

**IMPROPER MANAGEMENT OF DEFENCE LAND****MINISTRY OF DEFENCE****PUBLIC ACCOUNTS COMMITTEE  
(2018-19)****HUNDRED AND SIXTH REPORT**

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**SIXTEENTH LOK SABHA****LOK SABHA SECRETARIAT  
NEW DELHI**

# **HUNDRED AND SIXTH REPORT**

**PUBLIC ACCOUNTS COMMITTEE**  
**(2018-19)**

**(SIXTEENTH LOK SABHA)**

## **IMPROPER MANAGEMENT OF DEFENCE LAND**

**MINISTRY OF DEFENCE**



*Presented to Lok Sabha on:*

*Laid in Rajya Sabha on:*

**LOK SABHA SECRETARIAT  
NEW DELHI**

**JULY, 2018 /ASHADHA, 1940 (Saka)**

## APPENDICES

- \* I Minutes of the First Sitting of the Sub-Committee-I (Defence) of Public Accounts Committee (2016-17) held on 26<sup>th</sup> October, 2016.
- \* II Minutes of the First Sitting of the Sub-Committee-I (Defence) of Public Accounts Committee (2017-18) held on 10<sup>th</sup> November, 2017.
- \* III Minutes of the Twenty third Sitting of the Public Accounts Committee (2017-18) held on 23<sup>rd</sup> March, 2018.
- \* IV Minutes of the Eighth sitting of the Public Accounts Committee (2018-19) held on 4<sup>th</sup> July, 2018.

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\* to be appended at the time of printing

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2018-19)**

**Shri Mallikarjun Kharge                      -                      Chairperson**

**MEMBERS**

**LOK SABHA**

2.      Shri Subhash Chandra Baheria
3.      Shri Sudip Bandyopadhyay
4.      Shri Prem Singh Chandumajra
5.      Shri Gajanan Chandrakant Kirtikar
6.      Shri Bhartruhari Mahtab
7.      Smt. Riti Pathak
8.      Shri Ramesh Pokhriyal "Nishank"
9.      Shri Janardan Singh Sigriwal
10.     Shri Abhishek Singh
11.     Shri Gopal Shetty
12.     Dr. Kirit Somaiya
13.     Shri Anurag Singh Thakur
14.     Shri Shivkumar Chanabasappa Udasi
15.     Dr. Ponnusamy Venugopal

**RAJYA SABHA**

16.     Prof. M. V. Rajeev Gowda
17.     Shri Bhubaneswar Kalita
18.     Shri Shwait Malik
19.     Shri Narayan Lal Panchariya
20.     Shri Sukhendu Sekhar Roy
21.     Vacant
22.     Vacant

**SECRETARIAT**

1.      Shri A.K. Singh                      -                      Additional Secretary
2.      Shri T. JayaKumar                      -                      Director
3.      Smt. Bharti S. Tuteja                      -                      Deputy Secretary



**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2017-18)**

**Shri Mallikarjun Kharge                      -                      Chairperson**

**MEMBERS**

**LOK SABHA**

2.      Shri Sudip Bandyopadhyay
3.      Shri Subhash Chandra Baheria
4.      Shri Prem Singh Chandumajra
5.      Shri Nishikant Dubey
6.      Shri Gajanan Chandrakant Kirtikar
7.      Shri Bhartruhari Mahtab
8.      Smt. Riti Pathak
9.      Shri Neiphiu Rioh\*
10.     Shri Abhishek Singh
11.     Prof. Ram Shanker
12.     Dr. Kirit Somaiya
13.     Shri Anurag Singh Thakur
14.     Shri Shivkumar C. Udasi
15.     Dr. P. Venugopal

**RAJYA SABHA**

16.     Shri Naresh Agrawal†
17.     Shri Satyavrat Chaturvedi†
18.     Shri Bhubaneswar Kalita
19.     Shri Mohd. Ali Khan‡
20.     Shri Sukhendu Sekhar Roy§
21.     Shri Ajay Sancheti†
22.     Shri Bhupender Yadav\*\*

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\* Ceased to be a Member of Committee consequent upon acceptance of his resignation from Lok Sabha w.e.f. 22 February, 2018.

† Ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 2 April, 2018.

‡ Elected w.e.f. 29 December, 2017 in lieu of vacancy caused due to retirement of Shri Shantaram Naik.

§ ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 18 August, 2017 and re-elected w.e.f. 29 December, 2017.

\*\* Ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 3 April, 2018.

**COMPOSITION OF THE SUB COMMITTEE- I OF THE PUBLIC ACCOUNTS  
COMMITTEE (2017-18)**

**Sub-Committee – I (Defence)**

Convenor	:	1.	Shri Satyavrat Chaturvedi
Alternate Convenor	:	2.	Shri Neiphiu Rio
Members	:	3.	Smt. Riti Pathak
		4.	Shri Bhartruhari Mahtab
		5.	Shri Sudip Bandhyopadhyay
		6.	Shri Nishikant Dubey
		7.	Shri Mohd. Ali Khan

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2016-17)**

**Prof. K.V. Thomas                      -                      Chairperson**

**MEMBERS**

**LOK SABHA**

2.      Shri Sudip Bandyopadhyay
3.      Shri Prem Singh Chandumajra
4.      Shri Nishikant Dubey
5.      Prof. Richard Hay
6.      Shri Gajanan Chandrakant Kirtikar
7.      Shri Bhartruhari Mahtab
8.      Smt. Riti Pathak
9.      Shri Neiphiu Rio
10.     Shri Janardan Singh Sigriwal
11.     Shri Abhishek Singh
12.     Dr. Kirit Somaiya
13.     Shri Anurag Singh Thakur
14.     Shri Shivkumar C. Udasi
15.     Dr. P. Venugopal

**RAJYA SABHA**

16.     Shri Naresh Agrawal
17.     Shri Satyavrat Chaturvedi
18.     \* Shri Bhupender Yadav
19.     Shri Bhubaneswar Kalita
20.     Shri Shantaram Naik
21.     Shri Sukhendu Sekhar Roy
22.     Shri Ajay Sancheti

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\* Elected w.e.f. 09.08.2016 *vice* Shri Vijay Goel, MP appointed as Minister of State w.e.f. 05.07.2016.

**COMPOSITION OF THE SUB COMMITTEE - I (DEFENCE) OF THE PAC (2016-17)**

Convenor	:	1.	Shri Shantaram Naik
Alternate Convenor	:	2.	Shri Neiphiu Rio
Members	:	3.	Smt. Riti Pathak
		4.	Shri Bhartruhari Mahtab
		5.	Shri Sudip Bandhyopadhyay
		6.	Shri Nishikant Dubey

## INTRODUCTION

I, the Chairperson, Public Accounts Committee, having been authorised by the Committee, do present this 106<sup>th</sup> Report (Sixteenth Lok Sabha) on **"IMPROPER MANAGEMENT OF DEFENCE LAND"** based on Para No. 2.1 of the C&AG's Report No. 30 of 2013 relating to Ministry of Defence.

2. The above-mentioned Report of the Comptroller & Auditor General of India was laid on the Table of the House on 18.02.2014.

3. The Sub-Committee-I (Defence) of Public Accounts Committee (2016-17) and (2017-18) took up the subject for detailed examination and report. The Sub-Committees took evidence of the representatives of the Ministry of Defence, Director General of Defence Estates (DGDE) and the Armed Forces on the subject at their Sittings held on 26.10.2016 and 10.11.2017 respectively. However, due to paucity of time, the subject was carried forward to PAC (2017-18) and PAC (2018-19), accordingly, a draft Report was prepared and thereafter the draft Report was placed before the PAC (2018-19) for consideration and adoption at their Sitting held on 04.04.2018. The minutes of the Sittings are appended 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 would also like to express their thanks to the representatives of the Ministry of Defence, Director General of Defence Estates (DGDE) and the Armed Forces for tendering evidence before them and furnishing the requisite information to the Sub-Committees in connection with the examination of the subject.

6. The Sub-Committees of PAC (2016-17), (2017-18) and PAC (2018-19) 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 and the Committee Secretariat in preparation of the Report.

NEW DELHI;  
04 July, 2018  
13 Ashadha, 1940 (*Saka*)

MALLIKARJUN KHARGE  
Chairperson  
Public Accounts Committee



## **REPORT PART-I**

### **I. INTRODUCTORY**

1. The Ministry of Defence (MoD) is the owner of all the lands in custody of the Armed Forces of our country. The Director General of Defence Estates (DGDE), an inter-services organisation, is responsible to the MoD for Defence lands management. Defence Estates Officers (DEOs), at circle level, are responsible for maintaining land records and managing such lands, both inside and outside the cantonments.

2. Cases of mismanagement and misuse of Defence estates and Defence lands have been repeatedly highlighted from time to time in various Audit Reports. Despite pointing out cases of poor management of Defence estates, no significant improvement in the management of Defence lands has been noticed resulting into irregularities and misuse of Defence lands, inordinate delay in renewal/termination of leases involving huge accumulation of arrears of rentals, unauthorised occupation of Defence lands by other Departments etc.

### **II. AUDIT REVIEW**

3. C&AG in Chapter II of its Report No. 30 of 2013 had made a scrutiny of Defence land management between 2010-11 and 2011-12 with a view to seek assurance that:

- (i) The Defence lands are used for authorised and legitimate purposes;
- (ii) There is no misuse of lands by the Local Military Authorities (LMAs) and other occupants;
- (iii) There are no undue delays in renewal/termination of leases;
- (iv) Rent and premium are recovered from the lessees at the current rates and there are no rental arrears; and
- (v) Adequate steps are taken to ensure timely and correct acquisition/transfer of private/Government lands by the DEOs.

4. In order to avoid undue delays in renewal of leases, the DEOs are required to initiate action at least one year before the date of expiry of the lease in each case. The

lessee would also be advised about the necessity of upto date payments of rentals before renewal action could be considered. However, despite clear instructions of the MoD on the same, it was noticed that undue delay in renewal of lease in six test checked cases resulting in non-realisation of revenue to the tune of ₹ 829.71 crores.

5. In October 2009 and in April 2012, Audit observed that two plots of Defence land, measuring 0.7829 acres and 4.73 acres valuing ₹ 9.29 crore and ₹ 17.23 crore at Chennai and Pune, respectively were under occupation of Railways and Airport Authority of India (AAI) for twenty five years, from 1988 to 2013, without Government sanction and the amount of rental was due for ₹ 8.63 crore highlighting unauthorized occupation of Defence lands by other Departments.

6. Audit noticed that in April 2012 and in May 2012, two cases where B-3 Defence land admeasuring 8.09 acres valuing ₹ 34.61 crore on lease to Wellington Clubs since pre-independence era was not reverted to the DEO on closure of Clubs. Instead, the Local Military Authorities (LMAs) in one case allowed a girls hostel to be constructed by Army Wives Welfare Association (AWWA) and in the second case a shopping complex was constructed without reclassification of the land from B-3 to A1. However, as per the land policy laid down by the MoD in 1995, in order to ensure appropriate returns to the consolidated Cantonment Fund by way of premium and rent, Old Grant sites which are in the nature of licenses shall be converted into leaseholds with Government sanction unless these were desired to be resumed. No activity like change of purpose, any subdivisions 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.



7. In another case, Audit observed that the transfer of land sanctioned by the Ministry without joint measurement/demarcation to verify the actual availability of land was in violation of the laid down procedure despite full payment for the entire land had been made to the State Government without proper demarcation of land resulting in excess payment for land which was not handed over.

8. Against this backdrop, the PAC (2014-15) selected the subject as reported in Para 2.1 of the C&AG's Report No. 30 of 2013 for detailed examination and report. However, due to paucity of time, the examination on the subject could not be completed during 2014-15 and the subject was carried forward to the successor Committees *i.e.* PAC (2015-16), PAC (2016-17) and PAC (2017-18). Subsequently, the Committee obtained requisite information and some other clarifications from the Ministry. The Committee took oral evidence of the representatives of MoD, DGDE and the Armed Forces on 26.10.2016 and 10.11.2017 to obtain further information on the subject. Based on the information gathered, the Committee proceeded with examination of the relevant issues in detail as outlined in the succeeding paragraphs.

### **III. INORDINATE DELAY IN RENEWAL OF LEASES OF DEFENCE LAND RESULTING IN NON-REALISATION OF REVENUE**

#### **Case-I**

9. Defence land measuring 153.416 acres located in Kolkata Maidan under the administration of LMAs was leased out to Royal Calcutta Turf Club (RCTC) with effect from January 1932 and it was observed that the lease was last renewed up to December 2006. The annual rent in respect of land measuring 53 acres was fixed at the rate of 0.5 per cent of the gross revenue of the RCTC and for the balance land measuring 100.416 acres at the rate of ₹ 1000/- per acre per annum, on the condition that the land would continue to be used by the Defence authorities as hitherto forth. On expiry of lease in December 2006, the RCTC requested for renewal of the same for 30 years with effect from January 2007.

10. However, in March 2011, the DGDE proposed to the Ministry for consideration of grant of lease to RCTC for a further period of 15 years with effect from January 2007 and up to December 2021 as the RCTC was engaged in commercial activities and subsequent payment of Entertainment Tax to the State Government of West Bengal. The DGDE recommended rent and premium for 53 acres of land at commercial rates i.e. ₹ 31.80 crore per annum lease rent and ₹ 636.00 crore one time premium as calculated by the DEO. For the remaining 100.416 acres of land, lease rent at the rate of ₹ 2000/- per acre per annum was recommended and the case for lease sanction was forwarded to MoD, which was pending till July 2012, resulting in the non-renewal of lease of Defence land in Kolkata Maidan for five years and seven months leading to unauthorized occupation and non-realization of revenue of ₹ 814 crore from the RCTC.

11. The Committee wanted to know the specific reasons for using the land for commercial purposes when the land was given only for the bonafide use of Defence Services. The Ministry replied that it may be mentioned that the original lease was sanctioned to Royal Kolkata Turf Club (RCTC), Kolkata with effect from 1932 for the purpose of Race Course and related sports activities. The lease was renewed on several occasions and the final term thereof expired on 31.12.2006. It may be stated that since pre-independence days, such leases were given to clubs and institutions for the purposes of sport and recreation. Most of the leases given in various Cantonments and on other Defence lands contain provisions wherein officers of the Armed Forces and members of public were able to become members. The lease given to RCTC, Kolkata is a special lease wherein 53 acres of land is under control and occupation of the Club subject to certain restrictions. The remaining 100.42 acres of land is also utilized by Defence personnel for the purposes of training and exercise and as a helipad for the use of Army and civil dignitaries.

12. They further wanted to know the reasons for not renewing the lease by the Ministry and what is the present position of the same. The Ministry replied that lease could not be renewed with effect from 01.01.2007 since the terms of renewal, particularly the rate of annual rent and premium, could not be decided. The final recommendations of DGDE were received in February 2014. On examination it was

noted that the same was based on charging rent and premium at commercial rates. The annual rent calculated was ₹ 31.80 crore and premium was fixed at ₹ 636.00 crore. During examination it was noted that proposed rent would exceed the Clubs Gross Income for several years and would be 50% of the Clubs present Gross Income. It was also noted that the proposed premium may also not be viable. Further, the recommendations of DGDE were also a departure from the existing method adopted for calculating rental based on a percentage of the revenue. Reasons for the departure were not provided. It was therefore felt that while it was necessary to ensure that the Government is properly compensated for use of its land by the Club, lease rentals should be based on sound principles and should be consistent with rents fixed for similar institutions. DGDE was, therefore asked to re-examine the whole issue keeping in view the nature of activities of the Club, basis of charging Commercial rent and premium as opposed to terms approved for the lease period 1992-2006, policy and precedents for charging a fair rent for use of Defence land by similar clubs. DGDE was also asked to frame a comprehensive policy for regulating leases to Clubs and Institutes functioning on Defence land. DGDE has now sent proposals both for a comprehensive policy (In November 2014) and for the specific case of RCTC (30.12.2014) which are under examination.

13. On rent and premium recoveries, the Committee sought whether the recoveries were done regularly for the commercial activities being carried out on defence land. The Ministry replied that the rent and premium has been recovered from the Club upto December, 2006. For the period beyond this date rent etc. will be recovered once the terms and conditions for renewal of the lease is fixed which is under consideration of the Ministry.

14. The Ministry intimated that a proposal has been taken up with Ministry of Defence to consider grant of lease to RCTC for a further period of 15 years w.e.f. 09.01.2007 to 31.12.2021. Ministry of Defence has asked DGDE to examine the matter of determining rates of leased lands by working out a rational policy for all such leased land. DGDE had to furnish its recommendations with August 2014. The Committee wanted to know whether these recommendations have been furnished by

DGDE and what action has been taken for the grant of lease? The Ministry stated that the Ministry of Defence asked DGDE to re-examine the whole issue by keeping in view the nature of activities of the Club, the basis of charging commercial rent and premium as opposed to the terms approved for renewal of the lease for the period 1992-2006, policy and precedence with regard to rents charged from similar clubs located on defence land and other options for charging a fair rent for use of defence land by the Club, and to frame a comprehensive policy for this purpose. DGDE was also asked to clearly enumerate logical basis on which the proposal is based and also see that it is consistent with the position taken in similar matters. After receipt of instructions from the MoD, the Directorate General decided to prepare a comprehensive policy on the issue of renewal or extension of expired leases. It was further decided that the policy should not only be confined to the renewal of leases given for sports and recreational purposes, but also should encompass other leases which have expired or are due to expire in near future and given for the purposes including residential, commercial, educational and religious purpose etc. Since all kinds of leases were to be incorporated in the proposed comprehensive policy, it has taken time for the DGDE to prepare the same. The draft policy has since been formulated by DGDE and forwarded to the Ministry for consideration under DGDE Note No.18/48/L/DE/57 dated 14.11.2014. Based on the provisions made in the draft policy for giving of leases for sports and recreational purposes, the Directorates General have now sent their recommendations to the MoD with regard to the terms of renewal in favour of RCTC, Kolkata along with rates of rent to be charged with effect from 01.01.2007 and one time premium which will be levied while renewing leases. Further action will be taken after approval of the competent authority.

15. The representatives of the Ministry inter-alia stated during the oral evidence held on 10.11.2017 that on 10.03.2017, the Ministry formulated a policy for lease renewals due to the problems faced by DEOs and CEOs like breach of lease conditions and the power to condone such breaches was not delegated to them. Each case was forwarded to Ministry thereby consuming a lot of time and a lot of cases relating to lease renewals were not coming forward.



16. The Ministry further furnished the reasons for delay in renewal of lease as below:

(i) "Defence land admeasuring 153 acres was leased out to RCTC initially for a period of 30 years w.e.f. 01.01.1932 to 31.12.1961. The lease was extended for a period of 30 years w.e.f. 01.01.1962 to 31.12.1991 as per sanction accorded vide MoD letter dated 25.03.1954 at an annual rent of ₹ 20000 on the same terms and conditions as in the original lease."

(ii) "The lease was further extended for a further period of 15 years w.e.f. 01.01.1992 to 31.12.2006 vide Gol MoD letter dated 12.02.2004 at an annual rent of 0.5% of the gross revenue of the Club in respect of land admeasuring 53 acres and at a nominal rent of ₹ 1000/- only per acre per annum for the balance land admeasuring 100.416 acres."

(iii) "Thereafter, a proposal to grant lease to RCTC on commercial rates, for a further period of 15 years w.e.f. 01.01.2007 to 31.12.2021, was received in the MoD. Since the rates proposed were abnormally high, not in tune with the earlier rent structure and also differed from lease rent of other similar Clubs, it was considered that a uniform policy for leasing of defence lands to sports and recreational purposes is under consideration of MoD."

(iv) "Since this matter is linked to optimum utilization of defence land, it was referred to Sumit Bose Committee. The Sumit Bose Committee has submitted its report recently, which is presently under examination. The policy on leases given to 'recreational' and sports clubs' will be finalized keeping in mind the recommendations made by Sumit Bose Committee."

(v) "The renewal of the RCTC lease will be done once the policy is finalized and due rent will be recovered with arrears. There will be no loss once the rent is recovered from RCTC Kolkata based on the policy."

(vi) "It is not correct to say that there is non-realization of ₹ 814 crore. The arrears in respect of RCTC Kolkata amounting to ₹ 814 crore is based on the presumptuous calculation of lease rent suggested by DEO Kolkata. Prior to 01.01.2007, the lease rent was much lower. The rent proposed by the DEO/Defence Estates was considered to be abnormally high, without any authority. Under the facts and circumstances, Ministry decided to formulate a uniform policy for renewal of leases granted for sports and recreational purposes to rationalize the period of lease and the rent structure. A separate policy for sports and recreational purposes is under consideration of MoD. Since this matter is linked to optimum utilization of defence land, it was referred to Sumit Bose Committee. The Sumit Bose Committee has submitted its report recently, which is presently under examination. The policy on leases given to 'recreational

and sports clubs' will be finalized keeping in mind the recommendations made by Sumit Bose Committee. Rent recovery will be made on finalization of the policy."

17. The Committee wanted to be apprised of the status of the proposal to grant lease to RCTC for a further period of 15 years. The Ministry replied that the proposal to grant lease to RCTC on commercial rates, suggested by the DEO, for a further period of 15 years w.e.f. 01.01.2007 to 31.12.2021, is under consideration of MoD. The rates proposed by DEO were not in tune with the earlier rent structure and also differed from lease rent of other similar Clubs. The MoD will consider the grant of renewal of lease in view of fresh policy on Sports and Recreational Clubs which is under finalisation in MoD. Since this matter is linked to optimum utilization of defence land, it was referred to Sumit Bose Committee. The Sumit Bose Committee has submitted its report recently, which is presently under examination. The policy on leases given to "recreational and sports clubs" will be finalized keeping in mind the recommendations made by Sumit Bose Committee. The renewal of the RCTC lease will be considered once the policy is finalized and due rent recovered with arrears. There will be no loss once the rent is recovered from RCTC Kolkata based on the policy.

#### **Case-II**

18. In August 1966, MoD accorded sanction for licensing of land at Wellesly Road, Pune to Indian Oil Corporation Limited (IOCL) for Bulk Petroleum Installation at an assessed rent/fee. Subsequently, Defence land measuring one acre and hired land measuring 36 square yards was handed over to IOCL Pune on 07 September 1966. The terms and conditions and the amount of rent at that time could not be finalized as the leasing of land in favour of IOCL had been challenged in the Court by the ex-land owner in 1996, which was finally dismissed in October 2006. Meanwhile, though the land continued to be in occupation of IOCL, yet the DEO did not enter into any lease agreement for the same.

19. Despite the occupation of land since 1966, DEO had collected only an amount of ₹ 4.20 lakh on adhoc basis for the initial 5 years. In May 2011, DGDE was intimated that the amount of rent and premium due from IOCL for the period from September 1966 to March 2012 was ₹ 5.39 crore in respect of 1 acre of land being used by IOCL. Due to

non finalization of the terms and conditions including determination of rent, IOCL had occupied the Defence land since 1966 without paying the assessed rent.

20. The Committee sought reasons for not entering into any lease agreement with Indian Oil Corporation (IOC) after finalization of the terms and conditions including determination of rent even after the dismissal of the case by Court in 2006. The Ministry replied that IOC made a request on 24.02.2006 proposing to use 2035 Square Meter of the site for a retail outlet and 1935 Sq. Meter for administrative facilities etc. (total area of lands comes to 3970 Sq. Meter). Since the total area which was sanctioned to IOC was 4046.86 Sq. Meter (i.e. 1 acre) and the request was for 3970 Sq. Meter, IOC was asked to clarify the same. Later on IOC made revised request for 2091.45 Sq. Meter for retail outlet and 1955.41 Sq. Meter for administrative block. While the request of IOC was being processed, the land admeasuring 2080 Sq. Ft. (193.30 Sq. Meter) was handed over by IOC to Pune Municipal Corporation (PMC) for widening of roads on the basis of working permission granted by Government of India, Ministry of Defence vide letter No.13015/4/2008/D(Lands) dated 17.03.2008. In view of the change in leased land area requested by IOC and transfer of 193.30 Sq. Meter land to PMC, the proposal was revised by DGDE and forwarded to MoD in October 2014 which is under consideration of Ministry in consultation with Army Headquarters.

21. The Committee further sought as to what action has been taken in this regard. The Ministry replied that the proposal for sanction of lease was forwarded to MoD vide DGDE letter No.719/4/L/DE/95 dated 10.06.2011 which was returned by MoD on 04.02.2013 with some queries pertaining, *inter alia*, to payment of cost in respect of MES assets at site. The case is under consideration in consultation with Army Headquarters.

22. The Ministry further submitted the reasons for non-execution of lease agreement with IOC for a Bulk Petroleum installation at Pune. The Ministry replied that

(i) Govt. of India, Ministry of Defence vide letters dated 18.08.1966 and letter date 22.09.1966 accorded sanction for licensing of defence land measuring 1.0 acre to IOC for Bulk Petroleum Installation consisting of various tanks complete with ancillary equipments. As per the sanction accorded by the MoD the following lands were handed over to Indian Oil Corporation on 07.09.1966:-

(a) Defence acquired land measuring 1.0 acre in revenue Sy. No. 311 for bulk Petroleum.

(b) Hired land measuring 36 sq. yd belonging to Central Railway. The assets standing on the defence acquired land were also handed over to IOC.

(ii) The detailed terms and conditions were to be issued in due course of time as may be decided by the Government which was agreed by Indian Oil Corporation. The terms and conditions and rentals could not be finalized as leasing on land in favour of Indian Oil Corporation in Pune was challenged by ex-land owner in Court. The case bearing CS No. 112/17 filed by ex-land owner was dismissed on 21.09.1995. But the party filed first appeal No. 1146/96 in the High Court, Mumbai, the same also got dismissed on 2006.

(iii) However, thereafter, Indian Oil Corporation revised its request vide 24.02.2006 and asked for allotment of 2035 sq. mts. of the site for a retail outlet and 1935 sq. mts. for administrative facilities etc. As the total area worked out only 3883.42 sq. mts. against the sanction given by the MoD for 1.0 acre, DEO asked IOC to clarify the difference. The Indian Oil Corporation vide letter dated 12.06.2006 made a fresh request for 2019.45 sq. mts. for retail outlet and 1955.41 sq. mt. for administrative block.

(iv) While this request was being processed, Indian Oil Corporation handed over 2080 sq. ft. (193.30 sq. mt) of land to Pune Municipal Corporation for road construction for which the Ministry later gave working permission vide letter dated 17.03.2008. The area in occupation of Indian Oil Corporation was thus reduced to about 3853 sq. mts. It was also noticed by the DEO that Indian Oil Corporation had started the petrol pump on part of site in March, 2007 and had also demolished certain old MES structures for the purpose.

(v) MoD after taking into consideration of all factors, issued ex-post facto sanction vide letter dated 18.11.2016 for charging of rent and premium from IOC w.e.f. 07.09.1966 to 06.09.2016 for bulk petroleum installation and for regularization of use of part of premises for retail outlet and part as administrative block w.e.f. 07.09.2006 to 06.09.2016 on payment of total value of rent and premium of ₹ 8,50,62,790/-. An additional payment of ₹ 8,29,500.70 by IOC towards affected/damaged Army assets has also been sanctioned. DEO Pune vide letters dated 22.12.2016 and dated 17.10.2017 & 07.11.2017 asked IOC to deposit the amount.

(vi) In response M/s Indian Oil Corporation Limited, Pune Divisional Office, vide their letter dated 14.11.2017 has written to the DEO, Pune that they have made a request for negotiation of rentals but the same was not considered and that they



have forwarded the proposal for regularization of the lease rentals to their higher management for settling the issue positively. They have further stated that they will release the rentals for the subject site after approval from their management.

(vii) In view of the above, lease agreement with IOC could not be entered into. Since the matter relates to PSUs of Central Government no coercive action has been taken till now.

### Case-III

23. MoD accorded sanction in August 1968 for leasing out of 5525 sqft in Dhaula Kuan, Delhi to Hindustan Petroleum Corporation Limited (HPCL) for a period of one year with effect from 5 September 1973 at an annual rent and premium of ₹ 7072 each and further extended up to September 1977. In October 1979, the lease was renewed with effect from 05 September 1977 up to the date of vacation without changing the rates of rent and premium. Simultaneously, sanction was also accorded in October 1979 for lease of land measuring 17,525 sqft, which included additional 12,000 sqft out of the same survey number to HPCL for a period of five years from September 1977, on payment of annual rent of ₹ 0.17 lakh and a premium of ₹ 0.84 lakh for the purpose of petrol pump-cum-service station. The lease was further extended in January 1990 on payment of annual rent of ₹ 0.98 lakh and premium of ₹ 4.91 lakh and again up to January 1995 on payment of annual rent of ₹ 3.85 lakh and premium of ₹ 19.24 lakh.

24. In March 2006, on revision of rent and premium, HPCL authorities requested to withhold the enhanced rentals on the ground that the new rates were exorbitant thereby affecting their profitability and HPCL continued to make the payment at the earlier rates of ₹ 0.17 lakh per annum until January 1980. However, Audit noticed that in March 2011, the DEO Delhi Cantt intimated HPCL that the lease of land had expired in January 1995 and since then, the petrol pump had been continuing to operate on defence land unauthorisedly without any subsisting lease. An amount of ₹ 6.79 crore on account of arrears of rent and premium from February 1985 to January 1995 and damage rent from February 1995 onwards along with interest as worked out by the DEO was outstanding against HPCL.

25. The Committee sought to know whether any action had been taken for the renewal of the lease of land by the DEO Delhi Cantonment towards Hindustan Petroleum Corporation Limited though it had expired in January 1995. The Ministry replied that the Government of India, Ministry of Defence vide their letter dated 21.12.1994 accorded sanction for extension of the lease first up to 31.01.1990 and again for 05 years up to 31.01.1995. Due to non-payment of outstanding dues by the Hindustan Petroleum Corporation Limited (HPCL) on account of rent /damages to the tune of ₹ 6,78,77,310/- for a period w.e.f. 01.02.1985 to 31.03.2011, the action for renewal of lease of land beyond 31.01.1995 could not be taken up by the DEO, Delhi Circle. Action has, however, been taken by the DEO under the provisions of the PPE Act, 1971 to recover rent/damages. It is further submitted that the entire policy of grant of lease to public sector oil companies for petrol pumps/kerosene outlet is under review in consultation with all stake holders. The policy will also deal with Petrol Pumps whose leases have expired. The revised policy will enable settlement of such cases. Meanwhile action under PPE Act is being pursued.

26. The Ministry furnished the present position of the recovery of rent and premium from HPCL. The Ministry replied that DEO, Delhi Circle vide letter dated 16.03.2011 has written to the Area Sales Manager that lease of the site in question has already expired on 31.01.1995 and since then the HPCL is running petrol pump on the Defence land without any subsisting lease. DEO, Delhi has mentioned in his letter that the land in question has been in unauthorized occupation of HPCL who are liable to pay damages for that particular period in accordance with the prevailing rates of the STR w.e.f. 01.02.1995 till date, along with interest. The DEO Delhi Circle has initiated proceedings under the PPE Act, 1971 for taking over the site and for recovery of damages from HPCL. The matter is also linked with the proposed policy to deal with such cases.

27. The Committee sought a copy regarding policy for lease of Defence land for petrol pumps and the rent/damages would be recovered from HPCL in accordance with the policy. The Ministry replied that the Government of India, Ministry of Defence is in the process of finalizing a revised policy for lease of defence land for petrol pumps which will also specify the manner of dealing with petrol pump sites whose leases have

already expired. On revision of the policy, rent/damages will be recovered from HPCL in accordance with the new policy. The revised policy is still at the consultation stage and discussions are underway with all stakeholders including the PSU Oil Companies and Ministry of Petroleum and Natural Gas.

28. During oral evidence, the representative of the Ministry replied to a query regarding dispute relating to sub-letting of lease as under:

"....even in the BPCL and HPCL cases, though eviction orders have been issued by the estate officers, but, I said, eviction has not been carried out because they have represented to the Ministry of Defence that it should be settled between the two Departments. Actually, that is why, we are not taking foreseeable action to evict these people because mutual interests of the Government Departments are involved."

29. Also, during the oral evidence held on 10.11.2017, the Committee wanted to know that how many cases of recoveries were pending in Courts due to litigation, DGDE replied as under:

"In this connection, I would just like to submit the difficulties that my colleague has mentioned. The Ministry after seeing these difficulties have actual found an interim policy of renewal of lease on 10th March, 2017 only. On the basis of that, now the powers have been delegated to the local level. So, this renewal process is going on but the other thing what you are asking as to how much we have recovered so far and how many we have renewed, those details are not available with us today but we will send it in writing later. We hope this interim policy is up to 31st December, 2014, after that, the lease will be renewed. That process was a cumbersome but we are doing everything and we will give you the figures."

#### **Case-IV**

30. In May 1966, MoD accorded sanction for grant of lease of Defence land measuring 4561 sqft at Delhi Cantonment for a period of nine years to Bharat Petroleum Corporation Limited (BPCL) for the purpose of setting up a petrol pump. In July 1994, MoD accorded ex-post facto sanction for renewal of lease of land measuring 4069 sqft for a period of 20 years from 14 November 1972 to 13 November 1992. The firm had

cleared all the dues up to 13 November 1992. Thereafter no sanction for renewal was issued and the BPCL applied in March 1997 for further renewal of lease for 20 years. Station HQ Delhi Cantt after examining the issue from security point of view did not grant No Objection Certificate (NOC) due to administrative security and fire hazard in July 2002. In August 2002, Cantonment Board (CB) forwarded a proposal regarding termination of the said lease to the PDDE Chandigarh. The land was, however, still in occupation of BPCL and no sanction for termination of lease had been issued till July 2012. Lease rent and premium for the period 14 November 1992 to 13 November 2012 amounting to ₹ 1.48 crore also remained unrecovered.

31. Regarding termination of the lease, the Committee sought to know whether the proposal regarding termination of the lease with BPCL was forwarded by Cantonment Board in August 2002 to the PDDE Chandigarh. Whether the sanction for termination of lease had been issued. The Ministry stated that the Station HQ vide their letter No.60/5/Q2(L) dated 13.06.2002 informed that NOC from Military security point of view for operating the petrol pump could not be granted due to administrative, security and fire hazard to neighboring Military Installation/ HQ. The observations of Station HQ were considered by the Board and it was resolved vide CBR No.04 dated 06.08.2002 that proposal for termination of lease of land comprising Sy. No. 52/16, Shastri Bazar, Delhi Cantt for petrol pump held by M/s BPCL be forwarded to HQ Western Command. Accordingly, the proposal for termination of lease in respect of Sy. No.52/16 was forwarded to the office of the PDDE, Western Command vide DEO, Delhi letter dated 23.10.2002. M/s Bharat Petroleum Corporation LTD. BPCL has been served a show cause notice, on 1.5.2014 under sub-section (3) of section 7 of the Public Premises (Eviction of Unauthorized Constructions) Act 1971, under which they have asked to pay damages amounting to Rs. 1,82,620,50 with simple interest @ 4% per annum w.e.f. 14.11.92 to 31.3.2014. This action was taken as the PDDE was of the opinion that the question of termination of lease did not arise as there was no lease in existence since 14.11.1992 and therefore action was possible only under PPE Act, 1971. The revision of the policy which is underway will also resolve issues relating to such expired leases.



32. Further, the Committee wanted to be apprised whether the lease rent and premium for the period November 1992 to till date has been recovered. If not, reasons for the same? The Ministry replied that as the premises were in continued occupation of M/s Bharat Petroleum Corporation Ltd., they have been served a show cause notice, on 16.05.2013 under sub-section (3) of section 7 of the Public Premises (Eviction of Unauthorized Constructions) Act 1971, under which they have been asked to pay damages amounting to ₹ 1,57,96,95.00 with simple interest @ 4% per annum for period 14.11.92 to 13.03.2013. No lease rent & premium has been deposited by the M/s Bharat Petroleum Corporation Ltd. after the expiry of lease on 14.11.1992. Regarding the unauthorized occupation of the site, the CEO, Delhi has informed that notice under section 4 (1) of the PPE Act too has been issued to the M/s BPCL. A fresh notice for recovery of damages to the tune of ₹ 1,82,62,050/- with simple interest @ 4% per annum for the period w.e.f. 14.11.1992 to 31.03.2014 has been issued to M/s BPCL but BPCL have not deposited the outstanding dues till date. However, proceedings under PPE Act, 1971 are still in progress.

33. The Committee further sought to be apprised about the reasons for not terminating the lease of defence land to BPCL despite proposal initiated by Delhi Cantt Board in 2002. The Ministry replied that it is submitted that Government of India, Ministry of Defence vide letter dated 12.05.1996 sanctioned an area of measuring 4561 sq. ft. comprising Sy. No. 52/16 Shastri Bazar Delhi Cantt, under the custody and management of Cantt Board Delhi to be leased out to M/s Burmah Shell Oil Storage and Distribution Company of India Limited (Later named Bharat Petroleum Corporation Ltd.-BPCL) for a period of 09 years w.e.f. 14.11.1957 for the purpose of Petrol Pump. Thereafter, vide letter dated 16.02.1972, MoD accorded sanction for renewal of lease for a period of 06 years w.e.f. 14.11.1966 on payment of rent and premium in favour of M/s Bharat Petroleum Corporation Ltd. Later vide MoD letter dated 14.07.1994 issued ex-post facto sanction for further renewal of lease of the site measuring 4069 sq. ft. for the period of 20 years w.e.f. 14.11.1972 to 13.11.1992 in Schedule IX of Cantonment Land Administration Rules, 1937 (different spells of 05 years each).

The firm cleared the dues upto 13.11.1992 on account of lease rent and premium. Subsequently the firm vide letter dated 12.03.1997 had requested for renewal of lease for further period of 20 years. The firm again requested for renewal of lease of land for period of 30 years. The matter remained under correspondence between Civil Area Committee and Cantt. Board from 10.08.2001 to 21.02.2002. On 24.04.2002 Cantt. Board vide its Resolution No. 8 dated 24.04.2002 resolved that the matter shall be referred to Stn HQ for examining the issue from security point of view. On 13.06.2002 Stn HQ Delhi Cantt. vide letter view due to administrative security and fire hazard to neighboring Military Station. The Cantt. Board vide its Resolution No. 4 dated 06.08.2002 resolved that proposal for termination of lease will be forwarded to PDDE, WC, Chandigarh. Accordingly, Cantt. Board, Delhi vide its letter dated 23.10.2002 forwarded a proposal for termination of lease to PDDE, WC, Chandigarh. PDDE, WC, Chandigarh vide its letter dated 10.02.2002 replied that the Cantt. Board Delhi should take possession of the site and recover damages from Bharat Petroleum Corporation Ltd for the period beyond 13.11.1992.

Thereafter, the CEO Delhi/Estate Officer initiated action under section 4(1) and section 7(3) of the PPE Act for eviction and recovery of damages amounting to ₹ 1,57,96,953/- for the period ending 13.03.2013. No rent or damages are reported to have been cleared by the M/s Bharat Petroleum Corporation Limited. The Estate Officer vide Order dated 19.09.2016 issued eviction order under PPE Act, 1971 to vacate the premises by 4.10.2016.

Against the aforesaid order eviction order, M/s Bharat Petroleum Corporation Ltd. preferred appeal before the district court New Delhi. While admitting the appeal, the Court also granted an ex-parte interim injunction.

The said appeal was later decided in favour of Delhi Cantonment Board on September 27, 2017. Accordingly, CEO, Cantonment Board, Delhi Cantt. issued notice Bharat Petroleum Corporation Ltd. to vacate the subject premises latest by October 09, 2017.

However, Bharat Petroleum Corporation Ltd. failed to vacate the said premises within the allotted time and consequently, the Delhi Cantonment Board sealed the subject premises.

Meanwhile, Bharat Petroleum Corporation Ltd. file the Writ Petitions (c) No.8877 of 2017 (M/s BPCL V/s Delhi Cantt. Board and Anr.) and No. 8878 of 2017 (M/s L. Gopinath & Anr. Vs Delhi Cantonment Board & Ors) before the Hon'ble Delhi High Court challenging the aforesaid order of 27.09.2017 of the district court. Presently the issue is sub judice in the High Court of Delhi.

34. During the oral evidence held on 26.10.2016, the representatives of the Ministry inter-alia stated that no legal action can be initiated between two government entities but is resolved at the Cabinet Secretary level due to State instructions.

35. The Ministry submitted as under relating to failure to recover the lease rent and premium for the period 14.11.1992 to 13.11.2012 amounting to ₹ 1.48 crores till date from Bharat Petroleum Corporation Limited? The Ministry replied that the revised policy for leasing the Defence land for petrol pump has not been finalised. The finalization of the fresh policy for leasing of sites for petrol pump is taking time as there are number of complex issues to be resolved in consultation with all stakeholders. Detailed deliberation and discussion have taken place to finalize the revised policy with stakeholders including Army; Navy; Air Force; DGDE; Dte. General of Resettlement, Ministry of Defence. A number of meetings were also held with Ministry of Petroleum and Natural Gas, Public Sector Oil Companies to discuss complex issues of model of retail outlets of dealership, quota for war widows/ex-servicemen, rental and premium etc. The draft revised policy has been prepared by Ministry of Defence and has been referred to Ministry of Petroleum and Natural Gas (MoP&NG) for their views/acceptance on terms & conditions particularly the term regarding 100% reservation of all leased sites for Ex-servicemen/Next of Kin/war widows etc. Ministry of Petroleum and Natural Gas has recently sent inputs regarding scheme of reservation in dealership, which is followed by them. Matter has been again taken up with MOP&NG for their views/acceptance on terms & conditions, particularly the term regarding 100% reservation of all leased sites for ESM/NOK/war widows etc.

Regarding non recovery of lease rent & premium amounting to ₹ 1.48 Crores for the period 14.11.1972 to 13.11.1992 in respect of Bharat Petroleum Corporation Limited Petrol Pump, Delhi Cantt., it is submitted that Government of India, Ministry of Defence vide letter dated 12.05.1966 sanctioned an area measuring 4561 sq. ft. comprising Sy. No. 52/16 Shastri Bazar Delhi Cantt, under the custody and management of Cantt Board Delhi to be leased out to M/s Burmah shell Oil Storage and Distribution Company of India Limited (Later named Bharat Petroleum corporation Ltd.- BPCL) for a period of 09 years w.e.f. 14.11.1957 for the purpose of Petrol Pump. Thereafter, vide letter dated 16.02.1972, MoD accorded sanction for renewal of lease for a period of 06 years w.e.f. 14.11.1966 on payment of rent and premium in favour of M/s Bharat Petroleum Corporation Ltd. Later vide MoD letter dated 14.07.1994 issued ex-post facto sanction for further renewal of lease of the site measuring 4069 sq. ft. for the period of 20 years w.e.f. 14.11.1972 to 13.11.1992 in Schedule IX of Cantonment Land Administration Rules, 1937 (different spells of 05 years each).

The firm cleared the dues upto 13.11.1992 on account of lease rent and premium. Subsequently the firm vide letter dated 12.03.1997 had requested for renewal of lease for further period of 20 years. The firm again requested for renewal of lease of land for period of 30 years. The matter remained under correspondence between Civil Area Committee and Cantt. Board from 10.08.2001 to 21.02.2002. On 24.04.2002 Cantt. Board vide its Resolution No.8 dated 24.04.2002 resolved that the matter shall be referred to Stn HQ for examining the issue from security point of view. On 13.06.2002 Stn HQ Delhi Cantt. vide letter dated 13.06.2002 did not grant NOC from Military Security point of view due to administrative security and fire hazard to neighboring Military Station. The Cantt. Board vide its Resolution No.4 dated 06.08.2002 resolved that proposal for termination of lease will be forwarded to PDDE, WC, Chandigarh. Accordingly, Cantt. Board, Delhi vide its letter dated 23.10.2002 forwarded a proposal for termination of lease to PDDE, WC, Chandigarh. PDDE, WC, Chandigarh vide its letter dated 10.02.2002 replied that the Cantt. Board Delhi should take possession of the site and recover damages from Bharat Petroleum Corporation Ltd for the period beyond 13.11.1992.



Thereafter, the CEO Delhi/ Estate Officer initiated action under section 4(1) and section 7 (3) of the PPE Act for eviction and recovery of damages amounting to ₹ 1,57,96,953/- for the period ending 13.03.2013. No rent or damages are reported to have been cleared by the M/s Bharat Petroleum Corporation Limited. The Estate Officer vide Order dated 19.9.2016 issued eviction order under PPE Act, 1971 to vacate the premises by 4.10.2016.

Against the aforesaid order eviction order, M/s Bharat Petroleum Corporation Ltd. preferred appeal before the district court New Delhi. While admitting the appeal, the Court also granted an ex-parte interim injunction.

The said appeal was later decided in favour of Delhi Cantonment Board on September 27, 2017. Accordingly, CEO, Cantonment Board, Delhi Cantt. issued notice to Bharat Petroleum Corporation Ltd. to vacate the subject premises latest by October 09, 2017.

However, Bharat Petroleum Corporation Ltd. failed to vacate the said premises within the allotted time and consequently, the Delhi Cantonment Board sealed the subject premises.

Meanwhile, Bharat Petroleum Corporation Ltd. filed the Writ Petitions (c) No.8877 of 2017 (M/s BPCL V/s Delhi Cantt. Board and Anr.) and No.8878 of 2017 (M/s L. Gopinath & Anr. Vs Delhi Cantonment Board & Ors) before the Hon'ble Delhi High Court challenging the aforesaid order of 27.09.17 of the district court. Presently the issue is sub judice in the High Court of Delhi.

#### **Case-V**

36. Land measuring 4 acres at City Survey (CS) No. 10-A, was on ten years lease to Thane Sporting Club Committee Club since 16 October 1960. In July 1996, DGDE informed DEO, Mumbai that the land held by the Club was required for Defence use and the MoD decided that the possession of land be taken from the Club. However, the DGDE ordered in October 1996 to maintain 'status quo' till a decision regarding allotment/transfer of land in question to the Naval/Air Force authorities was taken by MoD. In February 1998, MoD decided to transfer 19380 square yards of land out of 24121 square yards to Navy and the remaining 4741 square yards to the Air Force.

37. In April 2004, MoD accorded sanction for retrospective renewal of lease to the Club for a period of 10 years from 16 October 1989 to 15 October 1999 at a nominal premium of ₹ 1/- and annual rent of ₹ 12,000/- and for a further period of five years up to 15 October 2004 at a premium of ₹ 1/- and annual rent of ₹ 36,000/-. However, in June 2004 the Club requested for reduced rent as the ground was used for sporting purposes and not for any commercial activity. DEO, in July 2004, intimated PDDE that the rate fixed by MoD was reasonable as the annual lease rent chargeable for 1989 would be ₹ 2.62 lakh and ₹ 17.44 lakh for 1999. DEO in June 2009 informed DGDE that the Club had paid the lease rent amounting to ₹ 3.00 lakh up to 15 October 2004 and in addition also deposited ₹ 0.72 lakh towards provisional rent for two years up to 15 October 2006 @ ₹ 36,000/- per annum. However, sanction granting extension of lease beyond 15 October 2004 had not been granted by MoD and the Club continued to occupy the land from 15 October 2004 without any sanction. Considering the market rate of 1999, the revenue accruable on account of annual lease rent worked out by DEO Mumbai was ₹ 1.40 crore for the period 16 October 2004 to 15 October 2012 and after taking into account ₹ 0.72 lakh paid by the Club, the revenue outstanding was ₹ 1.39 crore.

38. The Committee wanted to know as to why was the lease renewed up to 15 October 1999 for the club by the Ministry in April 2004. The Ministry replied that in July 1996, the MoD decided that the possession of land given to the Club be taken over from the club authorities as the same was required for Air Force authorities/ Navy. However, on receipt of representations from the residents of the area and their local representatives wherein it was stated that this land was the only ground for sports activities in the area, possession was not taken over. The matter remained under consideration between the LMA, DGDE and MoD and finally in April 2004, the MoD accorded sanction for renewal of lease to the Club for a period of 10 years from 16 October 1989 to 15 October 1999 at nominal premium of ₹ 1/- and annual rent of ₹ 12,000/- and for a further period of five years up to 15 October 2004 at premium of ₹ 1/- and annual rent of ₹ 36,000/-.

39. The Committee further wanted to know whether the sanction for lease beyond 15 October 1999 has been accorded by Ministry for the use of land by the club. If yes, how

was the requirement of land for Navy and Air Force being fulfilled. The Ministry replied that the land was required by Air Force for raising a new unit. During the meeting held at Air Force Station Thane in August 2005 regarding the continued lease of the land to the Club, chaired by the PDDE and attended by Station Commander, Air Force Station Thane, DEO Mumbai and the representative of the Club, Air Force authorities agreed in-principle to consider alternate land in lieu of land occupied by the Sports Club after assessing its suitability. The Committee had recommended that till such time alternate land was made available the lease of the Club be extended. However, action to extend the lease could not be taken as the Club sought reduction in the rent being charged for renewal of the lease upto October 2004. It was decided that action to renew the lease would be taken only after all arrears of rent are paid by the Club. DGDE has since intimated that the Club has paid provisional rent upto October 2012. Action to renew the lease has therefore been taken up.

40. The Ministry apprised the Committee regarding Government sanction for extending the lease as under:

In August 2005 a meeting was held at Air Force Station Thane regarding the continued lease of the land to the Club, chaired by the PDDE and attended by Station Commander, Air Force Station Thane, DEO Mumbai and the representative of the Club. It was decided at the meeting to recommend grant of extension of lease beyond 15 October 2004 subject to the condition that the Club cleared the outstanding rent. Accordingly a sum of ₹ 2,16,000/- as provisional rent for the period 16.10.2006 to 15.10.2012 has been paid by Club authorities for extending the lease beyond 15.10.2004. It was also proposed that the land under occupation of the club may be transferred to State Government in exchange of land of equal value. As State Government has not offered any suitable land for exchange of land under occupation of the club matters remains pending. Once a decision is taken in the matter and sanction of Government is issued outstanding revenue will be collected from the Sports Club.

41. The Ministry further apprised the Committee by stating that lease renewals action was initiated by respective officers in different periods of time & due to non-corporation

from the lessees/occupiers at site in submitting required documents, difficulty in bringing persons on record for ongoing litigation regarding legal heirship, non-availability of lease documents in some cases etc. lease renewal action could not progress. However, as per recent instructions issued by DGDE, an entry in APAR of the concerned officers found wanting in progressing the lease cases is now made. This will definitely act as a deterrent for any slackness on the part of the officer concerned in progressing the lease cases.

42. The Committee wanted to know whether the Ministry has extended the lease and collected outstanding revenue. The Ministry replied that the lease could not be executed beyond 15.10.2004. However, the payment for the period from 16.10.2004 to 15.10.2015 has been received in the office of DEO as damage charges/provisional rent amounting to ₹ 3,96,000/-. The DGDE has forwarded a proposal to renew the lease of defence land to the Thane Sports Club's Committee for the sport purposes for a period of 15 years w.e.f. 16.10.2004 to 15.10.2019 (in spells of 05 years) on payment of rent & premium (based on draft policy rates) total amounting to Rs.68,62,500/- with a recommendation to adjust the rent already recovered against the total payable amount from the Sports Club Committee, Thane. However, pending finalization of relevant policy, lease rent and premium, MoD is not able to give renewed sanction. Further, the renewal of lease of this Sports Club is linked to the policy to deal with sites of expired and expiring leases pertaining to sports & recreational club which is under consideration of MoD. The subject is connected with optimum utilization of defence land, an issue which was referred to a High Level Committee (HLC) under the Chairmanship of Shri Sumit Bose. The Sumit Bose Committee has submitted its report recently, which is presently under examination. The policy on leases given to "recreational and sports clubs" will be finalized keeping in mind the recommendations made by Sumit Bose Committee. On finalization of the policy, the due rent will be recovered with arrears

#### **Case-VI**

43. In April 1979, MoD accorded sanction for grant of lease of Defence land measuring 10,290 sqft at Ranikhet to Kumaon Mandal Vikas Nigam Limited (KMVNL), Nainital. The lease was last renewed in December 1989 for a period of five years from



18 July 1984 to 17 July 1989 on payment of annual rent of ₹ 4015 and premium of ₹ 20,075. However, the management of land was transferred from DEO, Bareilly to CB Ranikhet in September 1988. In November 1991, CB Ranikhet asked KMVNL, Nainital for getting the lease renewed as the same had already expired on 17 July 1989.

44. Audit found in May 2011 that during the subsequent 13 years *i.e.* up to 2002, no action was taken by CB Ranikhet to either renew the lease or take back the possession of land. In November 2004, KMVNL requested CB Ranikhet for renewal of the lease for 20 years from July 1989 to July 2009 which was awaited till September 2012. The total amount recoverable towards rent and premium as per Standard Tables of Rent (STR) worked out to ₹ 62.34 lakh, besides penalty of ₹ 4.08 lakh for the period from July 1989 to March 2012.

45. The Committee sought to know whether the lease to Kaumaon Mandal Vikas Limited (KMVNL) Nainital from July 1989 to July 2009 has been renewed and outstanding rent and premium been recovered along with penalty. The Ministry replied that the land measuring 10290 sq. ft. (955.964 sq. meters) out of Sy. No. 128 and 132 was granted in schedule IX of Cantonment Land Administration Rules, 1937 to KMVNL initially for a period of 05 years *w.e.f.* 18.07.1974 to 17.07.1979 and subsequent renewal of lease was granted for each term of 05 years up to 17.07.1989. Since land was in occupation of lessee and no rent of same was being paid since 1989, Cantt Board, Ranikhet took up a case with lessee *i.e.* KMVNL in 1991 for renewal of lease. As despite repeated reminders no response was received from KMVNL, DM Almora was approached by Cantt Board for intervention. The DM Almora asked the gas agency to vacate the premises. Due to non-availability of suitable site, the KMVNL could not shift godown and applied for renewal of lease. Director, Defence Estates, Central Command forwarded a proposal of Cantt Board Ranikhet to DGDE for obtaining Government sanction for renewal of lease *w.e.f.* 17.07.1989. Since the subject land is B-4 land and proposal involves reclassification of defence land and change of management, DEO, Bareilly was asked to submit his report on the proposal of Cantt Board Ranikhet alongwith calculation sheet of rent/premium as per current STR. The Cantt Board Ranikhet has furnished rent, premium and penalty with effect from 18.07.1989 to

17.07.2014 on the basis of STR revised from time to time. The case for renewal of lease and regularisation will be submitted by DGDE to MoD within this month.

46. The Ministry further apprised the Committee as under:

(i) A proposal for renewal of lease was submitted to MoD vide DGDE U.O dated 29.01.2015. Ex-post-facto sanction for grant of lease of said Defence land in Schedule IX of CLA Rules, 1937 to Kumaon Mandal Vikash Nigam Ltd was accorded vide MoD letter dated 14.01.2016 for construction of a godown for Indane cooking gas showroom and chowkidar but for a period of 20 years comprising of four intervals of 05 years each w.e.f 18.07.1989 to 17.08.2019 on payment of annual rent and premium.

(ii) Thereafter, CEO, Cantt Board Ranikhet issued demand notice of ₹ 79,34,650/- (₹ 3728075 for rent + ₹ 3728075/- for premium + ₹ 478500 as damages for unauthorised occupation) to the Managing Director, Kumaon Mandal Vikas Nigam Ltd.

Now, CEO Ranikhet vide letter dated 15.03.2017 has confirmed that Kumaon Mandal Vikas Nigam Ltd has cleared all dues by depositing ₹ 79,34,650/.

(iii) Since the complete dues have already been paid by Kumaon Mandal Vikas Nigam Limited (KMVNL), there is no requirement of granting time to deposit the balance amount.

No action is pending as all outstanding dues have already been paid by Kumaon Mandal Vikas Nigam Limited (KMVNL).

47. The Committee wanted to be apprised about the details of the courts cases pertaining to leases and rent due, the Ministry submitted that there were 60 courts which have been filed in different courts. Out of them 33 cases pertain to leases under the management of DEOs and 27 cases pertain to leases under the management of Cantt Board.

#### IV. UNAUTHORIZED OCCUPATION OF DEFENCE LAND BY OTHER DEPARTMENTS

48. Southern Railways, Chennai approached the DEO Chennai in May 1985 for transfer of 0.52 acre of Defence land for construction of a train halt station at Trisoolam. In July 1985, HQ TN & K Sub Area conveyed 'No Objection' to Area HQ under intimation to the Railways. Without any formal sanction, the Railways authorities occupied the land and completed the construction work. Subsequently, during inspection in September 1987, the DEO noticed that the Railways authorities had taken over 0.7829 acre of Defence land instead of 0.52 acre for which 'No Objection' had been issued. The DEO failed to issue any show cause notice to the Railway Authorities on encroachment of extra Defence land. The land continued to be in the occupation of Railways and the case for obtaining sanction was not pursued.

49. In August 1989 and thereafter in November 1990, the DGDE asked the DEO to furnish the market value of the land along with damages for unauthorised occupation by the Railways for obtaining Government sanction. The DEO furnished the calculation sheets showing the market value of land and the rent/damages to be recovered from the Railways. However, no progress was made in obtaining Government sanction for transfer of land during the period from 1991 to 2000. After a gap of 10 years in June 2000 and again in June 2002 the DDE reminded the DGDE to approach the Government for the necessary sanction and despite this, no progress was made and the Government sanction was still awaited till October 2011.

50. In October 2009 and again in October 2011, Audit noticed that the case which was initiated in 1988 for transfer of Defence land to the Railways had not been finalized and in April 2013, the MoD agreed that there was no progress in obtaining Government sanction though the matter was taken up on a number of occasions. The MoD further intimated that the cost of the land measuring 0.7829 acres had increased from ₹ 7.58 lakh to ₹ 9.29 crore during the intervening period of time and an amount of ₹ 4.11 crore on account of rentals was due from the Railways leading to unauthorised occupation of

0.7829 acres of Defence land by the Railways without payment of cost of land as well as rentals for the last 25 years.

51. The Ministry furnished the reasons to the Committee for not issuing show cause notice to Railway authorities even after coming to the notice of the DEO about the encroachment of extra Defence land by Railways. The Ministry replied that the Deputy Chief Engineer (Constructions), Southern Railways Chennai vide their letter dated 20.05.1985 approached the Defence Estates Officer for allotment of defence land measuring 0.55 acres in respect of GLR Sy. No.387/3, 388/795 and 387/796 of St. Thomas Mount cum Pallavaram Cantt for construction of subway, station building and new platform in front of Meenambakkam Airport. The matter was referred to Local Military Authorities. The request was turned down by the LMA. The Railways made a request again to the LMA vide letter No.W.229/1/6/CW/MAS/DE dated 19.06.1985 for reconsideration after addressing the objections raised by the LMA.

During site inspection done on 27.06.1985, it was noticed that the Railway Authorities had already started construction of some structures on defence land without intimation to the Defence department. The DEO vide letter No. N/22-A/XIII/370/MC dated 04.07.1985 informed them that the LMA had turned down their request and directed them to stop further construction work. The Railway Authorities in continuation of their letter of 19.06.1985 requested the LMA vide letter No.W.229/1/6/CW/MAS/D dated NIL/07/1985, bringing out the urgency of completing the work by 02<sup>nd</sup> Oct. 1985 and requested for allotment of defence land measuring 0.52 acre out of GLR Sy. No. 387/3, 388/793, 388/796 and 795-A. The LMA vide TN&K Sub Area letter No.4022/174/52/Q3 dated 15.07.1985 conveyed their no objection to HQ ATNK&K Area to the transfer of the defence land measuring 0.52 acre out of the above survey numbers and sought their concurrence. **The Railways thus seem to have finalized requirement of land in consultation with LMA.** The matter was taken up by the DEO Chennai officially with Railway Authorities for regularization of the unauthorized occupation of land by them. Hence it may be seen that the matter had been taken up by the DEO with the Railway authorities about the irregular and unauthorized occupation of Defence land.



52. The Ministry apprised the Committee regarding action taken for obtaining Government sanction for transfer of the Defence land to Railways. The Ministry replied that during site inspection by the representatives of DEO it was found that the Railway authority have actually occupied 0.7829 acre. Accordingly, proposal for obtaining ex-post facto sanction for transfer of defence land to Railways at Trisoolam on cost basis has been forwarded by DEO Chennai to PDDE, Southern Command, Pune which is presently under their examination. Instructions have been issued by DGDE to PDDE, SC to forward the proposal within January 2015.

53. The Ministry further apprised the Committee by stating that the Defence Secretary vide DO dated 14.03.2017 wrote to the Chairman, Railway Board to expedite decision of Min. of Railway for early resolution of the issue by way of exchange of equal value railway land. Later, a meeting was held between Railway authorities and DEO on 23.03.2017 and following points were arrived:

- (i) It was agreed for mutual exchange of land on equitable basis.
- (b) A fresh joint survey to be conducted to determine the actual area involved.
- (c) On completion of joint survey, proposal to be framed for equitable exchange of Railway land at Chennai to Defence Department.

The joint survey was conducted by rep of DEO, Chennai and Railway authorities on 28.04.2017. DEO intimated that Railway Divisional Office, Chennai offered land opposite to Trisoolam Station. However, LMA requested the DEO that they are willing to take over a suitable piece of land from Railway in the vicinity of Central Station complex or within / behind Egmore Railway Station for construction of MCO and Aramgrah. Ministry of Defence on 09.11.2017 requested Chairman Railway Board to instruct the concerned Railway Authorities to resolve the long standing issue. The response of the Railway authorities is awaited.

#### **Case-II**

54. A proposal to transfer five acres of land to Airport Authority of India (AAI) at Air Force Station Pune from Survey No. 225 for vehicle parking on short term lease for a period of five years extendable by two years in steps of one year at a time was initiated

in June 2009. DEO Pune, in August 2009, forwarded the proposal to PDDE Southern Command for obtaining Government sanction for leasing the land to AAI for a period of five years at an annual rent of ₹ 91.05 lakh at five per cent of the market value of the land. However, the PDDE, did not process the case due to non-availability of the complete documents due to which Government sanction could not be obtained till March 2013.

55. Audit observed that without obtaining Government sanction, AAI had further leased the land for parking to a private contractor M/s Garuda Aviation Services who was collecting parking charges and no rent was being recovered from the AAI and credited to Government account. The DEO Pune, took the matter up with AF Station Pune for their comments/clarification in May 2012 which were awaited till March 2013.

56. However, in October 2012, DEO Pune admitted that the land was illegally occupied by AAI for parking purpose. Station Works Officer, Pune stated that no payment had been received till March 2013 from AAI on account of lease of Defence land and matter had been taken up with AAI regarding irregular occupation of Defence land. AF Station Pune allowed the AAI to use 4.73 acres of Defence land valuing ₹ 17.23 crore for commercial purpose as parking area without Government sanction. DEO Pune had failed to take over the management of land and allowed the commercial exploitation without recovering any revenue resulting in revenue loss of ₹ 4.52 crore to the Government on account of non-recovery of lease rent for the period from January 2008 to March 2013.

57. The Committee wanted to know why the documents relating to leasing of land were incomplete, the Ministry stated that in August 2007 a meeting was held to discuss the issue of transfer of Air Force land to AAI at Pune. It was intimated to Ministry of Civil Aviation (MoCA) that the immediate requirement of AAI of land for additional parking can be considered in consultation with concerned agencies on short term lease basis for which modalities and terms of the lease agreement along with exact location of land be worked out by IAF, DGDE and AAI. The required land was accordingly surveyed and action to prepare a draft MOU was initiated. In a subsequent meeting it was decided

that an area of approximately 5 acres be provided due to upcoming Commonwealth Youth Games. No formal working permission was given. Thereafter, a Board of Officers (BOO) was ordered for transfer of the said land to AAI. The BOO has, however, not completed its task as the representative of the AAI did not report for its proceedings. The matter has been taken up with AAI at various levels so that the required BOO can be completed for regularization of land occupied by AAI. Even though AAI had assured all cooperation it is still to take action to enable early conclusion of the BOO. DGDE has reported that documents such as handing over/taking over documents of land from Indian Air Force to the AAI along with date and year, copy of MoU entered into by IAF with AAI, if any and details of rent /license fee, if any received by the IAF have not been made available by IAF. In this regard it may be mentioned that IAF has reported that land was occupied by AAI without grant of any formal working permission possibly on account of urgency. The question of providing any MOU or details of rentals would also not arise as the BOO constituted for recommending transfer of the land and terms and conditions for the same has not progressed due to failure of AAI to provide its representative for the same.

58. The Committee further wanted to know whether any revenue has been recovered from Airport Authority of India for using Defence land and what was the outcome of the Government sanction and physical verification for recovering rent. The Ministry replied that no rent has been recovered as the BOO ordered has yet to complete its proceedings for recommending terms and conditions for transfer of IAF land to AAI due to lack of cooperation by AAI. Rent will be recovered once formal Government sanction for lease of land is obtained which is being expedited. The Board of Officers (BOO) proceedings have remained in complete as AAI is yet to nominate its representative in the BOO despite the matter having been taken up with AAI at various levels and forums. A meeting was held on 13<sup>th</sup> August 2014 between the officials of MoD and MoCA under the Chairmanship of Additional Secretary, MoD to discuss and resolve pending issue between AAI and various Defence organizations. In the meeting this issue was discussed and it was decided that AAI will extend full cooperation for regularization of case. However, AAI is still to act in the matter.

59. The Committee wanted to know the exact reasons for allowing use of Defence land for commercial purposes without Government sanction. The Ministry stated that a requirement of additional vehicle parking was projected by Ministry of Civil Aviation/ Airport Authority of India at Pune Airport in 2007. The requirement was approximately 5 acres of land due to forthcoming Common wealth Youth Games. In view of the emergent requirement Ministry of Defence consented that an area of approximately 5.0 acres can be given to Airport Authority of India at Pune Airport on short term lease basis subject to working out of exact location, modalities and terms of lease agreement between IAF, DGDE and AAI. After survey, exact requirement worked out to be 4.73 acre. A Board of Officers was also ordered by the Local Military authorities, but could not be completed in spite of protracted correspondence with AAI at various level. Therefore, Government sanction remained pending. Subsequently, it was decided that this land can be exchanged with Min of Civil Aviation along with other pockets of land on the basis of barter matrix.

60. The Ministry further stated that the land Barter Matrix comprising six airfields i.e. Pune, Trivandrum, Ahmedabad, Agra, Gorakhpur and Belgaum was initiated to resolve long pending land cases between IAF and AAI. The transfer of land between IAF (MoD) and AAI (MoCA) in the form of a Land Barter Matrix in equal quantum of land for a group of airfields will accrue benefits for both IAF and AAI to meet respective interests. This will also be in the interest of the aviation sector which includes regional connectivity. Since the transfer of land is taking place between two Government Ministries, both serving national interest, the barter has been considered on equal quantum basis. A proposal for approval of Cabinet on the exchange of land between IAF (MoD) and AAI (MoCA) as per land Barter Matrix comprising six airfields i.e. Pune, Trivandrum, Ahmedabad, Agra, Gorakhpur and Belgaum has been prepared by the Ministry of Civil Aviation and the same is at the stage of Inter-Ministerial consultation.

61. The Committee wanted to know whether physical process of annual verification of land is undertaken by Land Management Authority to verify the land details under his jurisdiction. In the instant case, the physical survey of subject 4.73 acres of land was done in 2009 and 2016.



## V. MISUSE OF DEFENCE LAND

### Case-I Construction of Girls Hostel in Pune

62. B-3 Defence land measuring 5.03 acres in GLR Sy No. 189 under the management of DEO Pune was on lease to Lady Wellington Soldiers Club under Old Grant terms and holder of occupancy rights were the Trustees of the Club viz the Commander Pune Sub Area (PSA) and the Collector of Pune. The proprietary rights over the land vested with the Government of India. As per lease agreement the buildings would revert to Government on closure of the Club. The Bungalow on the land was under occupation of the State Police Department from March 1948 on ex-post facto sanction issued by MoD in January 1951 for leasing of the bungalow to State Police Department. After the Police Department vacated the Bungalow, HQ PSA converted a portion of the land into a Cheshire Home in November 1984 and entered into a lease agreement in June 1986 for a period of 10 years for which approval of the Government was not available on the records of the DEO, Pune.

63. In August 1996, a girls hostel was constructed in the existing buildings under the management of HQ PSA through Army Wives Welfare Association (AWWA). In January 2001, the Army Headquarters (AHQ) approved the proposal for construction of a girls hostel at Pune under the aegis of AWWA. Two new buildings were constructed at a cost of ₹1.97 crore by HQ PSA through Regimental Funds comprising a Cyber Café, CSD Canteen, Library, Gymnasium and facilities for indoor games.

64. Audit observed in April 2012 that the AWWA was charging ₹ 2000 per month from the children of Officers, ₹ 1500 per month and ₹ 1000 per month from the children of Junior Commissioned Officers and Jawans respectively. Also, a security deposit of ₹ 4000 and an admission fee of ₹ 1000 were being recovered from the girls, residing in the Hostel. The Station HQ, Kirkee, in August 2012, stated that the girls hostel was a Regimental Property of HQ PSA. Station HQ also stated that no approval/NOC was given by the DEO for construction of Regimental Property on Defence land and that the girls hostel was purely welfare oriented and was in no way a profit making commercial institute. However, Audit pointed out that HQ PSA occupied Defence land as



Regimental Property and allowed AWWA to construct buildings on the Defence land for use as girls hostel without obtaining Government sanction and also diverted prime Defence land valued at ₹ 20.36 crore to the AWWA in gross violation of MoD's instructions.

65. The Ministry stated the reasons/circumstances under which the Bungalow could not be reverted to Government. The Ministry replied that as per the record, bungalow bearing No.13, Frere Road 'Lady Wellington Soldiers Club' was leased out, with joint HORs as Commander Pune Sub Area and Collector, Pune. Once the Club premises were requisitioned by Collector Pune vide order No. MIL 581 dated 12<sup>th</sup> October, 1942, 'Lady Wellington Soldiers Club' ceased to exist and subsequently the property was handed over to Headquarter Pune Sub Area even while it was being used by Police Station Kirkee from March 1948 till its vacation. The Government of India, Ministry of Defence vide their letter dated 15.01.1951 addressed to the Secretary to Government of Bombay, Home Department conveyed that on reconsideration of the question of vacating of the above premises by the Police authorities of the State Government and their difficulties in procuring alternative accommodation, the Central Government decided not to press for the vacation of the premises so that the State Government could lookout for alternative accommodation for the Police Station in due course. The copy of the said letter was also marked to the QMG Branch, New Delhi. AHQ has explained that after vacation of the property by Police Station Kirkee, Headquarter Pune Sub Area has utilized this property for the purpose of welfare of the wards of serving and retired defence persons firstly as 'Cheshire Home' and subsequently as 'Girls Hostel'. It has noted that utilization of the property as above had not been objected to till 2005.

66. They further stated that DGDE has explained that the bungalow was an old grant bungalow and documents for the same as for other similar bungalows held on old grant terms did not exist. They have also stated that the bungalow has since 1967 remained in the control of the LMA after the site was vacated by the State Police Dept. in the year 1967. Further, HQ Pune Sub area was in possession and control of the said bungalow when it HQ PSA entered into an agreement for lease of part of Government land in

subject premises to the Cheshire Home for 10 years with effect from 01<sup>st</sup> November 1984. DGDE has therefore stated that the DEO did not hold any records with regard to this Bungalow including that of the lease agreement by HQ PSA.

67. The Committee wanted to know how the new buildings works constructed on defence land by AHQ without lease agreement for commercial purpose and whether any responsibility has been fixed for the same. The Ministry replied that AHQ has reported that the property in question has not been utilized for any 'commercial activity' at any point of time. The establishment/construction of the Girls Hostel had been approved in principle in 2001 by Local Military Authority (LMA) as a welfare measure. A proper Project Monitoring Group was constituted in 2004 and funds for construction of additional buildings were provided from the Welfare Funds of Army Headquarter, Headquarter Southern Command, Headquarter MG&G Area and Headquarter Pune Sub Area. It has further explained that as the property was being utilized only for 'Welfare' of Army personnel and their dependents the requirement for entering into a formal lease agreement was not envisaged and as such there does not appear to be any grounds for fixing any responsibility for lapses on the part of LMA.

68. The Ministry stated that MoD intimated that the ex-post facto sanction for construction of the Girls Hostel Kirkee on defence land is under consideration. The Committee sought to know the present status of the construction of the Girls Hostel Kirkee. The Ministry replied that the objection raised by Audit Authority and also on the advice rendered by them, case for regularization of construction of Girls Hostel building through welfare funds was received by IHQ of MoD (Army). A consolidated case for regularization of all such boys/girls hostels established at various stations for wards of service/deceased/retired personnel, as a welfare measure is being taken up by Army Headquarter with Ministry of Defence.

69. The Ministry further apprised the Committee by stating that ex-post facto sanction for construction of the girls hostel at B. No.1. GLR Sy. No.189 at Kirkee Cantt., Pune and reclassification of land from B-3 to A-1 has been issued vide MoD letter dated 19.12.2016.

## Case-II      Running of Shopping Complex

70. Bungalow No. 34 Kahun Road in Survey No. 329 situated on 3.06 acres of B3 Defence Land at Pune Cantonment also known as Wellington Club comprising of main building, kitchen and servant quarters under the management of DEO was on lease since 1929 to Wellington Soldiers Club on perpetuity terms. Condition (1) (b) of the lease deed stipulated that the land and buildings erected thereon were not to be utilized for any purpose other than that of the Club except with the consent of lesser *i.e.* Government of India. Further, in case of violation of the conditions of the lease the land and buildings would revert to the Government. After the closure of the Club, the buildings were converted into a shopping complex viz. CSD Canteen, ATM Counter, Food Shop, Cloth Shop, Ice Cream parlour, Electrical shop etc. with the approval of HQ PSA in clear violation of the condition of lease deed and Government orders on the subject.

71. In April 2009, Audit noticed that the DEO approached the HQ PSA seeking the authority and the terms and conditions under which the ATM Counter and other commercial establishments had been permitted on the B-3 land. The DEO also sought the details of income collected from these commercial establishments and its remittance into the Government Account. The HQ PSA, however, did not furnish any reply. No further action was taken by the DEO.

72. Audit pointed out in November 2011 and January 2012 about the details of rent received from these establishments, HQrs PSA, in February 2012, stated that a Board of Officers had been detailed in December 2011 for conversion of land from B-3 to A-1 in respect of the Bungalow No. 34 and that a case had been taken up with the MoD for cancellation of the lease executed with the Wellington Club. It also stated that the buildings were not in the charge of the Military Engineering Services (MES) and rent and allied charges were not being recovered indicating that the HQ PSA had erected the buildings through Regimental sources. HQ PSA had misused 3.06 acres of B-3 Defence land valuing ₹ 16.38 crore for commercial activities without crediting any revenue to the Public Fund claiming it to be Regimental Property. The Ministry had

concealed the material fact about the running of commercial establishments on the B-3 land and misused 8.09 acres of Defence land valuing ₹ 36.74 crore in gross disregard of MoD orders.

73. The Committee wanted to know the reasons for not obtaining the approval of Government of India before converting the club into shopping complex as per condition of lease deed. The Ministry stated that 'Wellington Soldier's Club' in the pre-independence era was located at Bungalow No.34, Kahun Road, Pune with 'Lease in Perpetuity' executed on 23<sup>rd</sup> January, 1929. AHQ has intimated that after independence, the property came under the management of HQ Pune Sub Area as the Club ceased to exist. Since no objection was raised on the control of HQ Pune Sub Area over the Bungalow the same was utilized to establish the Regiment Unit Run Canteen (URC) in 1955 as a welfare measure for the troops of HQ Pune Sub Area. Subsequently, the entire property evolved as the Regiment Shopping Complex as per the Scales of Accommodation, 2009.

74. The Committee also wanted to know why did DEO not take any action against the misuse of Defence land after April 2009. The Ministry replied that the said Bungalow No. 34 Kahun Road comprised under Survey No. 329 has been in the control and possession of the LMA since 1953 and a Unit run Canteen is being run therein by Pune Sub Area for Defence personnel and ex- Servicemen since then. While unit run canteens are allowed under instructions of the Government DGDE has intimated that the DEO had raised objections about running of Shopping Complex, ATM Counter and other shops and sought details of income being collected from such activities. AHQ has intimated that the CSD canteen, SBI ATM and Clothing-Cum Grocery Shop are being run for the welfare of troops and their families. One electrical shop never existed and the Tuck Shop has been closed since 2009. AHQ has also intimated that rental is being collected only from the ATM and the Clothing-cum- grocery shop and after utilizing a portion of the same for improving amenities for troops and infrastructure development the balance is being deposited in the Government Treasury as per policy. It may be noted that the matter of running shopping complexes by LMAs on Defence land has been engaging the attention of the Government and several policy guidelines have been



issued in the matter with regard to sharing of revenues from such shops. Further revision of the guidelines is also under active consideration of the Government.

75. They further sought the reasons for not taking on charge by MES to these buildings and not recovering rent and allied charges as the buildings were constructed on Defence land. The Ministry replied that AHQ has reported that the property in question has been under the management of HQ Pune Sub Area post-independence and rentals with respect to the building are being paid since 1939. The electricity and allied charges are being regularly paid to the MSEB. It is also pertinent to mention here that the ibid property alongwith the building, was transferred by Government of India from the Cantonment authority, Pune to the MEO in February, 1937.

76. The Ministry intimated that a case for annulment of lease in perpetuity to Wellington Soldier's Club pertaining to said defence land was under consideration. The case for conversion of the same land from B-3 to A-1 defence land would be processed on annulment of the lease. The Committee wanted to know the present position of the same. The Ministry stated that a case for Annulment of Lease in Perpetuity to 'Wellington Soldier's Club' is under consideration. The case for conversion of ibid land from B3 to A1 will be taken up on priority after annulment of the lease. Govt. sanction for annulment of lease and reclassification of land from B-3 to A-1 in respect of Bungalow No.34, Survey No.329, Kahun Road, Pune Cantt. has been issued vide letter dated 05.07.2017.

77. The Committee wanted to be apprised about any penal provisions or fixed any punishment on the officials concerned for the gross flouting of established rules. The Ministry replied that no punitive measures have been initiated since the creation of shopping complex was not from the point of view of generating profit. The intention was to cater to basic day to day requirements of service personnel, their families and veterans. However, it has been specified vide MoD ID dated 05.07.2017 that AHQ shall deposit due rent and arrears into Consolidated Fund of India.



## VI. SHORTFALL OF 103.026 ACRES OF LAND TRANSFERRED FROM STATE GOVERNMENT

78. The transfer of land, sanctioned by the Ministry without joint measurement/demarcation to verify the actual availability of land was in violation of the laid down procedure as confirmed by the DEO to Audit in June 2012. Out of 230.93 acres of land sanctioned for transfer, land measuring 127.904 acres only was available with the State Government. However, full payment for the entire land amounting to ₹ 93.46 lakh had been made to the State Government without proper demarcation of land. The Board convened to assess and recommend the acquisition of land and to hand/take over the land failed to verify the quantum of available land before recommending and taking possession of land. A serious lapse on the part of the DEO resulted in excess payment of ₹ 41.69 lakh for 103.026 acres of land which was not handed over.

79. The Committee wanted to know why did the DEO not inspect the land physically in association with the local revenue staff to ensure accuracy and correctness of the land before giving the Handing/Taking over certificate. The Ministry stated that When the Local Military Authorities (LMA) proposed to obtain the State Government land measuring 230.93 acres at Satellite Town ship, Khonsa in Arunachal Pradesh on permanent transfer, they had approached the Deputy Commissioner (DC), Tirap District Khonsa for obtaining the plan of the land and the No Objection certificate. The DC rendered a certificate dated 09.09.2009 to the effect that a plot of land measuring 230.93 acres (934973.73 Sq. Mtrs) located at satellite Town Ship, Khonsa is Government vacant land donated by villagers of Khela Village, Tirap District, Arunachal Pradesh and free from political, legal and religious angle. The DC furnished a copy of plan duly approved by him. The LMA convened a Board of Officers (BOO) to identify the land. Accordingly the BOO assembled on 21.01.2010 and indentified the land on the ground to which effect the Board rendered certificate along with plan. On receipt of Government sanction vide Government of India, MOD letter No. 201/585/ACQ/EC/DE/D (Lands)/101/SO(R)/D (L)/2010 dated 19.03.2010, the DEO Johrat Circle paid the transfer value of the land amounting to Rs.93,45,737/- vide Demand Draft dated 13.05.2010 to the DC, Tirap District Khonsa with the request to hand over the Government land. The DC certified that the State Government land measuring land

230.93 acres has been physically transferred for defence purposes and vacant possession delivered on 04.06.2010 and the right of ownership rests in Government of India, Ministry of Defence free from all encumbrances. Pursuant thereto a BOO vide their proceedings dated 04.06.2010 handed/took over the physical possession of the land measuring 230.93 acres. The Board comprised Lt Col Abhishay Adhikar (Presiding Officer), Capt Pawan Kumar, Shri B.B. Saikia, representative of DEO, Jorhat Circle and Shri P Ronya, rep of DC, Tirap. The land was handed over by representative of DC Tirap District which was taken over and simultaneously handed over by representative of DEO to the representative of the Army. Going by certificates along with map rendered by the DC, Tirap District and the land identification certificate dated 21.01.2010 and proceedings of the BOO dated 04.06.2010, the entire land had apparently been taken over. However, after repeatedly pursuing the matter for physical demarcation of the land at site, the same was carried out only in April 2011 and the deficiency in the area was noticed. In this connection, Principal Director, DE, EC has instituted an inquiry to fix the responsibility of the official concerned. AHQ is also being asked to undertake an exercise to similarly fix responsibility.

80. They further wanted to know the reasons for making full payment though 103.026 acres of land was yet to be taken over by the Army? The Ministry replied that DGDE has reported that the instant case of land acquisition was processed on fast track basis due to the urgent land requirement put forth by the Army. Since Arunachal Pradesh is a Non-cadastral State having no system of Khasra Numbers and land records, the certificate/Map/LA Papers provided by the Deputy Commissioner (DC) who is also the Land Acquisition Officer, were presumed to be true and the entire land acquisition process was carried out on the basis of these documents furnished by the DC. As per provision of the Land Acquisition Act, the possession of land is generally taken over only after making full payment. Therefore Government of India, MoD vide letter No. 201/585/ACQ/EC/DE/D(Lands)/101/SO(R)/D(L)/2010 dated 19.03.2010 accorded sanction for permanent transfer of 230.93 acres of State Government land on payment of transfer value of ₹ 93,45,737/- @ ₹ 10/- per sq. meter as fixed by State Government of Arunachal Pradesh. The DEO Jorhat Circle paid the transfer value of the land amounting to ₹ 93,45,737/- vide Demand Draft dated 13.05.2010 to the DC, Tirap

District Khonsa with the request to hand over the Government land. The DC certified that the State Government land measuring 230.93 acres has been physically transferred for defence purposes and vacant possession delivered on 04.06.2010 and the right of ownership rests in Government of India, Ministry of Defence free from all encumbrances.

81. The Ministry intimated that DC, Tirap had 'in principle' agreed for refund of transfer value of 103.026 acres and forwarded the proposal to Government of Arunachal Pradesh. However, Army was insisting for land instead of refund of money as they are deficient of land in that area. Army was ready to take any other suitable land in the vicinity of this land. The Committee sought to be apprised whether transfer value of 103.026 acre land or other suitable land has been handed over to Army in this regard? The Ministry replied that after prolonged correspondence and meetings the Deputy Commissioner, Tirap Distt, had agreed "in principle" to refund the transfer value of deficit land measuring 103.026 acres. Meanwhile, as per a new policy adopted by the State Government of Arunachal Pradesh to give State land only on lease, a new calculation sheet for leasing out the land measuring 127.904 acres @ ₹ 10/- per sq. meter as annual lease rent has been given by the State Government vide their Memo dated 23.04.2014. As per this policy MoD is required to pay an amount of ₹ 1,13,59,363/- for 4 years (w.e.f. 2009 to 2013) after deducting the transfer value of ₹ 93,45,737/- which had already been paid by the MOD as transfer value of the entire land measuring 230.93 acres. As land measuring 127.904 acres land had already been permanently transferred to MOD, the matter of taking over the land on lease does not arise. The DEO has therefore, taken up a case with the D.C Tirap District, Khonsa as well as the State Government to review their decision to handover the land only on lease terms and refund the balance amount to the MOD. The matter was also discussed in the meeting held to discuss pending land acquisition cases relating to Army and it was decided that the DC be advised to withdraw his letter vide which land previously transferred on permanent basis was now being offered to be given on lease. In the meanwhile Army has re-convened a Board of Officers for amending the Government sanction with respect to the land limiting the same to permanent transfer of 127.904 acres of land. The land measuring 127.904 acres as the earlier Government sanction



has to be revised (amended) and revised Government sanction has to be obtained from the GOI, MOD. The Board Proceedings are however held up as Revenue Authorities have not signed the proceedings.

82. The representative of the Ministry during oral evidence submitted as under:

"The difference is that the requisitioned land is called compulsory requisition. Under the force of law the State Government has the power in consultation with the Central Government. We can place demand with the State Government for requisitioning the land. That RAIP Act was actually applicable all over the country. But after Supreme Court has issued an order that no land can be retained by the Government for more than 17 years. So, no longer we are requisitioning land in other parts of the country except in Jammu and Kashmir where a different RAIP Act is there. Under that Act we requisition this land under compulsory clause. On the other hand hired land is a direct agreement between the DEO and the land owner. So, for small pockets of land we prefer hiring. But for large tracts of land where the number of owners are involved, hiring is not possible and we go for acquisition."

83. He further submitted as under:

"So, basically it is the land for land policy which Defence Ministry follows with the State Government. In case, they want this land not to be taken back, we have told them that the issue is that these agriculturists should be allowed to continue with farming activity. We have requested them, you allot them land in the adjoining pocket because this land is strategically needed by the local army authority. That is the issue pending to be resolved."

84. Furthermore, he submitted as under:

"For acquired lands it is the acquisition orders, handing, taking over documents are given. for those land which have come to us as ex-State forces properties, say, in J&K, even Goa, you yourself has raised this question in Jaipur also – those lands have come to us by virtue of constitutional provision and agreement arrived between States and the Union of India."

85. Regarding the query on survey of lands, the representatives of Ministry, during oral evidence held on 26.10.2016, submitted as under:

"In many cases the revenue authorities have been associated. In some cases State Governments did not associate themselves. The reason was that the revenue authorities were not available because of shortage of time. Hon. Chairman would also appreciate as to how many States really have revenue authorities who know survey. Today in a State like Arunachal Pradesh, I buy the total station, I hire the people, I measure the land, I verify the land given by the

State Government etc. When I measure it, there is a shortage of 10 to 20 per cent. They do not have hierarchies to help us also. Therefore, we are taking a professional approach to see that we do it ourselves because we have to zealously guard our land. How many State Governments really know revenue surveys today? It is an honest question."

86. They further submitted as under:

"Sir, I would clarify it. The entire survey of the Defence land was done under the aegis of the DGD, under our organisation. We requested all the State Governments. In fact, from the Defence Ministry also, letters have gone to all the Chief Secretaries to associate the Revenue Authorities for our survey. In many States like Andhra Pradesh, Madhya Pradesh and Rajasthan, we got the Revenue Authority along with us to do the survey. So, we have done joint surveys and prepared the reports. In many cases, they expressed inability because of some timing. There have some flood relief and election works. So, what they said: "You prepare it with your modern technique. Give us also a copy. We will give you comments on that." So, that way, we have completed now. It is just an initial stage. We have the first phase of the survey completed in that manner. All the reports, wherever we have done with them or without them also, we have sent copies to the Revenue Authorities so that they can authenticate. Yes, without authentication of these reports, that will not be accepted as a final thing in the eyes of law. Only in some States, these modern techniques are not even available, like in Arunachal Pradesh. They are saying: "You train our people also because you have done a new technique; you have the expertise, which we have not been able to do so far. Sir, my intention was to say that where there has not been cadastral survey or helping the Authorities in doing so, I have posted officers. We purchased the total station equipment. I trained the people; and we are getting it done."

87. They also submitted as under:

"So far as the scrutiny of requirement is concerned, Army follows some norms, called KLP norms, where certain scales have been drawn up, like for a particular size of a troop, what should be the requirement of land, etc. These norms have been in operation for years. Now, there is a committee which has been appointed to revisit this case because of the pressure of population in this country. Again, if we are asking for a little land than required, in the future the requirements may change. They may become little more stringent. For that, a committee is going into it and the Army is revisiting their KLP requirements. Sir, it is only at our insistence that a new committee has been formed for revisiting this case. It will not be as luxurious as ever in the past because we know that there has been a tremendous pressure on land in the country. That fact is appreciated. That is why, the scales are being revisited. Moreover, the construction technology has changed. The storage technologies have also changed. Perhaps, we may or may not require that much of land as we used to have in the past. But luxury is not there anymore. We also know that increasingly acquiring even a single acre of



land can draw us into a lot of litigations. Therefore, we are trying to do the optimum utilization of the existing land resource. There is an endeavour in that direction. As far as possible, we do not do that unless it is in the newer areas. The Army is also conscious of this fact. I think the QMG will elaborate on the steps they have taken in this direction."

88. Supplementing the above, the representative of Indian Army submitted as under:

"Sir, the previous methodology of working out the requirement was broadly based on the requirement of population. Then, they used to extrapolate it to know as to how much land is required for smaller units. Now, we have done it in a different way. Today we have got scales of accommodation laid down for each type of unit. So, it gives us a picture as to how much it would entail the land if we want to construct anything for a smaller unit or a large unit. Instead of making it a generic kind of requirement, they have made it into specific requirements and that calculation would give us in more exact terms as to what our requirements for land will be. They have already carried out this review. A draft report has been made and forwarded to the Ministry recently for their consideration. As and when it is reviewed, we will be able to make better utilization of land."

## PART-II OBSERVATIONS AND RECOMMENDATIONS

1. Introduction: The Ministry of Defence (MoD) is the biggest land holder of Government lands in our Country comprising about 17.60 lakh acres. The management of Defence lands is handled by Directorate General of Defence Estates (DGDE), an agency specifically created for the said purpose under the aegis of MoD and provides advisory inputs on all Cantonments and land matters to the MoD and Service Headquarters i.e. Army, Navy, Air Force and other organizations under MoD. The responsibilities of DGDE include acquisition of lands, resettlement and rehabilitation of displaced persons, hiring and requisitioning of lands and buildings, ensuring implementation of Cantonments Act 2006, Policies, Rules & Regulations and Executive Instructions. The Comptroller and Auditor General of India (C&AG) have time and again scrutinized Defence land management and in their various Audit Reports have highlighted repeated instances of unsatisfactory management of Defence estates, serious lapses and irregularities, misuse of Defence land by the Local Military Authorities (LMAs) for unauthorised purposes, unauthorised occupation of Defence land by the ex-lessees due to non-renewal of leases in time, encroachment of Defence lands by other Union/State Government Departments, failure on the part of Defence Estates Officers (DEOs) to renew/terminate leases and consequent loss of revenue to the tune of approximately ₹ 838.34 crore for periods ranging from four years to as long as 46 years. Against this backdrop, the PAC (2014-15) selected the said subject for detailed examination and Report. However, due to paucity of time, the subject was carried forward and examined by PAC (2015-16), (2016-17) and (2017-18) which revealed various other short comings. The observations/recommendations of Committee have been detailed in the succeeding paragraphs.

2. Delay in Renewal of Leases of Defence Lands and consequent non-realisation of Revenue: The Committee note that there were many cases spread across the length and breadth of the country where renewal of leased Defence lands had been pending for years and the concerned DEOs had not taken any action on the same on the pretext of litigations, unavailability of documents, incomplete or missing land records etc. Also, since hiring of land is a direct agreement between the DEOs and the lessees, the Committee are of the view that onus lies entirely on the former for timely renewals and the subsequent realisation of revenues in each case. The Committee note the cases of inordinate delay in renewal of leases pointed out by the Audit viz. Royal Calcutta Turf Club (RCTC), Kolkata; IOCL Bulk Petroleum Installation at Pune; HPCL petrol pump cum service station at Dhaula Kuan, New Delhi; BPCL petrol pump at Delhi Cantt, New Delhi; Thane Sporting Club Committee at Thane, Mumbai and Kumaon Mandal Vikas Nigam Limited (KMVNL) at Nainital. The Committee are dismayed to note that the lease renewals were not being done timely resulting in non-realization of revenue for years. The Committee observe that Defence land record management has not been satisfactory and requires a complete overhaul. They note that all records pertaining to Defence lands leased to other Government Departments or private parties, exchanged between Government Departments or bought and sold are not regularly updated resulting in evasion of taxes and non-reflection of the actual ground position as well. The Committee desire that the system of maintaining land records should be such so as to ensure availability of updated records with all stakeholders so that Defence lands are managed systematically and scientifically. The Committee while noting the Project Raksha Bhoomi & Bhuvan are being implemented, desire that a comprehensive database be created containing details of the lessees (present and past), previous land owners, date of lease and expiry thereof, hyperlink to the maps, present status of the land whether being used commercially or otherwise, the lease rates, the present measurements, rentals and the category of the land. The Committee desire that people should be proactively encouraged to report encroachments on Defence lands by taking pictures of the same and uploading/geotagging it on the

DGDE website and at the same time keeping the identity of the uploader confidential thereby stemming encroachments. The Committee exhort the Ministry/DGDE to finalize the leasing policy, as the Sumit Bose Committee has already given its Report, within three months of the presentation of this Report to Parliament. The Committee desire the Ministry to issue instructions to the DEOs that the process of renewal of lease be started one year before the date of expiry of every lease.

2. Unauthorised Occupation of Defence Land by other Government Departments:

Audit highlighted that Defence land, measuring 0.7829 acres valuing ₹ 9.29 crore at Chennai were under unauthorised occupation of Railways for the last twenty five years without proper sanction by the Ministry of Defence and the rent outstanding was ₹ 8.63 crore. The Committee are shocked to note that the Defence authorities remained as mute spectators when the Railway authorities merely on the basis of a 'No objection' for 0.52 acres of land, unauthorisedly occupied and completed construction on 0.7829 acres of Defence land. The Committee are surprised to observe that Defence Estate Officer failed to issue any showcause notice of the Railway authorities for further encroaching Defence land beyond the allotted land.

The Committee are perturbed to see that after being pointed out by the Audit and examined by the PAC, even though the Ministries of Defence and Railways in their meeting held on 14-3-2017 decided for mutual exchange of land at Chennai on equitable basis, they could not resolve the issue till date. At last when the Railways offered land opposite to Trisoolam station now the Defence instead of taking over the land and resolve the long pending issue demanded suitable land in the vicinity of Central Railway Station, Chennai for construction of MCO and Arambagh. The Committee, therefore, exhort the Ministry to take urgent steps to ensure equitable exchange of Railway land, set its record straight and obtain rental from Railways till such transfer of land. The Committee desire that exemplary punishment for the officers who failed to take suitable action during encroachment and did not issue show cause notice to Railways at that

time. Audit pointed out that Air Force Station, Pune allowed the AAI to use 4.73 acres of Defence land valuing ₹ 17.23 crore for commercial purpose as parking area without Government sanction resulting in revenue loss of ₹ 4.52 crore to the State on account of non-recovery of lease rent. Further, DEO Pune failed to take over the land and remained and meekly allowed commercial exploitation of the same leading to revenue loss.

The Committee are dismayed to note yet another classic example of continuous unauthorised commercial use of 4.73 acres of Defence land valuing ₹ 17.23 crore by the Airports Authority of India at Pune since 2007. This resulted in further loss of lease rent to the tune of ₹ 4.52 crore to the State. AAI had further leased the land for parking to a private centre who was collecting parking charges and no rent was recovered from AAI and credited to Government accounts. Even though the land was provided for the upcoming Commonwealth Youth Games, no formal working permission was given to the AAI. The Board of Officers constituted could not complete its task as the representative of AAI did not report for its proceedings. The Defence Ministry while tendering evidence apprised the Committee that despite assurance for full cooperation given during the meeting of Defence Ministry and the MoCA on 13/8/2014, the AAI is still to act in the matter. Subsequently it was decided by the Ministries that the land can be exchanged alongwith other pockets of land on the basis of barter matrix. A proposal for approval of Cabinet on the exchange of land between IAF (MoD) and AAI (MoCA) as per land Barter matrix is at the stage of inter-ministerial consultation.

The Committee note that the Ministry became proactive only after the land irregularities were pointed out by the Audit. The Committee desire that the land Barter Matrix between MoD and MoCA be expedited, land restored, lease rent for the period obtained this being tip of the iceberg and enquiry set up to find out similar cases of encroachments, land restored and the officials responsible for allowing such encroachments be awarded exemplary punishments.

The Committee are of the strong view that since computerization has led to accessibility of records at every level, timelines be fixed for physical verification



of lands, disposing off the cases of requests for leasing of land etc. The Committee desire that the Ministry may apprise them about the steps being taken for streamlining the procedure of transfer of Defence lands from MoD to other Government Departments.

3. Misuse of Defence land: The Committee note that in two cases, as reported by Audit, (i) Defence land on lease since pre-independence era was not reverted to the DEO on closure of Clubs instead the Local Military Authorities (LMAs) allowed construction of a girls hostel by Army Wives Welfare Association (AWWA) and (ii) Similarly, a shopping complex with CSD Canteen, ATM counter, cloth shop, ice-cream parlour and electrical shop was unauthorisedly allowed to come up on Defence land without MoD's sanction. It was only after being pointed out by the Audit that the Ministry forwarded the proposal of ex-post facto sanction for the Girls Hostel. In the second case where a shopping complex was constructed without reclassification of the land from B-3 to A-1 in gross violation of MoD's instructions. The Committee are surprised to note the tall claims of the Ministry as well as the DGDE about computerization of the land records, land surveys being conducted, regular monitoring of land under their occupation and regular updation of the same in their records and express their serious concern about the functioning of DGDE. The Committee are of the considered view that the Ministry as well as the DGDE should revisit the conditions regarding leases granted in perpetuity as reclassification of B-3 to A-1 Defence lands are only processed on the annulment of such leases. The Committee further desire that the Defence Shopping (Maintenance and Administration) Rules, 2006 be amended for regularizing sanctions to shopping complexes in Cantonment areas to ensure that revenue/rent earned from such establishments is directly deposited in Government account. The PAC (2013-14) in their 89<sup>th</sup> Report (15<sup>th</sup> Lok Sabha) had also observed the mis-use of Defence land engaged in commercial activities and the subsequent non-crediting of income from these lands/properties into Government account. The Committee feel that the earlier observation and recommendation regarding the issue in question has fallen on deaf ears and

therefore strongly reiterate their earlier recommendation that complete details of lessees and revenue generated from all Defence lands/properties by the LMAs be obtained and appropriate action be taken to ensure that all revenues are deposited in Government accounts. The Committee desire that computerisation of Defence land records be completed within a timeline and misuse of its land prevented through land surveys, regular monitoring and updation of the records. The Committee are of the view that DGDE has failed to perform as per the mandate and desire that the organisation may be thoroughly revamped after a high level review.

4. Shortfall of 103.026 acres of land transferred from State Government: The Committee observe that the transfer of land sanctioned by the Ministry was without joint measurement/demarcation to verify the actual availability of land in Arunachal Pradesh in violation of the laid down procedure as accepted by DEO. As per the procedure laid down in Annexure 'B' and 'D', Chapter 29 of the Cantonment Laws Vol. II, the DEO is required to collect the site plan of the selected land from the users along with details of Kharsa numbers showing the area. The DEO is also required to inspect the land jointly with the local revenue staff to ensure accuracy and correctness of the land before submitting the proposal for obtaining Government sanction. Audit highlighted that a handing over/taking over report was signed jointly in June, 2010 by the representatives of the State Government, the DEO and the Army without any physical verification/survey/map/demarcation of land. The DEO Jorhat made full and final payment of ₹ 93.46 lakh for the entire land of 230.93 acres in May 2010. During joint verification of the land by the DEO, Jorhat and Dy. Commr., Tirap in April, 2011 it was found that the land transferred to the Army was 127.904 acres only instead of 230.93 acres. Lapse on the part of the DEO resulted in excess payment of ₹ 41.69 lakh for 103.026 acres of land which was not handed over. The DC, Tirap-Arunachal Pradesh had in-principle agreed for refund of transfer value of 103.026 acres of land and forwarded the proposal to Government of Arunachal Pradesh. However, Army insisted for land instead of refund amount and was

ready to acquire any other suitable land in that vicinity as they were land deficient in that particular area. The State Government decided to refund ₹ 33,92,438 since it did not have any surplus land. However, the said amount has still not been refunded to MoD. The Committee are shocked to note the flouting of established procedures in collecting the site plan, conducting joint survey to ensure accuracy and correct measurement of land before submitting the proposal for obtaining Government sanction by the Defence Estate Officer and according sanction by the Defence Headquarters in the absence of above documents resulting in loss to the exchequer. The Committee desire to be apprised of the exemplary disciplinary action taken against the officials concerned within six months of the presentation of the report. The Committee further desired the Ministry to pursue the issue vigorously and ensure that the refund of money and settle the issue at the earliest.

5. Conclusion: Even though serious lapses and irregularities in management of Defence land were repeatedly pointed out by the C&AG in 2007-08, 2008-09 and twice in 2010-11, no effort was made by MoD or the DGDE to streamline the same. The Committee observed that the same irregularities persisted as the ex-lessees continued to occupy prime Defence land unauthorisedly even after expiry of leases; the DEOs also failed to take advance action for renewal/termination of leases in utter disregard of the guidelines resulting in outstanding rentals of approximately ₹ 838.34 crores for as long as periods ranging from four to 46 years in respect of 8 cases pointed out by Audit; encroachment by other Government Departments and misuse of Defence land by the Local Military Authorities for unauthorised purposes such as running of hostels, shopping complexes etc. constructed from non-public funds continued unabated despite existence of clear cut guidelines of the Ministry. The Committee are of the considered view that since land is precious and a limited resource, serious efforts are required for its protection and judicious use by the administrative Ministry i.e. MoD and the policy implementing wing i.e. DGDE. The Committee view it as a serious lapse on the part of MoD as repeated cases have



been highlighted by the Audit, continuing unabatedly for many years. The Committee desire that strict action be taken against the officials responsible for non-renewal of leases, failing to prevent encroachment, encouraging the use of Defence land for commercial purposes, failing in the basic law of correct and accurate demarcation/measurement of land while acquiring the same before its final payment etc. The Committee also desire that a comprehensive survey of all the Defence lands be made once in 10 years to ascertain the actual status. The Committee find that many cases involving Defence lands are pending in courts. The Committee are dismayed to note that a PSU filing case against a Ministry of Govt. of India in the court presents a very sad picture. The courts are already overburdened and therefore the Committee desire that all cases between the wings of Govt. of India or those under its aegis be taken to a special tribunal to be constituted for the purpose to enable fast track decision and reduction in revenue losses due to long pending court cases.

Further, the Committee note that the MoD, since 2014 is in process of finalising policies for leasing of land for sports and recreational purposes due to which it has not renewed the lease of RCTC, Kolkata from 2007 whose dues are as huge as ₹ 814 crores. The Committee exhort the MoD to finalise the policy within three months. Also, the lease policy giving a revised structure for lease rent and premium forwarded to MoPNG for their views thereof may be followed up and finalized urgently.

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NEW DELHI;  
04 July, 2018  
13 Ashadha, 1940 (*Saka*)

MALLIKARJUN KHARGE  
Chairperson  
Public Accounts Committee