building to a bank, (at Rs. 1,05,546 *per annum*) in August 1978 (enhanced to Rs. 3,01,720 *per annum*). Though 25 *per cent* of the gross rent or the misuse charges, whichever be higher, were payable by the society for the misuse, the Ministry approved (April 1984) the regularisation of the misuse by charging only a token penalty of Rs. 100 without prior concurrence of the Finance Division (Lands Unit). Since the society neither removed the misuse by 14-7-1985 nor furnished an undertaking that breach would be removed, the L&DO determined the lease (19-3-1986) and ordered re-entry upon the premises. The lessee furnished an undertaking (29-3-1986) to make the payment at the rate to be fixed by Government from time to time. The L&DO, with the approval of the Ministry decided not to take any action because the society had filed a suit for perpetual injunction against orders of re-entry.

(c) A plot of land numbering 719/3 of 117 sq. yds. in Dev Nagar was allotted to a religious institution in May 1963. Subsequently, the lessee occupied the adjacent plot No. 719/2 measuring about 111 sq. yds. unauthorisedly and also made unauthorised construction. For this, while damages amounting to Rs. 0.24 lakh and Rs. 0.38 lakh were demanded by the L&DO during June 1980 and July 1982 from 1-11-1975 to 21-6-1980 and 22-6-1980 to 14-7-1982 respectively, the Ministry decided (April 1986) to recover only a token penalty of Re. 1 *per annum* till such time the construction was regularised by the Municipal Corporation of Delhi. Office files leading to the decision of the Ministry were called (September 1987) but were not made available.

(d) Unauthorised occupation of Government land measuring 0.542 acre and 2.432 acres by two educational institutions was regularised by formal allotment in June 1986 and February 1986 on payment of damage charges amounting to Rs. 0.87 lakh and Rs. 100 for past utilisation respectively. The L&DO intimated that the decision to levy a token penalty of Rs. 100 in the latter case was taken by the Ministry. The file leading to the decision to levy a token penalty in the latter case was called for (June 1987) but had not been produced (September 1987).

43.15 *Overlapping control of L&DO and DDA.*—From the following cases, it appeared that both the L&DO and the DDA had been exercising authority on certain lands in the allotment of land/receipt of revenue.

(a) *Leasing out of land in the bed of the river Jamuna*

About 125.31 acres of land in Bela Bir Estate, in the Jamuna Bridge Area, and about 30 acres of land from the point of Crystal Ice Factory to Mahakali Bhawan on the bank of the Jamuna, were transferred to the DDA (May 1973) for extraction of sand and development of the Jamuna River Water Front respectively, *inter alia*, on the condition that all income from the sale of sand or by way of ground rent realised by the DDA from the existing lessees should be payable to the L&DO after deducting 12½ *per cent* thereof as departmental charges and the DDA should execute a licence deed at their own cost in the prescribed form. Though the DDA accepted the terms of transfer (28th September 1973), it had not executed the licence deed so far (September 1987). It was stated by the DDA (September 1979) that the land should be transferred to them by issuing a notification under Section 22(1) of the Delhi Development Act, 1957 instead of giving it on licence basis. The matter was referred to the Ministry (October 1979) for a decision, but the same was still awaited (September 1987).

In reply to an Audit query (June 1987) it was stated by the L&DO that he had no knowledge whether the land was being used by the DDA

for only the prescribed purpose and whether the DDA had realised any income from these lands. No amount had, however, been received from the DDA in this respect.

(b) *Land transferred to the DDA for development and maintenance*

192 pieces of Nazul lands were placed at the disposal of the DDA for the purpose of development and maintenance as green and taking such steps as might be required to serve the sale purposes vide gazette notifications issued in July 1974, August 1974, August 1975 and October 1978 subject to the terms and conditions which, *inter alia*, provided that (i) the DDA should not make or cause or permit to be made any construction in the said lands and should, when required by the Central Government, replace the said lands or any portion thereof and (ii) land should not be put to any use other than for maintenance.

The standard lease of licence further provided that (a) the DDA (licensee) should duly and regularly pay to Government (licensor) a licence fee at Re. 1 *per annum* per piece of land and (b) the licensee should not without the previous consent in writing of the licensor, sell or mortgage or create any charge upon or sublet or otherwise transfer all or any of its rights under this deed.

A test-check of the records revealed that the DDA had allotted pieces of land to various parties in the following cases for use as gas godowns in contravention of the terms and conditions referred to above, but neither the amount realised by the DDA from the lessees was remitted to the L&DO nor the allotments were cancelled (except in case at Sl. No. 5 below) as directed by the L&DO.

Sl. No	Location	Area of plot	Date of allotment
1	R.K. Puram, Sect. VII	498 Sq. m.	30-8-1976
2	Ganga Ram Marg	85'-11" x 66'	N.A.
3	Laxmi Bai Nagar Near hostel of Delhi College of Medical Sciences,	640 sq. yds.	23-9-1985
4	Andrews Ganj	524 sq. m.	16-9-1983
5	Ganga Ram Marg (Southern Ridge)	N.A.	1982

A review of files revealed that the DDA did not take steps to ensure that no encroachments were made on Government lands placed at its disposal for care and maintenance. In the following two cases, encroachments were reported to the DDA by the L&DO.

(a) Plots in Sector 7, 8, 9 and 12 in R. K. Puram

In reply to L&DO's letter (7-5-1980) that there were encroachments in the above plots, the DDA intimated (22-7-1980) that necessary action was being initiated.

(b) Consequent on transfer of R. K. Puram area to the CPWD for construction of general pool accommodation and replacement of the land at the disposal of the L&DO by the DDA (25-7-1985) it was found that many pockets of land were under the occupation of squatters (a site inspection by the DDA dated 12-12-1983 indicated encroachment comprising 114 shops, one dispensary, one gurdwara and one school/mandir).

The suggested joint inspection by the representatives of the L&DO and the DDA in the above two cases was yet to be conducted.

43.16 Encashment of cheques/drafts

A review of the Register of Valuables for the year 1986 revealed the following deficiencies:

- The register had not been closed every week and report of cheques/drafts pending was not submitted to the Administrative Officer.
- Out of 5109 cheques/drafts received from various lessees, final disposal against 240 cases amounting to Rs. 17.71 lakhs was not noted.
- 1142 cheques/draft amounting to Rs. 434.48 lakhs were sent to bank for realisation after a period of one to over six months.

There was no system of reconciling the amount remitted in the bank with the bank statement. A test-check of remittances made to the bank during January and July 1986 revealed that in eight cases involving Rs. 94,269.37, cheques had not been credited to the account of L&DO although declins had been receipted by the bank as per Register of Valuables.

APPENDIX—II

AUDIT PARAGRAPH

.55. Non-fulfilment of the terms and conditions of allotment of land and to New Delhi Municipal Committee.

On the request (August 1976) of New Delhi Municipal Committee (NDMC), the erstwhile Ministry of Works & Housing (now Ministry of Urban Development) sanctioned the allotment of a plot measuring about 6,0485 acres at Barakhamba Road in March 1977 for the construction of a hotel. The NDMC being a semi-government body, it was specified that the ground rent for the site would be on the basis of a national price of Rs. 1000 per square yard (sq. yd.) and the annual ground rent would be calculated at the rate of 6.5 *per cent* of the national price. The NDMC informed (October 1977) the Ministry that they did not intend to construct and run the hotel themselves and, therefore, requested for amendment of certain clauses of the licence deed. The Ministry did not accede to the NDMC's request and the allotment of site was cancelled in March 1978.

The NDMC had invited restricted tenders for allotment of 4.5 acres hotel site at Barakhamba Road on 30th June 1976 even before its formal allotment by the Government. The offer of firm 'A' to pay Rs. 28.11 lakhs by way of licence fee *per annum* was the highest. Upon allotment to the NDMC of 6.0485 acres of land as against 4.5 acres mentioned in the tender documents, the NDMC negotiated with firm 'A' which agreed to pay the proportionately increased tendered amount of Rs. 37.78 lakhs as licence fee *per annum*. It paid to the NDMC Rs. 20 lakhs as earnest money and sought permission to pay the balance (Rs. 17.78 lakhs) at the time of taking actual possession of the site.

Firm 'A' complained to Government in March 1978 that the NDMC had failed to honour its commitment to hand over the possession of the site to it with the result that it was unnecessarily being made to suffer huge financial loss. In August 1979, a notice under Section 80 of the Civil Procedure Code was received by Government through an advocate of firm 'A'. This was considered in consultation with the Ministry of Law which stated in October 1979 that there was no privity of contract between the Union of India and firm 'A', on whose behalf the notice had been served. It also opined that it was not necessary to send a reply

to the notice and, in case the Union of India was impleaded as a defendant to the pending suit, the same might be properly defended. Thereafter, firm 'A' filed a suit in the Delhi High Court against the NDMC and the Union of India claiming either specific performance by the defendants of their obligations particularly of handing over the immediate physical possession of the hotel site or payment of Rs. 64.40 lakhs, costs of the suit in favour of firm 'A' and any other relief to which it might be found entitled.

With a view to ending the stalemate and expedite the development of land for the hotel accommodation for Asian Games, 1982, Delhi Administration suggested to the Ministry in October 1980 that firm 'A' might be allowed to execute the licence deed with some modifications provided it withdrew the civil suit and under took the construction of the hotel and ensured its completion before the Asian Games, 1982. The case was examined by the Ministry of Law, Justice and Company Affairs, which, *inter alia*, observed (December 1980) that in so far as the Government was concerned it was possible to defend the suit successfully.

The Ministry of Works and Housing was, however, of the view (February 1981) that the plot of land might be allotted to NDMC at a premium of Rs. 3,000 per sq. yd. and ground rent at the rate of 2.5 per cent *per annum* or they might instead of paying premium and ground rent as above make an annual payment to be calculated at the rate of 14.35 *per cent* of the total premium. The Finance Wing of the Ministry observed that the plot was situated in an extremely valuable area and should be put to public auction so as to obtain the highest price, and that if the decision of the Government was not to put the plot in public auction but to allot it to NDMC at pre-determined market rates, the difference in the pre-determined rates and the highest rate received for 3 to 5 star hotel site at Vasant Vihar was Rs. 2.417 per sq. yd. and that on this reckoning, for a plot of 6.0485 acres, the difference between the two rates would come to Rs. 7.076 crores. With the approval of the Ministry of Finance, the plot was re-allotted to NDMC by the Ministry of Works, Housing and Supply in February 1981 at a premium of Rs. 3,000 per sq. yd. and annual ground rent at the rate of 2.5 *per cent* of the premium subject to the condition that the NDMC would give an undertaking in writing that they would complete the construction of the hotel and commission the same sufficiently in time before the commencement of the Asian Games in November 1982.

On taking over the possession of land, the NDMC sub-leased (March 1981) the plot to firm 'A' at an annual licence fee of Rs. 1.45 crores.

In May 1983, the Ministry asked the NDMC to show cause as to why the allotment of land should not be cancelled as it had committed the following breaches:—

- (a) NDMC had sub-leased the plot of land to firm 'A' in contravention of clause (v) of the letter of allotment,
- (b) NDMC had completed the five star hotel before Asiad 1982 as required under clause (i) and (vii) of the letter of allotment,
- (c) NDMC had not paid the outstanding instalments of premium and interest thereon, and
- (d) NDMC had not till then executed the Memorandum of agreement.

The reply furnished (May 1983) by the NDMC to the show cause notice was found by the Government to be unacceptable and unsatisfactory. It however, decided in July 1983 to grant fresh lease to the NDMC on the condition that the hotel should be completed and commissioned by 31st December 1984. The annual ground rent was raised (February 1984) by the Government from 2.5 per cent to 5 per cent with effect from 15th July 1983.

In spite of the grant of fresh lease, neither the hotel had so far (October 1986) been commissioned nor the NDMC had paid the instalments of premium and annual ground rent. The total amount recoverable from NDMC as on 16th October 1986 was Rs. 10.92 crores.

The case reveals that:—

- (i) The purpose of allotment of land to NDMC at concessional rates as recorded by the Ministry was to ensure completion and commissioning of the hotel before the commencement of the Asian Games, 1982. Since the hotel had not so far been commissioned, the very object of allotment of land to NDMC at concessional rate was defeated.
- (ii) The premium, ground rent and interest recoverable from the NDMC till October 1986 was Rs. 10.92 crores.

The Ministry stated (January 1987) that:—

- (i) since there was a breach of condition by the NDMC, the original licence was revoked and under the fresh lease terms the annual ground rent was increased from 2½ *per cent* to 5 *per cent*; and
- (ii) dues recoverable from NDMC had only been deferred since the NDMC had reported that they had granted moratorium for the payment of licence fee to the hotel for the years 1982 to 1986 in order to facilitate the construction of the hotel expeditiously as huge financial investment was involved.

APPENDIX III

Statement of Observations/Recommendations

Sl. No.	Para No.	Ministry/Deptt. concerned	Observations/Recommendations
1	2	3	4
1	3	Urban Development	<p>The Committee are concerned to note that standard of maintenance of land records, action for assessment and recovery of dues, inspection, revision etc. have left a lot to be desired and as a consequence, substantial loss of revenue to the exchequer remains unnoticed and recoveries also inordinately delayed. The Committee are of the view that unless a time bound programme is drawn to bring the basic records current and to initiate appropriate action in all cases, the situation will continue to be as grim as it has been so far. The Committee hence recommend that an appropriate scheme of action be drawn and steps taken for its implementation.</p>
2	4	—do—	<p>The Committee note that the Ministry has no information about the present position of squatters on lands transferred to DDA for care and maintenance and that large number of files relating to encroachment of land under the control of L&DO remains to be attended to. The Committee recommended that a time bound programme may be framed for identifying all cases of encroachment and completing follow up action.</p>

1	2	3	4
3	5	Urban Development	<p>In regard to cases pending in the various courts, the Ministry have stated that records pertaining to litigation cases had been computerised to expedite finalisation of the cases and that a legal cell has been created in L&DO for effective follow up. The Committee recommend that the position of pending court cases should be monitored on a regular basis by the Ministry for ensuring action for expediting finalisation of the same in view of the large financial implication.</p>
4	17	—do—	<p>The Committee find that the NDMC had invited restricted tenders for allotment of the land at Barakhamba Road for construction of a hotel in June 1976 even before the land was allotted to it by the Ministry for the purpose. As this fact cannot be outside the knowledge of the Ministry and NDMC could not have gone ahead with its advertisement without some sort of a commitment either in writing or during discussions with Government, the Committee consider it odd that the allotment of land was made in March 1977 for construction of a hotel without taking note of the factual position and making provision for the NDMC to lease the land to the party whose offer had been accepted. What is more surprising to the Committee is that the Ministry did not agree to the request even when the intention was made clear and cancelled the allotment in March 1978 without assigning any reason. The consequential delays in reallocation for over 2 years are entirely the creation of the Ministry for which they cannot escape responsibility. The Committee consider it imperative that all concerned wings be it the Ministry, the</p>

DDA or NDMC ought to function in coordination and unison and the collective responsibility as well as accountability for the consequences of failure to act in a coordinated way must be realised.

5 32 —do—

The Committee note that the available time between allotment of the four plots in February/March 1981 and the commencement of the Asiad was too short a period for completion of the hotels unless certain specific extraordinary and special measures were taken. The Committee also note that during the same period several new structures like the Jawaharlal Nehru Stadium, Indira Gandhi Stadium, Talkatora Swimming Pool, Asiad Village with most modern facilities in a substantial number of quarters etc., were all constructed in record time as a result of special measures taken by the semi-Government organisations. Further the Public Sector undertaking, ITDC also achieved success in providing hotel facilities to a great extent. Taking these into consideration, the Committee are convinced that if the will for completion was there with the private parties and the monitoring of progress adequate, the hotel projects entrusted to the private parties could have been complete in time for Asiad.

6 33 —do—

In this context, the Committee note that the allotments were made in Feb-March 1981 whereas an upward revision of allotment rates took place from April 1981 as per orders subsequently issued. The Committee have also been informed that the rates at which they were allotted would not be admissible had direct allotment been made to them by Government. In the circumstances, the Committee desire to know why the feasibility of changing the higher rates that became due after 1-4-81

in the context of the revisions done as damages for failure to comply with objective of allotment at the old rates, was not examined. The Committee also recommend that the feasibility of claiming appropriate damages for their failures to put up the hotels in time may be examined and action taken reported to the Committee.

7 34 Urban Development

The Committee also recommend that a review of allotment, utilisation for Asiad etc. in respect of the remaining six hotel projects taken for Asiad may be conducted in regard to issues like, method of selection of party, area allotted, rates and terms of allotment, percentage completed by Asiad, follow up action taken etc. and a comprehensive report given to the Committee.

8 43 —do—

The Committee have been informed that in so far as Government are concerned, they have recognised only NDMC/DDA as lessees of the land and that both Government and DDA/NDMC had initially agreed not to sub lease the land in favour of any other party. The Committee also note that based on this reported understanding, cancellations of allotments, issue of revised allotment, revision of terms of allotment, etc. have also taken place during the last few years. The Committee consider all these understandings, legal actions for cancellation, reallocation, revision in terms, etc. as exercises in futility and also consider it unfortunate that conceptually, the actions so far taken have failed to recognise the collective responsibility of Government and semi-government organisations in such matters. Viewed in this context, the

Committee are of the view that the licensing arrangements between NDMC/DDA and the private parties are matters of mutual concern of both the Ministry and NDMC/DDA and responsibility of Government and DDA/NDMC. The Committee hence consider it imperative that all these organisations ought to function in unison and collective decisions be taken with no party disowning responsibility merely based on legal quibblings of their respective roles.

9 44 —do—

In regard to the leases of land in these cases, the Committee recommend that the legal validity of the leasing arrangement may be reviewed in consultation with the Ministry of Law and appropriate measures taken to ensure that there exists no legal lacuna whereby it would be feasible for any one to take undue advantage to the detriment of Government's interests.

10 54 —do—

The Committee note that though the clearance of the building plan by the Delhi Urban Arts Commission is a pre-requisite before approvals to construction plans of high rise buildings are granted, their approvals are yet to be granted by DUAC. The Committee recommend that the circumstances under which construction plans were cleared before approval by DUAC in the case of Bharat and Meridian Hotels, may be examined and appropriate action taken under intimation to the Committee.

11 55 —do—

The Committee have been informed that substantial deviations in building plans had taken place in both the cases. The Committee recommend that the circumstances under which these deviations were not taken note of in time by the concerned authorities for ensuring strict compliance with building plan may be examined and result intimated to the

1	2	3	4
			Committee. The Committee also recommend that the adequacy of the penalty levied may be reviewed by Government and results of their findings reported.
12	56	Urban Development	The Committee note that even though approvals for these hotel projects were given more than 8 years back, several formalities such as approval of Delhi Urban Arts Commission, leasing and licensing arrangements, completion certificates etc. were not completed. The Committee recommend that all related legal issues should be settled by a time bound programme and compliance reported to the Committee within a period of 6 months.
13	68	—do—	From the information furnished to the Committee by the Ministry on the outstanding dues, it appears that in the case of Meridien Hotel, the interest on the outstanding premium for the period from 23-4-81 to 26-3-82 and on the outstanding ground rent for the period from 18-12-81 to 8-9-82 had not been taken into account. Further in the case of Bharat Hotel, the interest on outstanding premium for the period from 10-4-81 to 26-3-82 does not seem to have been provided for. The Committee recommend that the outstanding dues in these cases and other hotel projects may be fully rechecked, subjected to audit scrutiny and final figures as assessed intimated.
14	69	—do—	The Committee are perturbed to note that the outstanding recoveries of licence fees as on September 1988 amounted to Rs. 18.76 crores in the case of Meridian hotel and Rs. 8.70 crores in the case of Bharat

Hotel and that consequent on non-realisation of these dues by the NDMC, Government dues have not also been recovered. The Committee also note that the moratorium for recovery has been given by NDMC with full knowledge and concurrence of Government, though Government have not recognised the private parties from the point of the lease arrangement. In any case, as the substantial period of a moratorium has already been given, the Committee strongly feel that there exists no justification for grant of further moratorium. The Committee urge the Ministry to take steps to realise the dues by a time bound programme and to apprise of the arrangements made for recovery of the dues.

15 72 —do—

The Committee note that the Ministry have not so far been able to recover the damage charges and ground rent alongwith interest amounting to Rs. 6.46 crores from DDA, an organisation which is directly under their control. The Committee desire that suitable early action should be taken by the Ministry to recover the dues from the DDA and they may be apprised of precise action taken by them in this regard within 3 months of the presentation of the Report.

16 82 —do—

The Committee note with concern that the two hoteliers are reported to have utilised substantial areas for commercial purposes, as opposed to hotel purposes for which the prime lands were leased to them. The Committee have been informed that report received from NDMC under examination. The Committee recommend that the matter may be fully investigated, conclusive action taken without delay and a report furnished to the Committee within a period of 3 months.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar)	13.	M/s. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T.No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi (T.No. 351663 & 350806).
MADHYA PRADESH		15.	M/s. J.M. Jaina & Brothers, P.Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 352289)	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T.No. 3315308 & 45896).
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, near Princess Street, Bombay-400002.	18.	M/s. Rajendra Book Agency, IV-D/50, Lajpat Nagar, Old Double Storey, New Delhi-110024. (T. No. 6415362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents, Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110001. (T.No. 344448, 322705, 344478 & 344508).
9.	M&J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fule Road, Nalgaum-Dadar, Bombay-400014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400001.	23.	M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110052. (T.No. 269631 & 714465).
TAMIL NADU		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110002.
11.	M/s. M.M. Subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakam, Madras-600034. (T.No. 476558).		

