

## EXECUTIVE SUMMARY

Land and Development Office (L&DO) is an attached office under the Ministry of Housing and Urban Affairs. The properties administered by L&DO fall into two broad categories:

- Nazul lands, which were acquired in the year 1911 for the formation of the capital of India at Delhi; and
- Rehabilitation lands, which were acquired by the Government of India for the speedy rehabilitation of displaced persons from Pakistan.

These properties were given on leases for residential, commercial and institutional purposes. As per the Annual Report of the Ministry of Housing and Urban Affairs for the year 2020-21, L&DO is responsible for the administration of about 60,526 leases of the Central Government land in Delhi, out of which 34,905 properties have been converted into freehold.

The functioning of L&DO was reviewed by the Comptroller and Auditor General of India (CAG) and the Audit findings were included in Report No. 6 of 2009-10. The Report was discussed by the Public Accounts Committee (PAC) and its observations and recommendations were brought out (27 April 2012) in their 59<sup>th</sup> Report (15<sup>th</sup> Lok Sabha) on 'Functioning of Land and Development Office'. The PAC further brought out (21 March 2013) 78<sup>th</sup> Report (15<sup>th</sup> Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in their 59<sup>th</sup> Report. The follow-up action taken by the Ministry/ L&DO in this regard was reviewed by Audit based on examination of records relating to a sample of 29 Nazul properties.

### **Audit findings**

#### **Assurances to PAC**

- During the previous Audit (2009-10), L&DO did not provide important records. The Ministry made (July 2013) a firm commitment to the Public Accounts Committee (PAC) that in future there shall be no occasion of denial of records to Audit. In the follow-up Audit, many of the records were not produced to Audit.

**(Para 3.1)**

- The PAC, in their 78<sup>th</sup> Report, noted that the Ministry/ L&DO had started verifying/ cross-checking the records to arrive at an authentic figure of all the leased properties but found that position was still far from satisfactory. It was seen during the follow-up Audit that L&DO still did not have the authentic figures of the leased properties under its administration.

**(Para 3.2)**

- The PAC, in their 78<sup>th</sup> Report, impressed upon the Ministry/ L&DO to recover all the outstanding ground rent dues in a definite time-frame. During the follow-up Audit, it

was found that complete information of ground rent due, demanded, paid and outstanding was not recorded in the ground rent register of any of the test-checked properties. L&DO also did not make any efforts to recover the ground rent in time.

**(Para 3.3.2.1)**

- The PAC had impressed upon the Ministry/ L&DO to complete the revision of ground rent in a time-bound manner. During the follow-up Audit, it was seen that out of 29 properties, ground rent was due for revision in 21 properties. However, ground rent was either not revised or revised belatedly/ revised incorrectly.

**(Para 3.3.2.2)**

- Mandatory inspection of the properties was to be carried out once in three years i.e., inspections of at least 33 *per cent* of the properties annually. It was observed during Audit that inspections conducted by L&DO during the years 2016-17 to 2020-21 ranged between five *per cent* and eight *per cent* of the required mandatory inspection. Further, wherever inspections were done, show-cause notices/ breach notices for violations were not issued on time and efforts to re-enter the property were found lacking, thereby rendering the inspections ineffective.

**(Para 3.4)**

- L&DO was required to dispose of applications for conversion, sale permission, mutation, and substitution etc., within a period of three months from the date of receipt of information and documents from the lessee. During Audit, it was observed that 61 applications were disposed of within a day. However, 1,199 applications were rejected after taking more than 1,500 days. Maximum time taken in rejecting and approving a particular application was more than 23 years and 18 years, respectively. This shows that the processing of applications was extremely tardy.

**(Para 3.6)**

- L&DO introduced e-Dharti software for speedy disposal of public services. The Ministry had given assurance to the PAC (59<sup>th</sup> Report) that computerization work related to Nazul properties would be completed by December 2011 and all other files/ registers would be digitized by June 2012. The Ministry/ L&DO failed to fulfil its commitment/assurance as even after a lapse of more than eight years, the process of digitization was yet to be completed.

**(Para 3.7)**

***With regard to Audit findings on Assurances to PAC, Audit recommends that:***

- 1. The Ministry may ensure that all the commitments and assurances provided to the Public Accounts Committee are closely monitored and implemented under intimation to Audit.***
- 2. L&DO needs to take stock of all the properties vested under its control and update all the relevant information pertaining to each property in the e-Dharti system, in order***

*to avoid any possibility of unauthorised construction and misuse/ unauthorised sale of properties.*

3. *The annual budget should be prepared based on assessment of all rent assessed and collectable during the year.*
4. *In order to enable simultaneous updation of inspection registers and follow-up, L&DO may consider developing a GIS enabled mobile application with cross integration facilities with e-Dharti portal to upload the inspection results.*
5. *L&DO should develop a robust monitoring mechanism to ensure that the benefit to EWS beneficiaries is being provided by the Hospitals and Schools, and coordinate with the Government of National Capital Territory of Delhi to ensure that the conditions for admission in school and free medical treatment of EWS category are followed.*

#### **Other Issues**

- For receipt of outstanding dues, demand letters in respect of only 20 properties (out of 29 sampled properties) amounting to ₹326.54 crore were last issued to the lessees between June 1977 to December 2019 of which L&DO could not recover ₹325.12 crore (99.57 per cent). Audit observed that in 19 cases, dues towards damage, misuse, interest etc. amounting to ₹444.08 crore were outstanding.  

**(Para 4.1)**
- The unearned increase had been prescribed as 50 per cent of the difference between the present value of land and the last transaction value of the land. Audit observed that in four cases (out of 29), the lessee had sold the properties. However, unearned increase was not claimed after it came to the notice of L&DO.  

**(Para 4.2)**
- L&DO has so far not issued any specific instructions to Sub-registrar offices that the properties under the control of L&DO should not be registered without its permission. In the absence of such instructions, the Sub-registrar offices would not be in a position to identify the properties belonging to L&DO for registration purposes.  

**(Para 4.3)**
- As per lease agreements, after every transfer of the lease rights, lessee has to intimate the same to the lessor. Audit observed that in five out of 29 sampled properties, lessee sold/ transferred the lease rights to other person without prior permission of L&DO. L&DO neither took any action to get the property vacated from the unauthorized occupants nor initiated action for re-entry.  

**(Para 4.4.1)**
- L&DO was allotting plots to various entities for construction of their building and running their activities. It was seen that in three cases, L&DO had to cancel the allotment of plot and allot another plot in lieu of the same for reasons such as allotment

of encroached plot, allotment of smaller plot, etc., which shows that L&DO was not aware of the actual status of the properties vested under its control.

**(Para 4.4.2)**

- It is the responsibility of the lessee to get the plan sanctioned from the municipal authority/ local body and submit it to the L&DO. Audit found that there was no sanctioned building plan in eight properties out of the sampled 29 properties and L&DO had been demanding the same from the lessee. It was not clear how L&DO conducted inspections without sanctioned building plans.

**(Para 4.5.1)**

- Scrutiny of 29 properties revealed that in case of 11 properties, the perpetual lease deeds/ license deeds were not executed. In the absence of lease deed, necessary clauses relating to misuse/ unauthorized construction, revision of ground rent, transfer of lease rights and re-entering upon the property cannot be enforced.

**(Para 4.5.2)**

- For conversion of leasehold properties into freehold, the allottees were required to pay the difference of conversion charges etc. if the land rates were revised. Audit examined five properties which were converted into freehold. Despite revision of land rates in May 2017 effective from 1 April 2000, L&DO did not calculate the difference of conversion charges in any of these cases resulting in non-recovery of dues.

**(Para 4.8)**

*With regard to Audit findings on Other Issues, Audit recommends that:*

- 6. L&DO should share its verified land records with the Land Revenue Department and Delhi Online Registration Information System (DORIS) of the Registration Department of the Government of National Capital Territory of Delhi, and should evolve a workable solution through which sale/ transfer of any of its properties may be alerted at the time of registration/ mutation.*
- 7. Through a suitable working mechanism, L&DO should ensure that all the approved building plans for all of its properties are collected from concerned local bodies. These should be digitised and placed in the e-Dharti portal for use. There should be an arrangement to communicate the deviations from the Building plan observed by L&DO to the concerned local body for follow-up action.*
- 8. L&DO should ensure that lease documents for each of its leased out property are traced, verified and registered. In the event of the original lessee not being found, L&DO should re-enter the property.*
- 9. L&DO should identify the revised rent collectable from all freehold conversions and verify if land rates were revised for these. In case of revision in land rates, the amount that needs to be recovered from these buyers may be assessed and followed up with demand notices in a time-bound manner.*