

## **Executive Summary**

The Ministry of Defence is the biggest landholder in the Government with a holding of 17.31 lakh acres of land. Of this, approximately 2 lakh acres are inside the 62 Cantonments located in various parts of the country. Outside these Cantonments, 15.3 lakh acres of Defence land are occupied by Military Stations, Air Force Stations, Naval Bases, Defence Research and Development Organisation labs, firing ranges, camping grounds, etc. Among the three Services, Army occupies almost 80 *per cent* of the land.

*(Paragraph 1.1)*

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

*(Paragraph 1.2)*

### **Lacunae in application of land norms**

The norms of requirement of land for different Defence establishments were laid down in the Handbook of Cantonment Planning, 1947. The Ministry in 1972 imposed a 33 *per cent* cut in these norms as an *ad hoc* and interim measure for all new stations. Subsequently in 1991, it laid down the new norms for Key Location Plans<sup>1</sup> which amounted to 41.8 *per cent* cut on the land requirement norms of 1947. These calculations were however to exclude the land acquired and constructed upon prior to 1972. The new norms were applicable in case of assessment of land requirement for a new station as also in assessing land requirements of existing stations whenever additional land was required.

The Ministry's order of 1991 incorporating reduction in the land requirement norms addressed only the new stations and did not address the existing stations. By applying the Ministry's norms of 1991 to 39 existing stations, Audit found that the existing stations held excess land measuring 81,814.82 acres.

*(Paragraph 2.2)*

### **Large scale discrepancies in land records**

Land records maintained by the Defence Estates Officers (DEOs) are the basic documents for managing the land. Audit scrutiny indicated large scale discrepancies in the figures of A-1 land as mentioned in land calculation sheets

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<sup>1</sup> Key Location Plan is a list of all formations /units/ establishments on approved War Establishment, Peace Establishment or any other Government sanctioned establishment to be permanently located at that station

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prepared by Local Military Authorities (LMAs) for the purpose of local management of land and that in the records of the DEOs who are responsible for keeping land records of A-1 land in General Land Register and Military Land Register. No effort was evident to reconcile the discrepancy.

In 25 stations, information collected directly by Audit or from the correspondence between the LMAs and DEOs, indicated that the land area in the records of LMAs was higher by 12769.86 acres in respect of 9 stations and lesser by 9427.77 acres in the remaining stations, compared to the records of DEOs.

*(Paragraph 2.3)*

### **Failure in timely mutation of land in favour of the Ministry of Defence**

Analysis of the details of mutation maintained by 20 DEOs showed that a large part of acquired land was awaiting mutation for periods ranging from 1 year to over 60 years. Analysis also indicated that out of 5.90 lakh acres of land held on records of 11 DEOs in 06 Commands, 0.79 lakh acres (13.39 per cent) were not mutated in favour of the Ministry.

*(Paragraph 2.5)*

### **Discontinuing land audit by DGDE on insistence by Army Headquarters**

In order to assess the extent/efficiency of use of Defence land by the User Organisations and to rationalize and maximize the use of existing land holdings for Defence purposes, the Ministry of Defence in December 1992 instructed the Director General Defence Estates (DGDE) to conduct land audit with primary focus on the existing land use vis-à-vis land holdings and specific requirements. Such audit was to be primarily in the nature of an internal audit designed to help the user organization to achieve an efficient system of land management.

The land audit cell of the office of the DGDE submitted its first report in September 1995 in respect of selected locations which brought out many irregularities. Army HQ, however, suggested to the Ministry to amend land rules before continuation of the land audit.

While the Ministry did not formally discontinue land audit and indeed asked DGDE in January 2002 to submit a report on the preliminary audit of Defence land holdings, DGDE allowed the mechanism of land audit to lapse. Thus, an important internal mechanism to identify mismanagement of Defence land was not allowed to function.

*(Paragraph 3.1)*

### **Non-utilisation/underutilisation of acquired land**

According to the reports obtained by the DGDE at the instance of Parliamentary Standing Committee on Defence, 58529 acres of acquired land were lying vacant. Out of this, 49,831 acres of land acquired between 1905 and 1990 were lying vacant since its acquisition. In addition, an area of 5107 acres of land was found as

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permanently surplus and 1661 acres of land as temporarily surplus in Central and South Western Commands.

*(Paragraph 3.2)*

### **Long delays in acquisition of land**

In three Commands, 10 cases of land acquisition were completed by DEOs/ADEO with delays ranging from one to eight years.

During the review of 49 cases, where acquisition is in progress in four Army and two Air Force and Naval Commands each, Audit noticed that 15 cases were 1-5 years old, 12 cases 6-10 years old, 15 cases 11-20 years old and 6 cases over 20 years old. The status of one case was not made known.

Delay in land acquisition was attributed mainly to late publication of awards and delay in giving/ taking possession of land. Final declarations of awards in respect of 21 cases were awaited even after issue of Government sanctions pertaining to the period from November 1979 to June 2003. Despite deposit of land cost of ₹ 56.24 crore in respect of 18 cases between December 1986 and March 2009, the acquisition proceedings were still incomplete.

*(Paragraph 3.3)*

### **Commercial exploitation of Defence land**

Instances of exploiting Defence land commercially and allowing shopping complexes, etc. to function on such Government land have been reported in earlier Audit Reports of the Comptroller and Auditor General of India. Commercial exploitation of Defence land often turns very opaque as revenue generated by such exercise is credited to the non-public fund (Regimental Fund), which is outside the Parliamentary oversight. Cases like Santushti Shopping complex, in which Government land has been used to allow shops run by many important and well-known personalities of Delhi, has been reported in the Audit Reports.

In June 2006, the Ministry transferred management of shopping complexes from DGDE/DEO to a Committee consisting of the Military Officer Commanding the station as Chairman, a member each from Command Headquarters, DEO concerned, and representative of MES. The Chairman was the sole authority responsible and accountable for running of these complexes.

Follow up of the cases already reported in various Audit Reports indicated that very little change had taken place in the situation on the ground. A number of cases were, for example, reported in Paragraph 2.5 of C&AG's Report No 6 of 2003 on exploitation of defence land for shopping complexes and diversion of revenue from public fund.

The current review by Audit indicated that the practice of allowing Shopping Complexes on Defence land and crediting the revenue to Regimental Funds continued unabated.

*(Paragraph 3.4)*

### **Lack of action on abandoned land**

Scrutiny of the records of the Ministry and DGDE indicated that an area of 25,888.81 acres of Abandoned Airfields (AAFs) and Camping Grounds (CGs) in five Commands was lying surplus to the need of armed forces since 1980. They had neither been disposed of nor put to any alternative use. 7,499.39 acres had been encroached upon. The encroachment on such land in all the Commands varied between 16.10 *per cent* and 38.96 *per cent*.

*(Paragraph 3.5)*

### **Encroachment on Defence land**

Audit noticed that no concrete action for preventing encroachment of land had been taken by Army authorities and Defence Estates Organization. The area of encroachment of Defence land had increased from 6,903 acres in January 1997 to 14,539.38 acres in July 2009. Audit also noticed that no inspection of land was being carried out and required certificates were not being rendered by Defence Estates Officers. The Ministry and DGDE were not monitoring the progress of inspection and rendition of requisite certificates by the LMAs and DEOs to investigate the circumstances leading to fresh encroachments.

*(Paragraph 3.6)*

### **Unauthorized use of Defence land**

#### **Golf Courses**

Scales of Accommodation for Defence Services do not include Golf as an authorized activity. Hence Golf grounds and attendant activities cannot be considered as military activities and hence A1 land cannot be used for Golf Courses.

In December 2004, Chief of the Army Staff, however, declared golf as a sports activity and not only a recreational activity. He directed that Golf Courses would be named as Army Environmental Park and Training Areas. Land used for these Army Environmental Park and Training Areas shall continue to be A-1 Defence land. He had further directed that no commercial activity such as sponsoring golf tournaments by corporate entities would be undertaken on the Golf Courses.

The Golf Courses were being operated by Army Zone Golf, a private registered body. The members of the Course were not only service personnel but ex-servicemen, civilians and foreign nationals as well. The membership was granted on payment of prescribed fee at different rates for individual members and life members. In addition, annual subscriptions were also being collected, thus earning heavy amount of revenue without paying any lease rent and allied charges for use of Government assets. As per information available in the public domain, at least 16 such Golf Courses offer membership to different categories of civilians on payment of monthly subscriptions. Other charges are also levied per session. Revenues so generated are not credited to Government account and is presumably credited to the Regimental Fund. As the Army Zone Golf is a private registered

society the information of the remaining Golf Courses could not be accessed by Audit.

The Ministry was yet to frame a set of rules governing the running of the Golf Courses as also treatment of the revenue generated out of activities of such Golf Courses.

As of August 2009, there were 97 such Golf Courses under the Army. The total area of 79 of these Golf Courses was 8,076.94 acres. Details regarding remaining 18 Golf Courses were not made available to Audit.

*(Paragraph 3.8.1)*

### **Use of Parks/Clubs on Defence land for commercial purposes**

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

32 acres of Defence land at Bhatinda and Bangalore was used for opening public parks without the Ministry's approval. Chetak Park Bhatinda was being used for commercial activities as well.

In four stations (Agra, Lucknow, Pune and Secunderabad) in Central and Southern Commands, 122.58 acres of Defence land had been leased out to various clubs at nominal rates. Land was being utilised for unauthorised commercial purposes like marriages, parties, exhibitions etc. ₹ 2.14 crore for the years 2004-05 to 2009-10 (up to September 2009) was outstanding for recovery from the four Clubs.

- Agra Club with an area of 17.68 acres of land was on lease since March 1922 for Club activities on payment of lease rent of ₹ 58.92 *per annum* for an indefinite period. The Club authorities had made huge unauthorized constructions and an amount of ₹ 1.61 crore from July 2008 to May 2009, being arrears of damages in respect of said premises had become due and payable by the club authorities to the Government.
- Defence land measuring 19.57 acres in Lucknow was on lease to MB Club with effect from January 1931. The club was misusing the land for unauthorized purposes and damages amounting to ₹ 34.21 lakh from July 2006 to September 2009 for unauthorized use of land for commercial purpose were yet to be recovered as of October 2009.

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- Race Track measuring 65.15 acres in Pune Cantonment has been leased to Royal Western India Turf Club Ltd. Pune since February 1907. The club had made unauthorized occupation of additional Defence land measuring 24.10 acres and made additions/alterations to properties held on lease without appropriate sanction of the competent authority. An amount of ₹ 19.15 lakh was outstanding against them for the period 2002-2007.
- Bungalow No. 220 known as Secunderabad Club measuring 20.18 acres classified as B-3 land was given to the Club for welfare of the Armed Forces. The club had made unauthorized construction over the land including 33 guest rooms, restaurant, petrol pump and was charging rent ranging from ₹ 2400 to ₹ 3000 per day per suite. The case of unauthorised construction was *sub judice*.

*(Paragraph 3.8.2)*

### **Defence land and buildings for commercial use**

- Seven Defence buildings involving area of 1.81 acres at Bangalore under the custody, control and management of LMA had been used for non-defence purposes since 1994-95 such as Institute of Hotel Management, Girls and Boys Hostel, etc., without the sanction of the Ministry. The accrued rent up to March 2009 was ₹ 6.45 crore.
- Air Force authorities at Bangalore were using Defence land for unauthorized purposes such as running of shopping complexes, private engineering colleges, cinema hall, banks, etc without proper sanction.
- Ten buildings located in four Air Force Stations under the control of Headquarters Training Command, Bangalore were re-appropriated between 1983 and 1993 for use as Student Study Centres/AFWWA Hostel for children of Defence Service Personnel.
- 1280 sq. ft. additional land in Belgaum Cantonment was under the illegal occupation of Indian Oil Corporation (IOC), by expanding their boundaries in the adjoining class-B land.
- Karnataka State Road Transport Corporation (KSRTC) occupied 0.2 acre of defence land in Belgaum Cantonment in 1988. Land was taken back in 2005 but damage rent for intervening period was neither worked out nor claimed.

*(Paragraph 3.9)*

### **Dismal state of management of leases**

As of March 2010, 2500 acres of land valuing ₹ 11,033 crore was on lease for an annual rent of ₹ 2.13 crore which is negligible given the present market value of the land. There was no progress in renewal of 3780 leases. Requests for renewal were received only in 899 cases. In 1800 cases, where no requests for renewal were received, the cases had not been pursued for eviction of lessees. In respect of remaining 1081 cases the status was not clearly known.

*(Paragraph 4.1)*

**Loss due to delay in fixation/non-recovery of rent from private parties**

- The Ministry in January 1961 accorded sanction to construct Hotel Clark Shiraz in Agra Cantonment on 5.68 acres of Defence land on payment of rent of ₹ 2840 *per annum* and a premium of ₹ 56,800. A lease agreement was executed in April 1961 for a term of 30 years renewable at option of lessee up to 90 years on payment of a rent of ₹ 3977 *per annum*. For the second or third term the lease rent could be enhanced up to fifty percent of the rent of a property which had been resumed for any lease (either original or renewed) immediately preceding the renewal of this lease. In 1991, 100 additional rooms were constructed by the lessee against approval of 90 rooms given by Cantonment Board, increasing the number of rooms to 237.

On expiry of the first lease term of 30 years in 1991 rent was revised to ₹ 11931 *per annum* whereas it should have been fixed four times of the residential rent as per Para 2 of Government policy of January 1968. Non-revision of rent in accordance with the Government policy resulted in loss of ₹ 8.08 crore for the period from 2001-2002 to 2008-2009.

- The Ministry of Defence in July 1968 accorded sanction for leasing of an Old Grant site measuring 1.40 acre at Agra for the purpose of constructing the Grand Hotel, at an annual rent of ₹ 1260.90 and premium of ₹ 25,218. An agreement was entered into between DEO Agra and the lessee in February 1969 which was subsequently renewed in July 1993 and rent was revised to ₹ 1891.35 *per annum*, as per the lease.

However, as per the Government order of January 1968 rent at the rate of four times the residential rent was recoverable for the site leased for Hotels. Considering the above rate of rent, actual amount recoverable worked out to ₹ 1.03 crore from 2001-02 to 2008-09 resulting in loss to the public exchequer. In May 2008, DEO Agra also intimated Grand Hotel that market value of the site was ₹ 2491 per Sq. metre and rent based on Standard Table of Rent recoverable from them was ₹ 14.12 lakh *per annum*.

*(Paragraph 4.4)*

**Old Grant sites**

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

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With the spread of urbanization, most of the Old Grant Bungalow (OGB) sites are now prime real estates. There are 46,043 Old Grant sites in the country as of March 2009. The powers for conversion of the sites in to leaseholds or resumption of such Old Grant Bungalows are vested in the Ministry.

As per the land policy laid down by the Ministry in 1995, to ensure appropriate return by way of premium and rent, Old Grant sites which are in the nature of licences should be converted into leaseholds with Government sanction, unless these were desired to be resumed. 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 or any other public purpose or when the bungalows are in dilapidated condition.

The person who is the holder of the licence is known as the “Holder of Occupancy Rights (HOR)”.

*(Paragraph 5.1)*

### **Irregularities in management of Old Grant sites**

In contravention of the land policy of 1995 of the Ministry, in five Army Commands involving 29 stations under 16 DEOs, unauthorized construction was carried out in 134 OGBs. 224 OGBs covering an area of 496.98 acres were being unauthorisedly used for running educational institutions. The DEOs concerned stated that the matter had already been referred to the higher authorities for directions which were awaited.

In Western Command, 21 cases of unauthorised sale / transfer of OGBs involving 100.33 acres of land under DEO Ambala and 34 cases under DEO Jalandhar were noticed. As per DEOs’ records the cases had been taken up for resumption of properties which were pending.

Three OGBs covering an area measuring 8.66 acres in Ferozepur were being used for commercial purposes like marriage halls and hotel /restaurant for last many years. In spite of the matter being taken up by LMAs, the DEO did not take action as per rules which resulted in non-recovery of revenue of ₹ 73.42 lakh during the three years from 2005-06 to 2007-08 alone.

Five OGBs covering an area of 3.98 acres at Kasauli were being used for commercial purposes (hotels) for last many years. Similarly, five OGBs covering an area of 14.72 acres at Dagshai were being used as hotels/ meditation camps. DEO, Ambala had not taken any action to convert residential lease into commercial lease resulting in a loss of revenue.

An OGB meant for residential use on 2.10 acres of B-3 land was transferred to trustees of Jahangir Hospital and Medical Centre Pune in 1998. Following the



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orders of Cantonment Board Pune, M/s Jahangir Hospitals sold its occupancy rights to M/s Ram Krishna Resorts for a consideration of ₹ 2.51 crore in August 2001 to run a hotel without Government sanction.

A Bungalow with an area of 2.406 acre in the Meerut Cantonment was given to Smt. Ganesh Devi on Old Grant terms for residential purpose. In February 1953 a trade licence was issued by the Cantonment Board to run a tea & biscuit trade in the name of De Rose Hotel, which was renewed in 1962. In September 2003 a notice was served to the HOR by the Cantonment Board for unauthorized use of OGB as marriage hall. In May 2005, DEO Meerut started proceedings for the resumption of the bungalow on the grounds of gross violation of terms, i.e. utilization of bungalow for marriage hall, in contravention of the terms of Old Grant. But the bungalow could neither be resumed nor the damage rent, which worked out to ₹ 4.70 crore for the period from 2003 to 2009 for unauthorized commercial use, recovered.

*(Paragraph 5.2)*

### **Conclusions**

The Ministry of Defence, which is the competent authority in respect of many transactions relating to Defence land, has only one section which is completely inadequate to deal with vast number of cases. During the audit, it was noticed that the lines of responsibilities and consequently of accountability were blurred and on many aspects of Defence Estates management, no agency accepted responsibility. The replies to many of the audit observations indicated that they were passed around from one agency to another. While the LMAs stated that the information sought for by Audit would be available with the Ministry or DGDE, the DGDE and the Ministry, however, did not have the same and in turn asked Audit to obtain it from the Services HQ.

The audit disclosed dismal performance on determining the requirements of land, on keeping land records properly and mutation of land in possession of the Services and others in favour of Defence Authorities. In case of land norms, orders issued by the Ministry laying down norms of requirement of land suffered from many deficiencies. This has given rise to many acres of surplus land in possession of the Services and Cantonments, obviously making land management-in particular, to avoid encroachment and misuse-far more challenging than it would have been otherwise. Combined with this, lack of updated records and mutations in favour of the Ministry have created a situation in which there is complete lack of accountability. The records maintained by the LMAs and DEOs varied widely and in fact the records of the DEOs were in dismal state. The computerization of land records undertaken by the Defence Estates Organisation showed little progress. Huge amount of land were yet to be mutated in favour of the Ministry. The state of affairs is fraught with risks of encroachment and land grab.

*(Paragraph 6.1-6.3)*