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DEFENCE ESTATES MANAGEMENT

MINISTRY OF DEFENCE

**PUBLIC ACCOUNTS COMMITTEE
2013-2014**

EIGHTY - NINTH REPORT

FIFTEENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

EIGHTY-NINTH REPORT

PUBLIC ACCOUNTS COMMITTEE (2013-14)

(FIFTEENTH LOK SABHA)

DEFENCE ESTATES MANAGEMENT

MINISTRY OF DEFENCE

Presented to Lok Sabha on 09 December, 2013

Laid in Rajya Sabha on 09 December, 2013



LOK SABHA SECRETARIAT
NEW DELHI

December, 2013 / Agrahayana, 1935 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2013-14)

Dr. Murli Manohar Joshi — *Chairman*

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4. Shri Ramen Deka
5. Shri Sandeep Dikshit
6. Dr. M. Thambidurai
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(iv)

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4. Shri Deepankar Kamble — *Committee Officer*

* Elected *w.e.f.* 14th August, 2013 *vice* Dr. Girija Vyas appointed as Minister of Housing, Urban Development & Poverty Alleviation *w.e.f.* 17th June, 2013.

† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. V. Maitreya ceased to be a Member upon his retirement as a Member of Rajya Sabha *w.e.f.* 24th July, 2013.

†† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. E.M. Sudarsana Natchiappan appointed as Minister of State for Commerce and Industry *w.e.f.* 17th June, 2013.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2012-13)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS
Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
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12. Shri Ashok Tanwar
- **13. Shri Takam Sanjoy
14. Dr. Girija Vyas
15. Shri Dharmendra Yadav

Rajya Sabha

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
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22. Prof. Saif-ud-Din Soz

* Elected *w.e.f.* 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

** Elected *w.e.f.* 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

INTRODUCTION

I, the Chairman, Public Accounts Committee, having been authorised by the Committee, do present this Eighty-ninth Report (Fifteenth Lok Sabha) on "Defence Estates Management" based on C&AG Report No. 35 of 2010-11 relating to Ministry of Defence.

2. The Report of Comptroller and Auditor General of India was laid on the Table of the House on 25th March, 2011.

3. The Public Accounts Committee (2012-13) took up the subject for detailed examination and report. The Committee took evidence of the representatives of Ministry of Defence and the Directorate General of Defence Estates on the subject at their sitting held on 11th June, 2012. The subject was subsequently carried forward by the successor Committee (2013-14) for examination. The Committee considered and adopted this Draft Report at their sitting held on 17th October, 2013. The Minutes of the Sittings form Appendices to the Report.

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

5. The Committee thank the predecessor Committee for taking oral evidence of Ministry of Defence and the Directorate General of Defence Estates and obtaining information on the subject.

6. The Committee would also like to express their thanks to the representatives of Ministry of Defence and the Directorate General of Defence Estates for tendering evidence before the Committee and furnishing the requisite information to the Committee in connection with the examination of the subject.

7. The Committee 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;
04 November, 2013

13 Kartika, 1935 (Saka)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

REPORT

PART I

I. INTRODUCTORY

The Ministry of Defence is the biggest landholder in the Government with a holding of 17.31 lakh acres of land across the country. The lands are of different need based classification and are occupied by the Army, Air Force, Navy, Central and State Government organizations, civilian population etc. Approximately two lakh acres are inside 62 Cantonments and the rest 15.3 lakh acres of land are occupied by Military Stations, Air Force Stations, etc. Among the three Services, Army occupies almost 80 per cent of the land.

2. At the time when most of these Cantonments and military stations were planned, these were normally at the outskirts of the town, sometimes far away from the city. With growing urbanization and consequent pressure on the land, in most of the cities with the passage of time, Cantonments and Station areas have become part of the city and are almost at the heart of the city now like Delhi, Mumbai, Pune, Kolkata and Ambala. Much of the Defence land outside the Cantonments is now prime real estate.

II. CLASSIFICATION OF DEFENCE LAND

3. Defence land inside a Cantonment is classified as under:—

Classification	Land description	Managed by
1	2	3
A1	In active occupation of the Forces and allied services.	Local Military Authorities of the Service concerned.
A2	Vacant land which must not be built upon due to specific military reasons.	Defence Estates Officer.
B1	Land owned by the Ministry but in occupation of any other Ministry of the Central Government.	The Ministry concerned in occupation of land.
B2	Land owned by the Ministry but under the control of the State Government.	State Government concerned in occupation of land.
B3	Land held by private persons under Old Grant terms, leases etc. under which the Central Government reserved or have reserved to themselves the proprietary rights in the land.	Defence Estates Officer.

1	2	3
B4	Land which does not fall under any other class mentioned above.	Defence Estates Officer.
C	Land vested in a Cantonment Board for Municipal or other public purposes.	Cantonment Board.

Defence land outside Cantonment areas does not bear any classification.

III. ORGANIZATIONAL STRUCTURE

4. The Ministry of Defence is the titular holder of all Defence lands. The responsibility for management of land and maintaining land records rests with Directorate General of Defence Estates (DGDE), which is an inter-service organization under the Ministry. The offices of DGDE are headed by six Principal Directors/Directors Defence Estates (PDDEs/DDEs) at six Army Commands. Under the PDDEs, 40 Defence Estates Officers (DEOs)/Assistant Defence Estates Officers (ADEOs) are responsible for maintaining the General Land Register (GLR) for lands inside the Cantonment and the Military Land Register (MLR) for lands outside the Cantonments.

5. The secondary functions of the Defence Estates Organizations include,
- Advising the Ministry of Defence regarding management of land, Cantonment administration, acquisition, hiring of lands and buildings and disposal of immovable properties;
 - Advising Commanders of the three Services regarding management of lands, Cantonment administration, acquisition, hiring of lands and buildings and disposal of immovable properties;
 - Payment of service charges to Cantonment Boards;
 - Eviction of encroachers from Defence land by invoking Public Premises (Eviction of Unauthorized Occupants) Act, 1971; and
 - Management of land used for commercial purposes and buildings including shopping complexes created on Defence land from non-public fund or by reappropriation of Government buildings.

IV. LAND NORMS, RECORDS AND OWNERSHIP

6. A Performance Audit was conducted of Defence Estates Management in the Ministry of Defence, covering a period of five years from 2004-05 to 2008-09 to examine whether:—

- Requirement of Defence land was accurate as per norms and was based on reliable data and utilization of land was prudent and effective;
- Constructive use of vacant land by leasing it;

- Management of hiring/acquisition/requisition of land was done within the ambit of extant provisions;
- Resources available with the DGDE to manage vast expanses of Defence land were adequate; and
- Adequate steps were taken to prevent encroachments and eviction of encroached land.

7. The Performance Audit was conducted in the Ministry of Defence, office of the DGDE, all six PDDEs / DDEs at Command level and selected DEOs at circle level covering a period of five years from 2004-05 to 2008-09. Some of the important findings of the Audit are:—

- By applying the Ministry's norms of 1991 to 39 existing stations, Audit found out excess land holding measuring 81,814.82 acres;
- Large scale errors in the land calculation sheets made available by the LMAs and in the land records of DEOs pertaining to A-1 lands;
- Computerization of Defence land records under the project 'Raksha Bhoomi' is far from satisfactory;
- Delay in timely mutation of lands in favour of the Ministry of Defence. The period of acquired land awaiting mutation ranges from 1 year to over 60 years;
- The land audit cell of the office of the DGDE submitted its first report in September 1995 reflecting misutilization and non-utilization of Defence and buildings. Army HQ, however, suggested to the Ministry to amend the land rules before continuation of land audit. While the Ministry did not formally discontinue land audit and asked DGDE in January 2002 to submit a report on the preliminary audit of Defence land holdings, DGDE allowed the mechanism of land audit to lapse;
- Exploiting Defence land commercially crediting the revenue to Regimental Fund;
- Increase in encroachment of land due to failure of DGDE, entrusted with its Management;
- Unauthorized use of Defence land for Golf Courses and revenue generated from them credited to Regimental fund and not to Government account; and
- Dismal state of management of leases as there is no monitoring mechanism for timely renewal of leases.

(a) Lacunae in Application of Land Norms

8. The requirement of land at a station is reflected in the Key Location Plan (KLP), which is a list of all formations/units/establishments on approved War Establishment, Peace Establishment or any other Government sanctioned establishment to be permanently located at that station.

9. The norms of requirement of land for different Defence establishments were laid down in Handbook of Cantonment Planning 1947. The Ministry of Defence in 1972 imposed a 33 per cent cut in these norms as an *ad hoc* and interim measure for all new stations. Subsequently in 1991 it laid down the new norms for KLPs which amounted to 41.8 per cent cut on the land requirement norms of 1947, prescribing uniform scale of 258.10 acres per 1000 population for each KLP unit, was *ad hoc* and not based on any scientific study of actual requirement. These calculations were however to exclude the land acquired and constructed upon prior to 1972. The Ministry's order of 1991 incorporating the reduction in the land requirement norms addressed only the new stations. It did not address the land requirements of the existing stations.

10. By applying the Ministry's norms for new stations to the 39 stations, Audit independently worked out excess land holding measuring 81,814.82 acres. The difference is the variation between the and requirement worked out by Local Military Authorities (LMAs) indicated in their Land Calculation Sheet and the figures of land requirement as worked out by Audit as per the table below:—

Sl. No.	Station	Total land requirement of the Station as per 1991 norms (in acres)	Total holding of land at the station as per DEOs record (in acres)	Excess with reference to the 1991 norms	Command
1	2	3	4	5	6
1.	Ambala	5788.80	7864.90	2076.10	Western Command
2.	New Amritsar Military Station (NAMS)	2693.51	4533.39	1839.88	
3.	Kasauli	194.90	559.56	364.66	
4.	Dagshai	539.87	783.39	243.52	
5.	Subathu	605.50	720.90	115.40	
6.	Tibri (Gurdaspur)	2655.74	2812.46	156.72	
7.	Bhadraya	469.51	931.04	461.53	
8.	Pathankot	1265.83	2028.29	762.46	
9.	Sujanpur	1362.88	1762.73	399.85	
10.	Dalhousie	777.73	948.50	170.77	
11.	Bukloh	307.19	539.41	232.22	
12.	Alwar	2814.50	2833.72	19.22	South Western Command
13.	Bhatinda	9676.76	13603.13	3926.37	
14.	Bikaner	4424.97	5213.07	788.10	
15.	Hissar	5217.41	7641.80	2424.39	
16.	Kota	2367.12	4988.41	2621.29	
17.	Suratgarh	3266.64	8397.74	5131.10	Southern Command
18.	Chennai	1606.15	1830.92	224.77	
19.	Avadi	537.50	715.92	178.42	
20.	Trichy	581.54	657.71	76.17	
21.	Bangalore	4060.07	5332.53	1272.46	

1	2	3	4	5	6
22.	Belgaum	1781.32	3180.52	1399.20	} Southern Command
23.	Kirkee	5955.32	10512.66	4557.34	
24.	Pune	2923.23	3446.96	523.73	
25.	Aurangabad	1291.01	2271.69	980.68	
26.	Ahmednagar	4422.75	36607.08	32184.33	
27.	Dehu Road	1696.24	6353.63	4657.39	
28.	Allahabad	3210.51	4227.40	1016.89	} Central Command
29.	Bareilly	3346.19	3928.22	582.03	
30.	Faizabad	1852.11	4624.72	2772.61	
31.	Kanpur	2545.74	3495.73	949'099	
32.	Lansdown/Kotdwar	1049.73	1320.47	270.74	
33.	Lucknow	4843.32	5886.68	1043.36	
34.	Mhow	2327.92	3701.63	1373.71	
35.	Nainital/Kailakhan	57.81	595.15	537.34	
36.	Chambetia/Panchmarhi	495.32	2085.83	1590.51	
37.	Girgarikhal	1045.21	3995.17	2949.96	
38.	Shahjahanpur	1455.74	2211.49	755.75	
39.	Varanasi	695.14	879.00	183.86	
Total		92208.73	174023.55	81814.82	

11. Replying to the contention of the Audit, the Ministry in their advance information to the Committee stated that if the Ministry's norms of 1991 were to be applied, significant amount of land would be rendered surplus. The figure of surplus land of 81814 acres for 39 Military Stations reflected in table is based on the norms of 1991, whereas all these stations were in existence prior to 1972. The Ministry in this regard further stated that the contention of the Audit that the cutoff of 41.8% should have been applicable to all Stations retrospectively and not to the Stations where the land is being acquired after 1972, is devoid of reasons. If applied, then it may entail, destruction of old buildings, roads and other assets so as to create new accommodation as per new scales, further involving massive financial resources, apart from damaging the historical and archeological treasures.

12. Audit observed that the and calculation sheets made available by LMAs/DEOs based on which calculations were made, contained errors and depicted higher requirement of land and thus would release more land. In five stations (Alwar, Bhatinda, Bharatpur, Bikaner and Hissar), the and calculation sheets of the concerned LMAs/DEOs included civilians, despite clear instructions of the Ministry that military population alone was to be taken into account for working out land requirements.

13. Also, there was no provision of norms for assessing land requirement for certain types of units/formations (training establishments, etc.).

14. When the Committee enquired about the correctness of the land records and whether it was being done under the established policy purview, the representative of the Ministry stated that the policy was framed recently.

15. When the Committee enquired about the land norms and holding of land in excess of requirement, the representatives of the Ministry during evidence deposed as under:—

"The C&AG report pertains to 29 Cantonments which have been in existence for many years, from British times. Buildings constructed on these areas (Cantonment areas prior to 1991 norms) have been demarcated. Now, within these Cantonments, which were made as per the norms that existed prior to 1991 norms, it is practically not feasible to remove and demolish buildings and reconstruct everything in that particular place, many of these are heritage buildings. These Cantonments are functioning based on the way they were functioning at an earlier date. Given 50 years down the line may be a lot of buildings might go away. Whatever will come up in a new cantonment as per the Ministry of Defence policy will be based on the new norms."

16. When enquired about the absence of provisions in the norms for assessing land requirement for certain types of units (training establishments, etc.), the representative of the Ministry during oral evidence deposed as under:—

"We talked about Cantonment Land norms, which was revised in 1991, which you mentioned. It comprised two components—one was the land which was meant for special needs, which means for your rangers, weapons training and other activities, and the second portion was where you physically construct where you build on. In the portion which was meant for training and other activities, there was little scope for reduction from the point of view of lethality of weapon is increasing and such like things. It is also an interesting fact that out of 17.5 lakh acres of land which we have today, nine lakh acres is only for big ranges. Within Cantonments, we actually have only 1.5 lakh acres of land which is where the problem actually rises."

(b) Variations in Records of Actual Land Holdings

17. Land records maintained by the DEOs are the basic documents for land management. Audit scrutiny indicated large scale discrepancies in the figures of A-1 lands as mentioned in land calculation sheets prepared by LMAs for the purpose of local management of land and that in the records of the DEOs who are responsible for keeping land records of A-1 land in General Land Register and Military Land Register.

18. In 25 Stations in four Army Commands, information collected directly by Audit or from the correspondence between the LMAs and DEOs indicated that the land area in the records of LMAs in respect of nine stations was higher by

12,769.86 acres compared to DEO's records and in the remaining stations less by 9,427.77 acres, as shown in the Table below:—

Sl. No.	Station	Holding of all types land (in acres)		Excess	Less
		As per LMA	As per DEO		
Western Command					
1.	Jalandhar	7066.65	5992.07	1074.58	
2.	Ferozepur	8108.35	6513.92	1594.43	
3.	Amritsar	1205.74	1606.77		401.03
4.	NAMS	4487.87	4533.39		45.52
5.	Gurdaspur	2870.22	2812.49	57.73	
6.	Beas	1009.19	1037.04		27.85
7.	Ludhiana	1180.57	1388.76		208.19
8.	Kapurthala	974.86	745.93	228.93	
9.	Faridkot	2686.04	2695.11		9.07
South-Western Command					
10.	Sri Ganganagar	1845.44	1910.72		65.28
11.	Suratgarh	7216.96	8397.74		1180.78
Northern Command					
12.	Jammu	5481.59	3409.78	2071.81	
13.	Rajouri	4933.96	2472.85	2461.11	
14.	Poonch	1516.42	4027.70		2511.28
15.	Udhampur	2817.33	4802.86		1985.53
16.	Pathankot	1415.87	2028.29		612.42
17.	Sujanpur	649.03	1762.73		1113.70
18.	Dalhousie	176.47	948.50		772.03
19.	Bakloh	249.35	539.41		290.06
Central Command					
20.	Bareilly	3257.74	3261.04		3.30
21.	Bhopal	3832.79	3867.22		34.43
22.	Jabalpur	6679.16	3333.10	3346.06	
23.	Mathura	2962.72	1335.34	1627.38	
24.	Meerut	6811.14	6978.44		167.30
25.	Ranikhet	911.68	603.85	307.83	
Total		80347.14	77002.05	12769.86	9427.77

Further, the Audit has found that in three Naval Areas (Mumbai, Goa and Kochi) land was greater by 311.58 acres in the records of Mumbai (35.64 acres) and Kochi (275.94 acres) and less by 160.11 acres at Goa in comparison to DEO's records. Also total land holding of 3 DEO's (Bikaner, Udhampur and Ahmedabad) was 3.95 lakh acres out of which 3.55 lakh acres had not been found entered in their records, to which the Ministry replied that it was due to non availability of connected papers since 1984. Thus, the accuracy of land in possession of the Services could not be vouchsafed in Audit.

19. When the Committee enquired as to how accurate and up to date these records were, the representative of the Ministry *inter alia* explained during oral evidence that the concerned authorities knew of it and it was in their revenue records. However, they did not have any other records with them. Now they have entered it in the MLRs. Large chunks of land by and large have been entered because they were easily identifiable. The Ministry also replied that small pieces of land may have been left out. The Ministry have statedly issued instructions regarding such discrepancies. The Ministry also stated that these were also known historically as they were in the revenue records. The Ministry also accepted that if information regarding such tracts of land were missing from revenue records and MLRs, then the Ministry would find it difficult for reconciling facts and figures.

20. Asked to explain the reasons for discrepancies in the records of AI Defence land maintained by DEO and land calculation sheets maintained by LMAs, the Ministry stated that the variations could be there as occupying units move-out and new units move-in, without the knowledge of the DEOs and possibly without proper handing / taking over of land records between themselves. However, DEOs have to maintain Defence land records as per Government instructions and records maintained by them need to be referred to whenever any instance of discrepancy arises.

21. When the Committee enquired whether the Ministry had conducted physical survey of Defence lands for updation and authenticity of land records, the Ministry submitted that recently computerized land data CD pertaining to the lands outside the Cantonments was released by the Hon'ble Raksha Mantri and copies were given to the Services. Land held by the LMAs can be reconciled from this too. A comprehensive survey of all Defence lands had been sanctioned recently & work on survey had already been started. The survey will bring out the field situation of Defence lands and ensure authenticity.

(c) Computerization of Defence Land Records

22. For computerization of Defence land records, the project '*Raksha Bhoomi*' for computerization of Defence land records was sanctioned in February 2007 at a total cost of ₹ 2.52 crore, to be completed within a period of 15 months by May 2008. As of August 2010, the computerization was still in various stages of implementation. As per the records, out of 33 DEOs, data entry pertaining to the land records was incomplete in 13 DEOs. Though data entry had been completed in 20 DEOs, data validation work had been completed in nine DEOs only. The very purpose of computerization through "*Raksha Bhoomi*" project is to provide instant access to all the land records pertaining

to Defence from any user end and as such, there must be no inconsistency in computerized records *viz.*, between the records entered in the MLRs/GLRs and those entered in the civil revenue registers. Audit pointed out that the computerization was, however, still in various stages of implementation. Further it was pointed out that the project was running far behind schedule and the progress was far from satisfactory as there was a lack of systematic and planned pursuit of the project.

Audit has attributed the following reasons for the delay in computerisation:—

- Some newly purchased hardware were not compatible with the operating system. Hence the software had to be improved so as to be compatible with the operating system;
- Lack of uniformity in maintenance of land records by different DEOs because GLRs have different type of entries in different States;
- Shortage of technical staff;
- No technical staff was engaged for the project;
- Involvement of staff in disposal of other priority work; and
- Inordinate delays in mutation process.

23. On being asked to state the reasons for delay in completion of computerization work, the Ministry stated that the process of computerization of land records *i.e.* General Land Registers (GLRs) and Military Land Registers (MLRs) has been completed across the country and data CD made available to the users. During the course of oral evidence, the representative of the Ministry reiterated the written submissions saying the land records have been totally computerized.

24. The representative of the Ministry further explained as under:—

"We have two registers. One is called Military Land Registers. That is for outside cantonments and within cantonment, we have a register which is called General Land Registers. The same thing happens for records of rights for all Defence lands. So, whatever is there in records of rights and who is occupying that land has been entered in Raksha Bhoomi CD. The exchange of land right has been done from the very beginning."

25. The Committee desired to know whether the supply of information from the DGDE to the Ministry was erratic and whether transactions relating to the Defence lands were instantly available online and whose responsibility was it maintain the steady supply of information to which the representative of the Ministry during oral evidence *inter alia* stated that it was their responsibility to obtain the information from DGDE and whosoever is concerned.

(d) Mutation of Defence Land

26. Military Lands Manual stipulates that the DEO concerned shall register in General Land Register mutations of all lands which rest with him. The Ministry in November 1986 issued directions to Defence Estates Organisation to ensure that

acquired land had not only been taken over and properly entered in the GLRs by the DEOs concerned but also that the necessary mutations were carried out in the revenue records of State Governments. Lack of timely action by the concerned DEOs to carry out mutation in favour of Ministry of Defence immediately after acquisition of land has led to the current dismal state. Audit scrutiny of 20 DEOs showed that a large part of acquired land was awaiting mutation for periods ranging from 1 year to over 60 years. It was further observed that out of 5.90 lakh acres of land held on records of 11 DEOs in 06 Commands, 0.79 lakh acres (13.39 per cent) were not mutated in favour of the Ministry. Audit also pointed out that no centralized record was kept with DGDE on the status of mutation. Lack of mutation of such huge land involves the risk of land grab and consequent failure of the Ministry of Defence to establish its ownership.

27. Explaining the reasons for dismal status of mutation of Defence land, the Ministry stated that mutation is to be carried out by State Government authorities in their records. It is true that some lands acquired by the Ministry of Defence & ex-state force properties have not been mutated in favour of Ministry of Defence in the revenue records of State Governments. DEOs keep taking up the matter of mutation with revenue authorities of State Government but the progress is slow.

28. About the steps proposed to be taken to get the land mutated in its name, the Ministry stated that the Defence Estates Officers and the Principal Directors of all the Commands have been advised to take up the matter of mutation with the respective State Government authorities. All the Principal Directors, Defence Estates have taken up the matter with the concerned Chief Secretaries of the States also.

29. The representative of the Ministry further elaborated:—

"These lands which are with the Defence establishments on which there are no disputes but still the land has not been mutated in favour of the Defence authority for various reasons by the State Government. It basically has to be done by the State Government. There could be other cases also where the land may be actually in dispute. Related to these cases we do not have information readily available."

V. LAND AUDIT

30. Land audit is primarily in the nature of internal audit designed to help the user organization to achieve an efficient system of land management rationalising and maximising the use of existing land holdings for Defence purposes. Land audit *inter alia* include actual use of Defence land outside Cantonment at selected locations, position of land records maintained by the Defence Estates Officers, actual use of land earmarked for training purposes, status of Defence lands leased out to various institutions and the extent of encroachment on Defence lands.

31. In order to assess the extent/efficiency of use of Defence land by the user organization and to rationalize and maximize the use of existing land holdings for Defence purposes, the Ministry of Defence in December 1992 instructed the DGDE to conduct land audit with primary focus on the existing land use *vis-a-vis* land holdings and specific requirements. The land audit cell of the office of the DGDE submitted its

first report in September 1995 in respect of selected locations which brought out many irregularities. These included misutilization and non-utilization of Defence land and buildings as also surplus lands at important stations (Jaipur, Pune, Kirkee, Bangalore, etc.), use of resumed bungalows for Army School, construction of shopping complexes, etc.

32. Further, it has been pointed out that the Army HQ, however, was not agreeable to the continuance of existing land audit. They conveyed to the Ministry that further audit might not be conducted. Quarter Master General (QMG) suggested that the land rules should be amended first and a land audit authority presided by a Service Officer should be constituted for carrying out the audit. While the Ministry did not formally discontinue land audit and indeed asked DGDE in January 2002 to submit a report on the preliminary audit of Defence land holdings, DGDE allowed the mechanism of land audit to lapse. On being asked to state the grounds for discontinuance of land audit by DGDE, the Ministry stated that land audit has since been resumed and is being conducted by DGDE.

(a) Commercial use of Defence Land

33. Instances of exploiting Defence land commercially and allowing shopping complexes, etc. to function on such land have been reported in earlier audit reports of the CAG. Commercial exploitation of Defence land often turns very opaque as revenue generated by such exercise is credited to the non-public fund (Regimental Fund) which is outside the Parliamentary oversight. Although the Ministry had acknowledged the fact that construction of shopping complexes on Defence land from non-public funds was prohibited and that the Services had established such complexes through their Welfare Organizations by building assets either by using non-public funds, or by re-appropriation of Government buildings or both and also that some of these complexes generate substantial revenue reportedly being utilized for welfare purpose. The Ministry allowed the continuance of these complexes in its orders of January 2001. It further ordered that 50 per cent of the net revenue generated from assets created by using non-public funds and 100 per cent of net revenue generated in case of both where complexes were created from re-appropriated buildings or re-appropriated Defence buildings plus by using non-public funds, would be credited to Government treasury.

34. In reply to question, the Ministry submitted that as a policy, any revenue generated out of a Government asset, should be deposited in Government treasury. However, due to historical reasons, Armed Forces were allowed to create shops within Unit areas in certain locations. However, over the years shopping complexes were brought up by the Forces in other stations with revenue being deposited in Regimental funds, despite issue of Government orders. Hence, Government is in the process of drafting a fresh policy for shopping complexes in consultations with all the stakeholders.

35. In June 2006, the Ministry transferred management of shopping complexes built on A-1 or analogous Defence land from non-public fund from DGDE/DEO to a Committee consisting of the Military Officer commanding the station as Chairman, a member from Command HQ, Defence Estates Officer concerned, and representative of

MES. The Chairman was the sole authority responsible and accountable for running of these complexes. The DGDE stated in October 2009 that since the shopping complexes on Defence land were historically under the management of the Services, the requisite information was not available with them as the authorities concerned had not furnished details to the DEOs.

36. Audit found out that the forces were not following the Government orders of January 2001 and June 2006 to credit the revenue generated to Government account but were diverting it to Regimental Funds. The replies received from DEOs, Army HQ and the Ministry indicate complete lack of management of and accountability for revenue generated from these shopping complexes on Defence land. All these cases indicate utter disregard of Government orders by LMAs as also the inability and lack of commitment on the part of the Ministry to deal with such issues. Orders issued by the Ministry are not being followed in letter and spirit. The LMAs have retained all powers with them for operation of shopping complexes by alienating representatives of other related departments from the management committees and were acting arbitrarily. Consequently, there is a diversion of large amounts of public money into non-public funds due to an arbitrary and non-transparent system of working adopted and followed by LMAs.

37. When the Committee enquired as to what was happening with the income accrued and whether it was going to the Consolidated Fund of India, the representative of the Ministry during oral evidence stated as under:—

"Sir, I may say that there is no comprehensive policy as such regarding the activities you mentioned now. But we are in the process of formulating a policy."

38. When the Committee enquired about the status of the policy being formulated, the representative deposed:—

"It has not reached the drafting stage. I can only say that it is at the consultation stage. It has not progressed to a sufficient degree. We are doing it."

(b) Encroachment on Defence Land

39. Audit, however, noticed that no concrete action for preventing encroachment of land had been taken by Army authorities and Defence Estates Organization. The area of encroachment of Defence land increased from 6,903 acres in January 1997 to 14,539.38 acres in July 2009. It was also noticed in audit that no inspection of land was being carried out by any authority and required certificates were not being rendered by Defence Estates Officers. The increase in encroachment of land was due to failure of Defence authorities entrusted with its management and a lack of coordination between planning and its execution. The precious assets acquired in bulk remained idle for a prolonged period due to faulty planning thereby paving way for encroachments. The Ministry and DGDE had failed in monitoring the progress of inspection and rendition of requisite certificates by the LMAs and DEOs to investigate the circumstances leading to fresh encroachments. A few cases of encroachment came to notice where

land has been encroached by private individuals as also by State Governments and these lands were not mutated in favour of the Ministry of Defence. Getting the lands vacated would become difficult as in the land records of the State Governments, these will not be shown as possessed by the Ministry of Defence.

40. The pattern of encroachment shows that the encroachments are very old and about 4200 acres were encroached more than 20 years before of which about 2700 acres is still under unauthorized occupation of ex-agricultural lessees and about 700 acres are in use by various State Governments.

(c) Unauthorized use of Defence Land for Golf and other activities

41. Scales of Accommodation for Defence Services do not include Golf as an authorized activity. Hence Golf grounds and attendant activities cannot be considered as military activities and hence A-1 land cannot be used for Golf courses. In 2004, the then Chief of the Army Staff declared Golf as a sports activity and not only a recreational activity. He directed that Golf courses would be named as Army Environmental Park and Training Area. Land used for these Army Environmental Park and Training Area shall continue to be A-1 Defence land. He further directed that no commercial activity will be undertaken on the Golf courses such as sponsoring golf tournaments by corporate entities.

42. The membership of the Golf courses was granted on payment of prescribed fee at different rates for individual members and life members. In addition, annual subscriptions were also being collected, thus earning heavy amount of revenue without paying any lease rent and allied charges for use of Government assets. As per information available in the public domain, at least 16 such Golf Courses offer membership to different categories of civilians on payment of monthly subscriptions. Other charges are also levied per session. Revenues so generated are not credited to Government account and is presumably credited to the Regimental fund. As the Army Zone Golf is a private registered society the information of the remaining Golf course could not be accessed by Audit. As of August 2009, there were 97 such Golf courses under the Army. The total area of 79 of these Golf courses was 8,076 94 acres. Details regarding remaining 18 Golf courses were not made available.

43. Golf courses on A-1 Defence land is only for the use of military personnel and in certain cases Ex-servicemen also. No civilians or foreigners are permitted to become members of any Golf course. However, in centres like Delhi foreign diplomats/military attaches are sometimes invited at Golf courses purely in pursuit of legitimate military objectives on reciprocal basis. Stringent checks and security clearances are obtained for such occasional activities/interactions from appropriate authorities concerned.

(d) Issue of "No Objection Certificate" (NOC) for Constructions on Defence Land, without Assessing Security Risk

44. The Committee wanted to know as to what was the status of the issuance of NOCs by the concerned authorities, the representative of the Ministry stated as under:—

"Earlier, there was no policy on issue of 'No Objection Certificate' for construction adjoining Defence land. Now a policy has been framed and no NOCs will be issued to any private party and if any NOC is to be issued, then it will be issued by the Station Commander after taking permission of his next superior authority. As was mentioned, for NOCs there were certain laws that were governing them, like, the Defence Act. That was being applied. Then, there was the Aircraft Act, the provisions of that Act was also being applied."

45. The Committee further enquired as to whether there are any limitations imposed on construction and proximity to the Defence lands, the representative of the Ministry replied in affirmative by replying as under:—

"A limit has been prescribed, which is generally within 500 metres adjoining the Defence land. It should be sufficiently high, but that has to be determined from place to place. It is around 15.4 metres generally. In so far as constructions around Defence and are concerned, it was earlier governed by the Defence Act and Manoeuvring Ranges Act and the Aircraft Act and there was no other provision. If there was a law of the Municipality, for example, in Kerala, that used to govern, otherwise, there was no Government instruction on that because there were certain instances regarding issue of NOCs and misuse of authorities and so these kinds of instructions have been issued nowadays. No NOC is issued to a private person."

46. In reply to a question, the representative of the Ministry submitted that the NOC policy was formulated in May, 2011.

47. The Committee wanted to understand as to how issuance of NOCs is handled in the absence of a clear cut policy regulating any activity/construction adjoining Defence lands. The representative of the Ministry stated as under:—

"I think it has not been expressed correctly. It is not a blanket ban on issuing of NOCs. Certain procedures and certain qualifications have to be followed which are more stringent than the earlier. Earlier there was no enunciation of any policy in so far as issue of NOCs were concerned adjoining the Defence land."

48. The Committee further enquired whether the local or the State Governments were also involved in the issuance of NOCs. The representative of the Ministry replied as under:—

"There was Kerala Municipal Act. There is a provision. As per the law, the NOC was being granted. In Andhra Pradesh also, there are certain laws in so far as issue of NOCs are concerned by the municipal authority but we are not aware of any other municipal law. They used to obtain NOC from the defence authorities."

49. The Committee desired to know whether the issuance/non-issuance of NOCs was in contravention with other Acts or laws and why certain areas were covered by this policy. The representative of the Ministry stated as under:—

“It is not that this is the first formulation relating to the issue of 'No Objection Certificates'. Prior to this also, No Objection Certificates were governed by certain legal enactments like the Cantonment Act. Then, there is the Aircraft Act, Ministry of Civil Aviation 1934 notification, and there is a Defence Act. But some areas were not covered by these legal formulations. Sir, certain areas were not covered. It depends upon the legal formulations. These legal enactments were based on certain requirements like the Defence Act is based on certain objectives.”

(e) Defence Land being used for Schools

50. The Scales of Accommodation for Defence Services authorize the provision of accommodation for children's schools at military stations where such facilities are not available or inadequate education facilities are available and when it is not found feasible by the State authorities concerned to establish a children's school. Further, the Ministry directed in January 2001 that allotment of land to Army Welfare Education Society (AWES), a private registered society, for running of schools would require Cabinet approval and existing schools would also require regularization.

51. In respect of schools, several irregularities were noticed. In some cases the local authorities had allowed private registered societies like AWES to use Defence land in contravention of the above orders. Despite the Ministry's assurance to regularize such schools which are functioning without proper Government sanctions and in contravention of the Ministry's orders, these are yet to be regularized though considerable passage of time elapsed. The Ministry in their advance replies stated that AHQ submitted a statement of case for regularization of children's schools opened after April 1993. However, no action had been taken despite the Ministry's assurance to regularize the irregularity.

(f) Unauthorized use of Defence Land for Parks and Clubs

52. Keeping in view the wide spread commercial use of Defence land, Prime Minister's Office had issued instructions in August 1997 that no transfer/alienation of Defence land would take place without prior Cabinet approval. The Ministry further observed in January 2002 that various clubs established to provide recreational facilities to the Defence personnel and their families, had expanded their activities and enrolled civilians also as members of the club thus allowing the benefits meant for Defence personnel and their families to flow to private members as well, thus, defeating the very purpose for which the land was given.

53. In their report, Audit pointed out that 32 acres of Defence land at Bhatinda and Bangalore stations was used for opening public parks without the approval of the Ministry. Chetak Park, Bhatinda was also being used for commercial activities. Army personnel were maintaining these parks. In case of Bhatinda, the DEO was not even aware of existence of the park in his jurisdiction. Further, it was brought to notice by Audit that instances of exploiting Defence land in the garb of clubs was noted in land being utilized for unauthorized purposes like marriages, parties, exhibitions and the club authorities had made huge unauthorized constructions.

54. The Committee enquired whether any taxes or fee were being collected from the use of Defence lands used as parks and clubs by the general public, the representative of the Ministry stated that they were yet to collect the relevant information.

VI. MANAGEMENT OF LEASES

(a) Dismal state of management of leases

55. Vacant or unused land is often leased out to various public and private users at different locations on a rent and premium for a fixed term subject to renewal at enhanced rent as per the terms and conditions of the lease agreement. The management of these leases is extremely important as failure to renew the leases in time can lead to loss of substantial revenue to Government and can jeopardize Government's claim on the land. Often, lack of proper contract in matters of land leads to protracted litigation. In pursuance of the guidelines of March 1995 of the Ministry regarding the procedure for expeditious renewal of leases, the DEOs were required to inform the lessees well in advance about the expiry of lease as well as the necessity of making up to-date payments of rentals and initiate action to process cases for renewal.

56. As of March 2010, 2500 acres of land valuing ₹ 11,033 crore was on lease for an annual rent of ₹ 2.13 crore which is negligible given the present market value of the land. There was no progress in renewal of 3780 leases. Requests for renewal were received only in 899 cases. In 1800 cases, no requests for renewal were received. The cases had not been pursued for eviction of lessees either. In respect of remaining 1081 cases, the status was not clearly known. When the Committee sought to know status of 1081 case, the Ministry in their written submissions stated that the responsibility for delay could not be fixed due to involvement of various agencies.

(b) Cases of delay in renewal of leases

Audit scrutiny as well as the Ministry's written submissions revealed the following factors/reasons for delay in renewal of leases which are listed as under:—

- I. The leases had not been renewed and the ex-lessees had resorted to commercial activities on the land;
- II. No action taken either for eviction or for recovery of rent;
- III. Non execution of any lease agreement;
- IV. Pending finalization of lease agreement;
- V. Non execution of formal lease deed even after expiry of 60 years and in effecting recovery;
- VI. Unauthorized occupation by private persons;
- VII. Non application by the lessees;
- VIII. Non mutation on change of ownership;
- IX. Change of purpose;
- X. Unauthorized constructions;
- XI. Sub division of sites; and
- XII. Family disputes among legal heirs of deceased lessees.

57. Audit concluded that despite guidelines for expeditious and timely renewal of leases, the cases were not being given due priority. The handing over the land to lessees without lease agreement and also continued possession of Defence land by the ex-lessees after expiry of lease agreements resulted in inability of the DEOs and the LMAs to get their own land vacated. Besides the revenue loss in all such cases, this deprived the LMAs of their legitimate resources to meet their strategic and operational needs. Evidently, despite issue of Government sanctions for renewal of leases, the parties concerned were still not liquidating their rental liability.

58. The Ministry in their reply to the questions raised by the Committee stated that lease agreements were executed at the time the leases were granted initially. However, where land may have been occupied without any authority, the question of any lease agreement does not arise as it tantamounts to accepting the illegality to persist in estates management. The representative of the Ministry, however, assured the Committee that they would certainly address this concern in the policy that was being formulated.

VII. MANAGEMENT OF OLD GRANT BUNGALOWS

(a) Old Grant Sites

59. Old Grant sites are a legacy of the pre-independence land policies intended to provide necessary accommodation to the Military Officers. The pre-independence Governments of Bengal, Madras and Bombay Presidencies issued various rules and regulations between the years 1789 and 1899. Under this, officers were granted licences of land sites, on which they could build houses. No right of property for the land was, however, ever granted to them. Later, civilians were also allowed to build such houses on lands belonging to the State, but these houses were to be hired by the LMAs. Such lands were allowed to be transferred from one military officer to another. For structures owned by the civilians, such transfer would have to have approvals of the local commanders.

60. When the Committee enquired about the 'Old Grants' and its nature of transaction in today's time, the representative of the Ministry replied as under:—

“Sir, 'Old Grants' are the grants that were given by the Britishers in the earliest period under the Governor-General's Order 179 dated 1836. So, there were many such grants given. So, all those information are given in the website. In so far as the transactions of the Defence land are concerned, that may not be possible to give it to everybody for security reasons. Sometimes it is private information and we may not be able to give it.”

61. With the spread of urbanization, most of the Old Grant Bungalow (OGB) sites are now prime real estate. The powers for conversion of the sites into leaseholds or resumption of such OGBs are vested in the Ministry.

62. The Land Policy of 1982 states that the Old Grant sites held on resumable tenure would be resumed gradually where such site/sites are required for specific Defence/public purposes and as per the Revised Land Policy laid down by the Ministry in 1995, Old Grant sites which are in the nature of licences should be converted into

leaseholds with Government sanction unless these were desired to be resumed, to ensure appropriate returns by way of premium and rent. No activity like change of purpose, any sub-divisions by way of construction or otherwise, construction of additional storey/storeys, addition to the existing plinth area or floor area, demolition of existing construction or putting up new construction on a vacant site in old grant sites could be sanctioned unless the grantee was willing to take out a lease in which case proposals were to be submitted to Government for considering whether a lease be granted and if so, on what terms or whether the land or any part thereof be resumed when required for Defence purposes or any other public purpose or when the bungalows are in dilapidated condition. The person who is the holder of the licence is known as the "Holder of Occupancy Rights (HOR)".

(b) Irregularities in management of Old Grant Sites

63. In contravention of Revised Land Policy of 1995 of the Ministry, in five Commands involving 29 Stations under 16 DEOs, unauthorized constructions were carried out in 134 OGBs and in 224 OGBs covering an area of 496.98 acres were being used unauthorizedly for running educational institutions. Audit has also reported several cases of unauthorized use of Old Grant Bungalows in Central, Western and Southern Commands. It was also observed by Audit that in many cases of unauthorized sale/transfer of OGBs, the DEOs could not prevent it as violation of OGB terms and conditions were very old and no tangible progress had been made in action against HOR and for resumption of OGBs, resulting in a loss of revenue.

64. The use of OGBs for other than authorized purposes without prior permission constituted outright breach of terms and conditions of Old Grant. The educational institutes and other commercial establishments running in OGBs for a long period remained unnoticed either due to lack of supervision or collusion with DEOs and LMAs. Existence of such an alarming number of unauthorized constructions in the OGBs, alone indicates that the management authorities have not been able to handle the situation or failed to safeguard the Government interest in this regard. Action if taken at appropriate time from the beginning by the DEOs by initiating resumption proceedings or conversion into leasehold could have prevented subsequent incidents.

65. When the Committee sought to know as to what appropriate actions were being taken to prevent instances of unauthorized occupation of OGBs, the Ministry in their written submissions, stated that the affected HORs often resorted to legal remedies which took considerable time for finalization and have also been resumed from time to time to put for Defence use and it is not possible to fix responsibility on individual persons.

66. The Committee were appalled when it found out that despite being custodian of Defence Estates, the DGDE forwarded copies of reports and returns, without explaining the circumstances and the action taken to remedy the current situation regarding unauthorised construction/misuse of OGBs and pending cases of resumption of OGBs, the Committee sought to know the reasons, the Ministry's reply was that the CEOs and DEOs do initiate necessary action as contemplated under the Cantonments Act, 2006 for removal of unauthorized constructions. However, these actions did not

lead to demolition of unauthorized constructions. Even in cases where demolition drive could be taken, it had not been possible to do so in many cases as assistance of civil police was not available to maintain law and order.

67. The Committee sought to know whether the Ministry followed the terms and conditions of OGBs for granting permission for their usage other than authorized purposes. The Ministry in their written submissions to the Committee stated that the sanction of the Ministry of Defence was required for change of purpose in respect of Old Grant Sites and instructions already existed in this regard.

68. Further, the Committee sought to know that on what basis the educational institutes and other commercial establishments were permitted to be run in OGBs and why the Ministry did not take any remedial action to abide by the terms and conditions of Old Grant, the Ministry in their written reply stated that some sites were being used for educational purposes without permission. In such cases appropriate action under the rules was initiated. In the case of educational institutes, Ministry of Defence had issued instructions in 2003 not to evict/demolish such buildings without sanction of the Ministry of Defence owing to the education of students studying in these institutions.

69. Further, the Committee sought to know as to why the Ministry had not considered getting all the cases of unauthorised construction on and/or sites of Old Grant Bungalows investigated through independent investigative agencies, the Ministry in their written submissions to the Committee stated that unauthorised construction in Old Grant Sites was dealt with under the Cantonments Act, 2006. It also provided for regularization of unauthorized construction. The land policy also provided for such regularization. Action was also initiated against unauthorized constructions as per existing rules/regulations. It was not considered necessary, therefore, to have the cases of unauthorized constructions investigated through any independent agency.

70. When the Committee enquired about the taxes levied on OGBs, and what was being done about the alleged illegal and unauthorized constructions on the Old Grant Bungalows and whether any penal provisions were available with the authorities, the representative of the Ministry replied:—

“Wherever change of purpose has been there, the Cantonment Boards have been instructed to levy commercial rate of taxes. They have issued notices to all the Old Grant Sights. Assessment has been made about what taxes has to be levied and preliminary notices have been issued. It will be finalised. So, we will be taxing them at commercial rates. Insofar as unauthorised constructions are concerned, it is true that there are some unauthorised constructions but then we have to go as per the provisions of the Cantonment Act where a notice issued is issued for demolition and at that time they file appeal with the Appellate Authority and then the Act provides that it has to be stayed. Normally when the decision of the Appellate Authority comes that construction is illegal, they go to court and take a stay order. So, many of them have gone to courts and brought a stay order from the court and so matters are *sub-judice*. This is the position.”

(c) Resumption of OGBs

71. As per the Land Policy of 1982, the sites held on resumable tenure would be resumed gradually where such site/sites are required for specific Defence/public purposes. Eight Bungalows with an area of 32.49 acres which had been resumed under the above provisions had not been put to use since 1970. Besides, 92 cases referred to the Ministry for resumption of sites at 14 stations involving 288.63 acres of land were awaiting sanction for a period ranging from one to seven years. Further, in respect of 65 cases although the sanction for resumption had been issued, yet the resumption notices were pending with the Ministry for a period ranging from two to seven years as of February 2009. There were 25 Wasidari Properties at Srinagar, out of which leases in respect of 4 properties were renewed upto 2021.

72. Resumption of bungalows is processed in terms of the requirements projected by the Army. Resumption proceedings are also stalled by way of obtaining stay orders by the affected persons from the courts. Even then the cases are progressed in terms of the policy / guidelines issued in this regard. Audit noticed that notices pending with the Ministry ranges from two to seven years.

73. DGDE intimated Audit that the information had been called for from field offices and would be furnished on receipt. Army HQ stated that since Government sanction for resumption of bungalows was required, the reasons for not issuing notices of resumption could only be explained by the Ministry.

PART II

OBSERVATIONS AND RECOMMENDATIONS

Introduction

1. The holding of all the Defence lands in the country rests under the titular ownership of the Ministry of Defence, with the apex level land management resting with the Directorate General of Defence Estates (DGDE). The DGDE offices at six Army Commands spread across the country are headed by six Principal Directors/ Directors Defence Estates (PDDEs/DDEs). At the circle level, 40 Defence Estates Officers (DEOs)/Assistant Defence Estate Officers (ADEOs) are responsible for maintaining land records and land management, both inside and outside the Cantonments. Taking note of the persistent misuse of Defence lands, the C&AG decided to conduct a performance audit in the Ministry of Defence, office of the DGDE, all six PDDEs/DDEs at Command level, 20 selected DEOs at circle level, all the three Service HQs, all six Command HQs of Army, 28 Station HQs of Army, two Air Commands (HQ Western Command, Delhi and HQ Training Command, Bangalore), four Air Force Stations (Hindon, Palam, Yelahanka and Hyderabad) and two Naval Commands (Mumbai and Kochi), covering a period of five years from 2004-05 to 2008-09. The Audit scrutiny centered around broadly on: (i) Lacunae in application of land norms; (ii) Variations in records of actual land holdings; (iii) Computerization of Defence Land Records; (iv) Mutation of Defence land; (v) Non-utilization/under-utilization of acquired land; (vi) Commercial use of land; (vii) Encroachment on Defence land; (viii) Unauthorized use of Defence land for Golf and other activities; (ix) Defence land being used for schools; (x) Unauthorized use of Defence land for parks and clubs (xi) Payment of compensation (xii) Dismal state of management of leases; (xiii) Cases of delay in renewal of leases; and (xiv) Irregularities in management of Old Grant Sites. The Committee's observations and recommendations after examination of the subject are detailed in the succeeding paragraphs.

2. **Lacunae in Application of Land Norms:** The Committee are dismayed to note that despite revising the norms over the years *i.e.* in 1972, 1991 and 1992, the Ministry repeatedly faltered in applying the norms for proper and judicious management of the lands at its disposal. The Ministry in their submission to the Committee, categorically stated that no Defence land is to be declared surplus and the lands that are seemingly vacant or unused are actually reserved for present expansion and future needs of the Forces. The continuous holding of excess land, want of proper management and effective vigil over such vast tracts of uninhabited land is fraught with risks of encroachment and land grab. Further, the Committee are of the considered opinion that want of effective institutional mechanism and stringent regulatory

procedures, precious Defence lands are bound to be encroached upon, come under adverse possession or surreptitious transfer as reported in the Sukhna and Kandivali land transfers. In order to protect the precious Defence lands from the preying eyes of the land mafia and to ensure that the officers are not unwittingly embroiled in such avoidable controversies, the Committee strongly and unreservedly feel that the entire ambit of Defence lands record keeping, mutation, sale, transfer, lease, etc., should be bestowed upon the DGDE so as to ensure accountability, transparency and judicious use of Defence lands. Further, the Committee, while appreciating the need for having sufficient lands for training as well as future needs of the Armed Forces, recommend that the whole issue of the requirement of land by the Forces be revisited in its entirety so that the land is put to optimum use by the Forces and the surplus land so identified be earmarked for other housing and developmental activities of the Armed Forces, that this analysis and recommendation therein should be completed within a period of one year since the presentation of this report to the Parliament.

3. Variations in Records of Actual Land Holdings: The Committee are deeply concerned with the large scale discrepancies found between the figures of A-1 lands furnished by the Local Military Authorities (LMAs) and the Defence Estates Officers (DEOs) who keep the records in General Land Register (GLR) and Military Land Register (MLR). The Committee also find that out of 25 stations in four Army Commands, between the LMAs and DEOs, the land area in the records of LMAs in respect of nine stations was higher by 12769.86 acres *i.e.* 46.9% and in the remaining 16 stations less by 9,427.77 acres *i.e.*, 23.36%. The Committee are unable to accept the explanation furnished by the Ministry that discrepancies between the records of LMAs and DEOs could be due to occupying units move-out & new units move-in without the knowledge of the DEOs and possibly without proper handing/taking over of land records between themselves. The Committee views both DEOs and LMAs responsible for inept handling of valuable land records, failure to conduct regular inspections and reconciliation of land record. The Committee, therefore, recommend that the Ministry take immediate steps to make it mandatory for DEOs to periodically inspect the land records maintained by the LMAs and take swift and stringent corrective measures. Taking serious note of the wide discrepancies ranging up to 46.9 per cent in land records, the Committee further recommend that the comprehensive survey of all Defence lands be completed within a definite time period and the Committee apprised. The Committee also recommend that an effective E-system be also created expeditiously by which the records maintained by LMAs are integrated and the data shared on real-time basis with the DEOs/DGDE/Ministry.

4. Computerisation of Defence Land Records: The Committee were informed that the computerization of Defence land records under the project "Raksha Bhoomi" has been completed. However, the Committee noticed considerable delay in completing the project and the reasons attributed for the delay are: (i) incompatibility of the

newly purchased hardware with the operating system, which led to procurement of improvised software, (ii) lack of uniformity in the GLRs maintained by DEOs, (iii) shortage of technical staff, (iv) involvement of staff in disposal of other priority work, and (v) inordinate delays in mutation process. The Committee observe that the avoidable delay in implementation of the 'Raksha Bhoomi' project was caused due to lack of effective planning, execution and monitoring, resulting in purchase of inappropriate hardware that was incompatible with the operating system apart from shortage of staff—general and technical, etc. The Committee, therefore, recommend that responsibility be fixed for delay in computerization of Defence lands and stringent action taken against the responsible for incompatible hardware. Also, finding that General Land Registers maintained by the DEOs differ from one State to another, the Committee recommend that uniformity must be maintained to make entries which should be followed by all the DEOs throughout the country without fail and the Committee apprised.

5. **Mutation of Defence Land:** The Committee find that a large area of acquired land awaits mutation for a period ranging from 1 year to 60 years. The Ministry in their written submissions to the Committee highlighted the fact that the mutation is to be carried out by State Government authorities and most of the acquired lands have not been mutated in favour of the Ministry as a result of which considerable Defence lands have been encroached upon by private persons and State Governments. The Committee note with concern the casual approach of the DEOs to an important issue like mutation of Defence Land. It seems no serious initiatives have been taken to expedite the mutation of land in the Ministry's name in order to ensure their title and ownership of the land. The Committee therefore urge that time bound steps should be taken to complete the process urgently. Regular meetings should take place with senior officers of the State Governments at regular intervals in order to fast track the process. The Committee would like to have State-wise details of such land as on 31.03.2009 and the results of the mutation drive as on 31.03.2013 within six months of the presentation of this Report.

6. **Discontinuance of Land Audit by DGDE:** The Committee find that the internal audit mechanism of Land Audit was discontinued by the DGDE after its first audit report, which brought out many irregularities in the management of Defence lands, obviously due to the objections raised by the Army Head Quarter. They also observe that the Quarter Master General (QMG) suggested amendments to the land rules. The QMG also recommended that a land audit authority presided by a Service Officer should be constituted for carrying out the audit. Taking note of the fact that Land Audit has been resumed and is being conducted by the DGDE, the Committee desire to know whether the concerns and suggestions of the Army have been considered and whether any subsequent amendments in the land rules and changes in the composition of the land audit authority have been made. Further, the Committee recommend conduct of regular annual land audit and the result of the latest audit be furnished to them within three months of the presentation of this report and the position also reflected in the Annual Report of the Ministry submitted to Parliament annually.

7. **Commercial Use of Land:** The Committee observe that the aspect of commercial use of Defence land and their mis-use and non-crediting of income from these lands, and properties into Government account have been repeatedly objected to by Audit but no tangible action has been taken by the Government to rectify the situation. The Committee deplore the inability of the Ministry to check such irregular practices and not directing the LMAs to deposit the proceeds into the Government account. The Committee cannot brook any laxity in the observance of financial rules and financial propriety and therefore recommend that the Government take strict action in this regard to safeguard the Government revenues. The Committee also expect that the new policy for allowing shopping complexes, if implemented transparently, would bring substantial revenue to the public Exchequer. Further, the Directorate of Defence Estates being the nodal agency, should be furnished with complete details of management and revenue generation from all Defence properties by the LMAs which should be computerized and the Committee apprised of the procedure evolved in this regard for strict compliance.

8. **Encroachment on Defence Land:** The Committee are deeply dismayed to note the unabated encroachments on Defence land despite the repeated wake up calls given by the constitutional auditor. Worse, non-mutation of land records and non-utilisation of vast tracts of Defence lands only encouraged encroachment of Defence land which have increased from 6,903 acres in January 1997 to 14,539.38 acres in July, 2009. The Committee observe that the existence of multiple authorities like the DGDE and the LMAs that look after management of Defence lands, have only exacerbated the situation for want of clear demarcation of responsibility. The Committee, therefore, recommend creation of a single unified authority, which shall look into management and protection of Defence lands, fast-track the recovery of encroached lands and shall also be responsible for monitoring & supervision of all field offices entrusted with the responsibility to manage Defence lands and property.

9. **Unauthorised Use of Defence Land for Golf and Other Activities:** The Committee note that the scales of Accommodation for Defence Services do not include Golf as an authorized activity and therefore, Golf cannot be considered as a military activity. Under the Cantonment Land Administration Rules, 1937 the recreation grounds which are not strictly reserved for the use of troops alone can't be used for Golf Courses. The Committee are surprised to note that in 2004, Chief of the Army Staff declared Golf as a sports activity and not only a recreational activity. He directed that Golf Courses would be named as Army Environmental Park and Training Area. Land used for these Army Environmental Park and Training Area shall continue to be A-1 Defence land. He further directed that no commercial activity will be undertaken on the Golf Courses such as sponsoring golf tournaments by corporate entities. The Committee are shocked to find that Defence authorities had been offering membership of the Golf courses to civilians on payment basis so much so that in places like Delhi even foreign diplomats were being given membership and revenue generated from the civilian membership was not being credited to Government account. The Committee deplore the gross misuse of Golf Courses and recommend that the entire policy of the Golf Courses be revisited comprehensively, and appropriate remedial

action taken to ensure that the recreational facilities needed for the Armed Forces are not misused/abused in any manner. The Committee would like to have a status paper about the Golf Courses and Environmental parks used by the military, area-wise, nature of membership and the revenue generated annually and the account where credited.

10. Unauthorised Use of Defence Land for Parks and Clubs: The Committee note that clubs and parks established for the benefit of Defence personnel and their families are exploited by civilians for organizing parties, marriages, exhibitions, etc. Worse, the proceeds from such events are not being credited to the Government account. There are instances of illegal constructions on such parks. The Committee, would like the Ministry of Defence to setup an enquiry in the matter so that all encroachments and prohibited activities are detected and stringent remedial action taken to prevent misuse/abuse of Defence environmental parks/lands and the Committee be apprised.

11. Dismal State of Management of Leases: The Committee are concerned to note that as of March 2010, 2500 acres of land valuing Rs. 7, 11,033 crore was on lease for an annual rent of Rs. 2.13 crore which is a pittance considering the market value of the land. The Committee are shocked to note that no visible efforts had been made to renew 3780 cases of lease renewal, in 1800 cases no requests were received for lease renewal and in 1081 cases the status of leases was unknown. The Committee deplore the reply of the Ministry expressing their inability to fix responsibility due to involvement of multiple authorities. The Committee were however, assured that all these aspects and deficiencies could be addressed in the policy being formulated in this behalf. The Committee, therefore, recommend that the Government bring out the concerned policy within six months of the presentation of this report and apprise them about the salient features of the policy.

12. Irregularity in Management of Old Grant Sites: The Committee note that the largesse extended by the colonial power has continued even after independence and worse, the Old Grant Bungalow Sites (OGBS) were allowed to be kept with some civilians. The mis-management of such Bungalows has led to loss of Government revenue apart from entanglement of Government in lots of avoidable litigations. The Committee note that the Land Policy of 1982 and the Revised Land Policy of 1995 have provisions for dealing with such sites and resuming/leasing of such OGBS by the Government, and no alteration of any kind are allowed on such sites. However, the Committee find large number of unauthorized constructions, unauthorized sale/transfer are happening right under the nose of the DEOs concerned. Also, the Committee observe that various educational institutions are being run illegally, thereby flouting all norms relating to the management of OGBS and exposing apparent collusion between vested interests and the concerned authorities. The Committee seek reasons as to why 92 cases of resumption involving 288.63 acres of land referred to the Ministry are pending for sanction. The Committee would like to have a complete status paper of all such OGBS, the land area, the properties resumed and the properties awaiting sanction for more than three months. Further, the Committee observe that

there has been obvious dereliction of duty by both DEOs and LMAs in not ensuring strict compliance of the policy directives. They, therefore, recommend stringent disciplinary action against such Officers and the Committee apprised. Further, the Committee also desire that all such sites should be resumed and utilized exclusively for Defence Officers/Staff, within a defined period of time. Further, earnest and focused efforts should be made to free the Bungalow Sites from litigations at the earliest. Regarding the educational institutes, the Committee desire that these may be allowed to continue if they cater exclusively to the wards of Defence and Ex-Defence personnel and if not, then the revenue generated from such institutes should be deposited into the Government account, with proper monitoring by the concerned authorities.

NEW DELHI;
04 *November*, 2013

13 *Kartika*, 1935 (*Saka*)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2012-13) HELD ON 11TH JUNE, 2012

The Public Accounts Committee sat on Monday, the 11th June, 2012 from 1500 hrs. to 1740 hrs. in Room No. '53', Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Bhartruhari Mahtab
3. Shri Sanjay Nirupam
4. Shri Sarvey Satyanarayana
5. Shri Ashok Tanwar
6. Dr. Shashi Tharoor

Rajya Sabha

7. Shri Prasanta Chatterjee
8. Shri Prakash Javadekar
9. Shri Sukhendu Sekhar Roy
10. Shri N.K. Singh
11. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Abhijit Kumar — *Director*
2. Shri H. R. Kamboj — *Additional Director*

Representatives of the Office of the Comptroller and Auditor General of India

1. Shri B.B. Pandit — *Dy. C&AG*
2. Shri Gautam Guha — *Director General of Audit*
3. Shri Venkatesh Mohan — *Director General of Audit*
4. Ms. Sangita Chowre — *Director General of Audit*

Representatives of the Ministry of Defence

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|----------------------------|---|------------------------|
| 1. Shri Anuj Kumar Bishnoi | — | Additional Secretary |
| 2. Shri A.K. Chopra | — | Financial Advisor (DS) |
| 3. Shri Ashok Kumar Harnal | — | DGDE |
| 4. Shri Deepak Anurag | — | Joint Secretary (C&W) |
| 5. Shri P.K. Kataria | — | Addl. FA(K) &JS |
| 6. Maj. Gen. Sanjiv Talwar | — | ADGL WE |

2. At the outset, the Chairman welcomed the Members, representatives of the Office of C&AG of India and representatives of the Ministry of Defence to the sitting of the Committee convened for briefing by the Ministry on the subject 'Defence Estates Management'. The Chairman, then pointed out the inordinate delay on the part of the Ministry in furnishing written replies to the questionnaire and sought to know the reasons for the same. The representative of the Ministry expressed sincere apologies for the delay and assured that it would not happen again. Thereafter, the Chairman impressed upon the witnesses to keep the deliberations of the Committee as confidential until the Report on the subject was presented to the House.

3. Thereafter, the representatives of the Ministry made a power point presentation on the subject, which *inter-alia* included lacunae in applications of land norms, large scale discrepancies in land records, failure in timely mutation of land in favour of the Ministry of Defence, discontinuing land audit by DGDE on insistence by Army Head-Quarters, non-utilization/underutilization of acquired land, long delays in acquisition of land, commercial exploitation of Defence land, encroachment on Defence land, unauthorized use of Defence land, dismal state of management of leases, loss due to delay in fixation/non-recovery of rent from private parties, etc. They also responded to the various queries raised by the Members. As some points required detailed and statistical information the representatives of the Ministry were asked to furnish written information at the earliest.

4. The Chairman, then, thanked the representatives of the Ministry of Defence for appearing before the Committee and furnishing the available information, on the subject. The Chairman also thanked the Members for their active participation in the discussion on the subject and the Officers in the Office of C&AG for their presence and assistance.

The witnesses, then, withdrew.

A copy of the verbatim proceedings of the sitting has been kept on record.

The Committee, then, adjourned.

APPENDIX II

MINUTES OF THE FOURTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2013-14) HELD ON 17TH OCTOBER, 2013

The Committee sat on Thursday, the 17th October, 2013 from 1130 hrs. to 1235 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Ramen Deka
4. Shri Bhartruhari Mahtab
5. Dr. Sanjay Jaiswal
6. Shri Abhijit Mukherjee
7. Dr. Baliram

Rajya Sabha

8. Shri Prakash Javadekar
9. Shri N.K. Singh
10. Smt. Ambika Soni

SECRETARIAT

- | | | |
|------------------------|---|-------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i> |
| 2. Shri M.L.K. Raja | — | <i>Deputy Secretary</i> |
| 3. Smt. A. Jyothirmayi | — | <i>Deputy Secretary</i> |
| 4. Ms. Miranda Ingudam | — | <i>Under Secretary</i> |
| 5. Shri A.K. Yadav | — | <i>Under Secretary</i> |

Representatives of the Office of the Comptroller and Auditor General of India

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|---------------------------|---|-------------------------------------|
| 1. Shri Venkatesh Mohan | — | Director General of Audit (Defence) |
| 2. Shri Jayant Sinha | — | Principal Director of Audit (RC) |
| 3. Shri Purushotam Tiwary | — | Principal Director of Audit (PAC) |
| 4. Shri Deepak Kapoor | — | Director of Audit (Defence) |

5. *** **

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the Committee. The Chairman then apprised the Members that the meeting had been convened to consider and adopt three Draft Reports.

3. The Committee, thereafter, took up the following Draft Reports for consideration:—

(i) Draft Report on "Defence Estates Management" (Ministry of Defence) based on C&AG Report No. 35 of 2010-11.

(ii) *** **

(iii) *** **

4. After some discussions, the Committee adopted the above Draft Reports with some modifications/amendments. The Committee, then, authorized the Chairman to finalise the three Reports adopted by them, in light of their suggestions and the factual verifications received from the Audit and present the same to the House on a date convenient to him.

5. The Chairman thanked then the Members for their valuable suggestions on the consideration of the Draft Reports.

The Committee, then, adjourned.

***Matters not related with this report.

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The Souvenir items with logo of Parliament are also available at Sales Counter, Reception, Parliament House, New Delhi. The Souvenir items with Parliament Museum logo are available for sale at Souvenir Shop (Tel. No. 23035323), Parliament Museum, Parliament Library Building, New Delhi. List of these items are available on the website mentioned above.”
