

Chapter IV

Other Issues

In addition to the review of follow-up action taken by the Ministry/ L&DO, Audit also observed fresh issues on the examination of records relating to 29 sampled properties which are mentioned in this chapter. Additional details on the Audit findings on the individual properties are given in **Annexure-I**.

4.1. Non-receipt of other dues

As per L&DO Manual, damages are charged for unauthorized construction. The charges for misuse of the land/ building constructed thereon for a purpose other than that for which the land/building was allotted shall be levied from the date on which such misuse is established and up to the date of communication of terms or sanction of the building plan in accordance with which construction has been re-executed or the date of starting construction whichever is earliest.

Examination of the property files relating to 29 sampled properties revealed the following:

4.1.1 Demand letters in respect of only 20 properties amounting to ₹326.54 crore¹⁴ were last issued to the lessees between June 1977 (29, Aurangzeb Road) to December 2019 (Gulab Singh & Sons, Bahadur Shah Zafar Marg) of which L&DO could not recover ₹325.12 crore (99.57 per cent), as shown in the table below:

Table 4.1: Demand letters issued by L&DO and amount recovered there against
(₹ in lakh)

Sl.No.	Name of the Property	Amount demanded	Amount recovered
1	Vidya Bhawan Girls Higher Secondary School, New Rajinder Nagar	0.008	Nil
2	Bal Bharati School, Pusa Road	796.78	0.16
3	Daily Milap, Bahadur Shah Zafar Marg	4,211.00	Nil
4	Daily Tej, Bahadur Shah Zafar Marg	100.97	10.00
5	Gulab Singh & Sons, Bahadur Shah Zafar Marg	878.40	Nil
6	Hotel Le Meridien, Janpath	12,483.92	Nil
7	Hotel Taj Man Singh, Man Singh Road	13,282.85	Nil
8	VIMHANS Hospital, Nehru Nagar	612.00	Nil

¹⁴ Comprising ₹ 2.59 crore on account of ground rent and ₹ 323.95 crore on account of damages, misuse charges and other dues.

Sl.No.	Name of the Property	Amount demanded	Amount recovered
9	F-2, Connaught Place	12.65	3.16
10	Alankar Cinema, Lajpat Nagar	106.34	92.93
11	All India Trade Union Congress, Deen Dayal Upadhyaya Marg	2.27	Nil
12	M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane	99.47	Nil
13	Sukhdeep Coal Depot, Rouse Avenue	0.08	0.09
14	M/s Kayson Enterprises, Sardar Patel Marg	3.53	2.00
15	Krishna Filling Service Station, Minto Road	10.00	10.00
16	All India Trinamool Congress, Deen Dayal Upadhyaya Marg	0.18	0.18
17	29, Aurangzeb Road	5.50	3.76
18	12, Golf Links	2.93	2.93
19	19, Prithvi Raj Road	17.20	17.20
20	1, Hailey Road	27.85	Nil
	Total	32,653.93	142.41

4.1.2 Information in respect of Floor Area Ratio (FAR), interest rates and methodology adopted for calculation of different charges from time to time were not provided to Audit. However, based on available information as well as the demand letters previously issued by L&DO, in 19 cases, outstanding dues towards damage, misuse, interest¹⁵ etc. amounting to ₹444.08 crore were worked out by Audit as shown below:

Table 4.2 Outstanding damage charges, misuse charges and other dues

(₹ in lakh)

Sl. No.	Identity of the Property	Misuse	Damages	Penalty on misuse, interest on belated payment, etc.
1	Bal Bharati School, Pusa Road	957.40	27.85	104.19
2	Daily Milap, Bahadur Shah Zafar Marg	2,911.39	1,359.15	1,037.23

¹⁵ In the demand letters issued by L&DO, interest at the rate of 10 per cent per annum is charged on belated payments, and the same has been adopted by Audit.

Sl. No.	Identity of the Property	Misuse	Damages	Penalty on misuse, interest on belated payment, etc.
3	Daily Tej, Bahadur Shah Zafar Marg	0.00	91.02	14.36
4	Gulab Singh & Sons, Bahadur Shah Zafar Marg	484.68	653.82	678.47
5	Hotel Le Meridian, Janpath	13,625.36	232.98	4,573.68
6	Hotel Taj Man Singh, Man Singh Road	11,889.31	354.14	3,661.03
7	VIMHANS Hospital, Nehru Nagar	673.20	354.65	205.74
8	F-2, Connaught Place	0.00	0.00	47.64
9	Alankar Cinema, Lajpat Nagar	23.19	59.87	46.46
10	Centre of Indian Trade Unions, Rouse Avenue	0.00	0.00	26.05
11	All India Trade Union Congress, Deen Dayal Upadhyaya Marg	0.00	0.00	2.27
12	M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane	0.00	92.05	7.42
13	Sh. Sukhdeep Singh, Rouse Avenue	0.00	0.00	0.06
14	M/s Kayson Enterprises (Gas Godown), Sardar Patel Marg	0.00	1.44	3.23
15	17, Jor Bagh	141.56	3.37	0.00
16	29, Aurangzeb Road	0.00	0.26	9.20
17	3, Kautilya Marg	0.00	0.00	10.52
18	12/10, Golf Links	0.00	0.00	42.29
19	1, Hailey Road	0.00	1.27	0.00
	Total	30,706.09	3,231.87	10,469.84
	Total dues	44,407.80		

Of the remaining 10 cases, dues were not payable in three¹⁶ cases, while it could not be worked out in seven¹⁷ cases as the required information for calculation of dues was not found in records.

L&DO stated (December 2020 and April 2021) that in 18 cases¹⁸ out of the 19 cases pointed out by Audit, action was being taken for inspection, updation/ calculation of dues/ demand. In case of the remaining one case viz. VIMHANS Hospital, it was stated that the property was under re-entry (i.e., its possession was taken over by L&DO) and a demand letter dated 07 December 2020 for withdrawal of re-entry (i.e. for handing over the possession back to the hospital) was issued to the hospital, however, the payment was not made by them till date.

It is evident from the reply that L&DO failed to recover Government dues. Further, in case of VIMHANS Hospital, Audit did not find any document in the records establishing re-entry into the property. L&DO neither provided any supporting documents regarding re-entry, nor furnished a copy of the demand letter issued in December 2020, and it was observed that the hospital was still in operation. Further, the reply was silent on the action taken by L&DO upon non-payment of dues demanded in December 2020.

4.2 Non-levy of unearned increase

Terms for grant of sale permission as prescribed in the L&DO Manual include unearned increase payable by the lessee. 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.

During the scrutiny of 29 sampled cases, Audit observed that in four cases¹⁹, the lessee had sold the properties but unearned increase was not claimed after it came to the notice of L&DO. While the details of all the four cases are given in **Annexure-I**, one case has been highlighted as a case study below:

Case Study 7

In respect of Sen Nursing Home, it was noticed that lease rights were transferred in June 1974 to Ansal Saigal Properties Limited (promoter) by the lessee without knowledge of

¹⁶ 7, Garage, Gole Market (other dues not payable); All India Trinamool Congress, Deen Dayal Upadhyaya Marg (possession not taken due to allotment of encroached plot); and 19, Prithvi Raj Road (freehold property)

¹⁷ Kendriya Vidyalaya, Andrews Ganj; Indian National Trade Union Congress, Bhai Veer Singh Marg; Vidya Bhawan Girls Higher Secondary School, New Rajinder Nagar; Prem Service Station, J.B. Tito Marg; Krishna Filling Service Station, Minto Road; St. Stephen's Hospital, Tis Hazari; and Sen Nursing Home, Bahadur Shah Zafar Marg

¹⁸ Bal Bharati School, Pusa Road; Gulab Singh & Sons, Bahadur Shah Zafar Marg; 29, Aurangzeb Road; 12, Golf Links; M/s Kayson Enterprises, Sardar Patel Marg; Alankar Cinema, Lajpat Nagar; Daily Milap, Bahadur Shah Zafar Marg; Daily Tej, Bahadur Shah Zafar Marg; F-2, Connaught Place; 1, Hailey Road, Centre of Indian Trade Unions, Rouse Avenue; 3, Kautilya Marg; M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane; Sukhdeep Coal Depot, Rouse Avenue; All India Trade Union Congress, Deen Dayal Upadhyaya Marg; Hotel Le Meridien, Janpath; Hotel Taj Man Singh, Man Singh Road; and 17, Jor Bagh

¹⁹ Sen Nursing Home, Bahadur Shah Zafar Marg; 17, Jor Bagh; Alankar Cinema, Lajpat Nagar; and 1, Hailey Road

L&DO. Ansal constructed flats in the leased space and sold the flats to individuals. This came to the notice of L&DO in January 2010. However, no unearned increase was claimed in the sales (to Ansal Saigal Properties Limited and subsequent sale of flats). As per records of L&DO, the property still stood in the name of Sen Nursing Home. Further, Audit could obtain details of three purchasers of flats from the Sub Registrar's office (Sub-registrar-III) wherein it was seen that two of the flats had been given on rent by the purchasers and an agreement to sell for ₹1.21 crore had been executed for one flat in September 2011. However, these documents were not available in the records of L&DO.

L&DO replied (December 2020) that the matter had recently been examined in detail and it was found that the premises were under the occupation of various unauthorized occupants/ squatters. As such, it was decided to cancel the allotment. Accordingly, a show-cause notice was issued on 09 December 2020.

The reply may be seen in the light of the fact that the sale of the property came to the knowledge of L&DO in January 2010; however, no action was initiated by L&DO in this regard till December 2020. L&DO issued the show cause notice only after being pointed out by Audit. Further, L&DO did not provide documentary evidence of cancellation of allotment and copy of the show-cause notice.

Sub-registrar office (responsible for registering the property) and L&DO were working in complete isolation whereas their functioning was inter-dependent in respect of properties where L&DO was the lessor. Properties were changing hands from the lessee to buyers without the knowledge of L&DO. L&DO did not devise a mechanism to ensure availability of information regarding registration of properties. This not only resulted in financial losses on account of unearned increase, but also led to sale of properties to private parties with impunity.

4.3 Absence of mechanism for demarcation/ identification of properties of L&DO in Sub-registrar offices

Audit sought to ascertain the mechanism for demarcation/ identification of Government properties and private properties in Sub-registrar offices. While three Sub-registrar offices²⁰ stated that there was no mechanism for demarcation/ identification of Government properties and private properties in their offices, two offices²¹ stated that they were provided with a list of acquired land by DDA and if any instrument pertaining to the said category is received for registration, the same is refused for registration.

While DDA had ensured certain safeguards, evidently L&DO had not even thought about one to prevent its encroached land being sold away to the gullible public. This resulted in sale of leased properties of L&DO without its knowledge, as discussed in the following para.

²⁰ Office the Sub-Registrars (Kalkaji, Vikas Sadan and Sarojini Nagar)

²¹ Office the Sub-Registrars (Seelampur and Preet Vihar)

L&DO replied (January 2021) that the observation has been complied with, as the web portal of L&DO has been linked with Delhi Online Registration Information System Government of NCT of Delhi.

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.

Recommendation No. 6

L&DO should share its verified land records with the Land Revenue Department and Delhi Online Registration Information System of the Registration Department of the Government of NCT 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.

4.4 Inadequate control over properties

4.4.1 Inaction despite knowledge of unauthorised occupation of property

As per lease agreements, after every transfer of the lease rights, lessee has to intimate the same to the lessor. Also, as per L&DO Manual, in case of restricted leasehold premises, the permission of L&DO was a pre-condition for assignment or transfer of leasehold rights by the lessees. Sale without the lessor's permission is a breach of the terms of the lease for which the lessor may re-enter the property and the leasehold rights may stand forfeited to the State.

Audit observed that in five²² out of 29 sampled properties, lessee sold/ transferred the lease rights to other person without prior permission of L&DO in contravention of the conditions of lease deed and provisions of L&DO Manual. L&DO neither took any action to get the property vacated from the unauthorized occupants nor initiated action for re-entry. Taking possession of these lands may be possible only after long drawn legal process which would again entail huge amount of time and money.

While the details of all the five cases are given in **Annexure-I**, one case has been highlighted as a case study below:

Case Study 8

In respect of Alankar Cinema, Lajpat Nagar, one Competent Films Private Ltd. wrote (November 2006) a letter to L&DO stating that the premises were bought by them from the lessee (Nahar Theatres Pvt Ltd). As per records of L&DO, a surveyor of L&DO had visited the Lajpat Nagar area in July 2001 and came to know that the Alankar Cinema building had been demolished, and a new building was under construction.

²² *Alankar Cinema, Lajpat Nagar; Sen Nursing Home, Bahadur Shah Zafar Marg; F-2, Connaught Place; 7, Garage, Gole Market; and M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane*

In December 2006, Competent Films Private Ltd stated that since they were the owner of premises, in future all communication should be sent to their registered office in Connaught Place. L&DO, instead of verifying the actual state of affairs, replied (April 2007) to Competent Films Private Ltd that they were not the lessee of the property and as per the book of L&DO, the property stood in the name of Nahar Theatres Pvt. Ltd.

Information related to changing hands of the premises was not available in the records of L&DO. Audit obtained the information from the Sub-Registrar office and it was confirmed that the said building was demolished by Nahar Theatres and a new Shopping mall had been constructed. Nahar Theatres sold (January 2001) a shop comprising of 921 square feet to one Mr. Gurmeet Singh. Mr. Gurmeet Singh further sold the said shop to Mr. Raj Chopra (Director of Competent Films Private Ltd) in April 2007 vide an agreement to sell for ₹1.30 crore. Unearned increase was recoverable by L&DO on this sale.

Further, as per the website of Delhi Online Registration Information System, Mr. Raj Chopra entered into sale agreement with Ms. Kavita Ahuja, Whole-Time Director at Competent Automobiles Co Ltd in September 2011. It was further noticed that parts of the premises changed hands 17 times between March 2003 and September 2011.

Thus, the building was demolished, and a new shopping mall was constructed. However, L&DO acted like a silent spectator and did not act in accordance with the terms of the lease deed. The property changed hands many times without intimation to L&DO. L&DO did not take any action to get complete information about the current occupant of the property and continued to serve notices to Nahar Theatres Pvt. Ltd. L&DO neither took any action to get the property vacated from unauthorized occupants nor initiated action for re-entry. L&DO also did not conduct any inspection of the property despite receiving communication from Competent Films Private Ltd regarding purchase of the property.

L&DO replied (January 2021) that the said plot was sold out to Nahar Theatres Pvt. Ltd. with the permission of L&DO and mutation was carried out on 30 March 1972.

The reply of L&DO is not tenable. If the property had already been sold to Nahar Theatres in March 1972 then there was no reason for L&DO replying to Competent Films Private Ltd in April 2007 that they were not the lessee of the said property. If it was the lease rights that were sold and not the plot as such, then its records must have been updated subsequent to the transfer of rights from Nahar Theatres to Competent Films. No comment/ reply was given by L&DO in this regard. This issue needs further investigation.

4.4.2 Frequent changes in allotments

L&DO was allotting plots to various entities for construction of their building and running their activities. It was seen that in three cases²³, L&DO had to cancel the

²³ *All India Trade Union Congress (AITUC), Sukhdeep Coal Depot, and All India Trinamool Congress (AITMC)*

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.

While the details of all the three cases are given in **Annexure-I**, two cases have been highlighted as case studies below:

Case Study 9

In case of All India Trinamool Congress (AITMC), the land was allotted in March 2011. The possession of land could not be handed over to AITMC due to encroachment. Thereafter, another plot was allotted on “as is where is basis” to AITMC at DDU Marg in December 2013. Before handing over of the land, AITMC inspected the plot and found that it was also not free from encroachment and refused to take possession of the encroached plot. Thereafter, L&DO conducted the inspection of the plot in April 2019 and two temples (unauthorized) were found at the site.

L&DO replied (December 2020) that the plot at Rouse Avenue initially allotted to AITMC could not be handed over as the Delhi Wakf Board did not allow demarcation of the land claiming that the land in question belongs to the Delhi Wakf Board. Therefore, two other plots at DDU Marg were allotted to AITMC on “as is where is basis” on 20 December 2013 subject to amalgamation of the two plots. AITMC refused to take over the possession as two temples were situated on the site. The requisite action for removal of encroachment from the allotted land had already been initiated and land would be offered for allotment to AITMC. Even then if AITMC refuses the offer, allotment will be cancelled and earmarked land will be put to alternate use. L&DO further replied (April 2021) that temples in Delhi can be removed by the Religious Committee of Delhi Government.

It is evident from the reply that L&DO was not aware of the encroachment before allotment. Further, L&DO could not get the encroachment removed even after seven years of allotment.

Case Study 10

The plot for All India Trade Union Congress (AITUC) was allotted seven times. Allotments of plots made on three occasions (May 2002, July 2002 and October 2002) were cancelled as these were occupied by some persons, who could not be evicted. AITUC had requested for allotment of two plots of the same size or at least a plot measuring 750 square meters. However, L&DO allotted smaller plots on three occasions (August 2001, January 2002 and July 2003). The allottee refused to accept the allotments as the size of the plots was small. L&DO finally allotted plots to AITUC in May 2005 at DDU Marg. Thus, L&DO was not aware of fact that the plots were encroached and was unable to evict the unauthorized occupants.

Thus, there was inefficient disposal of lease applications; irregular inspection of the leased properties, inadequate documentation, deficient upkeep and updation of records;

ineffective implementation of the computerization process; allotment of encroached land; delayed revision/non-revision of ground rent; breaches of lease conditions; non-recovery of the Government dues, possession of land by unauthorized persons etc. It is, therefore, evident that L&DO did not have adequate control over its properties and was not able to manage the lease administration efficiently and effectively.

4.5 Non-availability of sanctioned building plans and non-execution of lease deeds

After allotment of land, an agreement for lease/ memorandum of agreement is signed between L&DO (on behalf of the President of India) and the allottee, governing the terms of allotment. As per the agreement/ L&DO Manual, 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. L&DO shall ensure that the plans sanctioned are not in contravention of the zonal/ master plan, and in case there is any contravention the same will be treated as unauthorized. After the construction is completed, the lessee shall submit the completion certificate issued by the concerned local body to the L&DO.

4.5.1 Non-availability of sanctioned building plan

Audit found that there was no sanctioned building plan in eight²⁴ 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 inspections²⁵ without the sanctioned building plans.

L&DO did not offer any comments on non-availability of sanctioned building plans in respect of the eight properties.

Case Study 11

A joint inspection of the Hotel Le Meridien, Janpath was carried out by NDMC, L&DO and CPWD in July 2010 and it was found²⁶ that the hotel premises were not free from breaches of unauthorized construction and misuse. NDMC did not furnish complete set of sanctioned building plan, and therefore it was not clear how L&DO conducted the inspections to locate deviations from the building plan without having the approved sanctioned building plan. A series of meetings between NDMC and the Ministry were held on 01 August 2011, 26 August 2011 and 14 November 2011 to sort out the issue. In these meetings, it was decided that NDMC would supply the copies of sanctioned building plans. However, despite this, sanctioned building plan in respect of Hotel Le Meridien was not provided to L&DO by NDMC. In the meeting held by the Secretary of the Ministry on 10 November 2014, NDMC agreed to provide the complete and

²⁴ *Kendriya Vidyalaya, Andrews Ganj; Daily Tej, Bahadur Shah Zafar Marg; Hotel Le Meridien, Janpath; Hotel Taj Man Singh, Man Singh Road; All India Trade Union Congress, Deen Dayal Upadhyaya Marg; Indian National Trade Union Congress, Bhai Veer Singh Marg; M/s Kayson Enterprises, Sardar Patel Marg; and Sen Nursing Home, Bahadur Shah Zafar Marg*

²⁵ *The Inspection Reports were not provided by L&DO to Audit. However, the dates of inspection were filled in the e-Dharti portal in respect of the eight properties and the fact regarding conduct of inspection was also mentioned in the office notes of the respective property files*

²⁶ *As mentioned in the office note dated 27 June 2014 of L&DO*

legible sanctioned building plan in respect of Hotel Le Meridien. However, the Ministry/ L&DO could not obtain the sanctioned building plan from NDMC.

L&DO stated (April 2021) that the dispute is between the Central Government (land owning agency) and the local body i.e. NDMC. The only thing L&DO can do is to cancel the allotment and take possession of the plot. Updated demand is under process in consultation with the Technical Wing.

This issue was also brought out in the CAG Report No. 6 of 2009-10 and the last demand was issued to the lessee in January 2012. However, even after lapse of nine years, the updated demand has not been issued to the lessee. Further, even after the assurance given to the PAC by the Secretary, Ministry of Housing and Urban Affairs, L&DO has not taken recourse to legal remedy despite non-realisation of dues.

Recommendation No. 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.

4.5.2 Non-execution of perpetual lease deed/ license deed

The L&DO inspects the site and compares the construction with the building plans and if no breaches are noticed, the L&DO issues completion certificate accordingly and under the terms of lease/ agreement, the lease deed is executed.

Scrutiny of 29 properties revealed that in case of 11 properties²⁷, the perpetual lease deeds/ license deeds were not executed, which is irregular. The allottees were enjoying all the rights over the property without any lease agreement. 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.

L&DO did not offer any reply to the audit observation.

Recommendation No. 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.

²⁷ Bal Bharati School, Pusa Road; Daily Milap, Bahadur Shah Zafar Marg; Hotel Le Meridien, Janpath; Hotel Taj Man Singh, Man Singh Road; VIMHANS Hospital, Nehru Nagar; All India Trade Union Congress, Deen Dayal Upadhyaya Marg; Indian National Trade Union Congress, Bhai Veer Singh Marg; M/s Kayson Enterprises, Sardar Patel Marg; Krishna Filling Service Station, Minto Road; Prem Service Station, J.B. Tito Marg; and Kendriya Vidyalaya, Andrews Ganj

4.6 Non-renewal of temporary allotment

Temporary allotment of land is made for a period of five years at a stretch or till the expiry of the period for which prescribed rates are available whichever period is less in case of petrol pumps, fuel depots, shops, temporary shops, offices, bathing ghats, parks and playgrounds etc.

Audit examined three²⁸ cases related to temporary allotment and it was observed that the allotment was not renewed in any of these temporary allotments on completion of initial allotment period.

In the absence of the renewal of temporary allotment, the occupation of the premises by the allottees was unauthorized. L&DO did not take any action to get the land vacated from allottees after completion of initial allotment period, nor any efforts were made to convert it into regular lease.

Case Study 12

L&DO allotted a piece of land measuring 524 square meters in September 1983 for LPG Gas Godown of Bharat Petroleum Corporation Ltd (M/s. Kayson Enterprises) for licence fee at the rate of ₹10 per square yard per annum for covered area and ₹5 per square yard per annum for open area and demanded ₹3,634 towards licence fee for one year. The allotment was made on temporary basis, but the period of allotment was not indicated in the allotment letter. The temporary allotment was never renewed.

L&DO replied (January 2021) that the matter was pending due to non-submission of sanctioned building plan. The action for recovery of government dues was being taken.

The fact remains that even after a lapse of more than 37 years, the temporary allotment made to Kayson Enterprises in September 1983 was yet to be renewed.

4.7 Non-correspondence with the allottees

L&DO was responsible for administration and management of leases granted by it and for recovery of all dues of the Government arising out of the lands under its control. Therefore, continuous correspondence with the lessees was of utmost importance and L&DO was required to take action to safeguard the properties managed by it.

During the follow-up Audit, it was observed that in five²⁹ out of 29 cases, L&DO did not attend to the files for years (8 years to 15 years) on important issues and had no correspondence with the lessees despite noticing breaches. The efficacy of the functioning of the organisation, thus, becomes questionable.

L&DO replied (January 2021) that it had been decided that once the section issues a breach notice, if no reply is received from the intended lessee within stipulated time

²⁸ Prem Service Station, J.B. Tito Marg; Krishna Filling Service Station, Minto Road; and M/s Kayson Enterprises, Sardar Patel Marg

²⁹ Alankar Cinema, Lajpat Nagar; Prem Service Station, J.B. Tito Marg; Sen Nursing Home, Bahadur Shah Zafar Marg; M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane; and F-2, Connaught Place

period, straight away the demand notice may be issued. After the lapse of 30 days of issuance of demand notice, if the amount demanded is not paid, the concerned section may give show-cause notice to intended lessee as to why the property should not be re-entered if the payment is not received within 15 days of issuance of show-cause notice. Thereafter, if still no response is received, a final show-cause notice will be issued to the intended lessee informing him/ her that the process to re-enter the property will be initiated within 15 days of issuance of final show-cause notice.

The reply of L&DO is not relevant to the Audit observation, as Audit has pointed out that the files remained unattended in the above cases for a long period. No specific reply/reasons were given by L&DO for the same. Further, though the timelines framed by L&DO have been stipulated in the various documents viz., demand letter, show-cause notice, etc. issued by L&DO, these have not been adhered to by L&DO.

Case Study 13

In case of Prem Service Station, L&DO was denied inspection in May 2006 on the grounds that inspections were being done by DDA. However, it was mentioned in the records by L&DO that 'on being observed from the outside of the premises, part of the area was misused as convenience store, ATM, money transfer'. In July 2006, L&DO asked DDA about the records of allotment and receipt of payments from M/s Burmah Shell (now BPCL). No correspondence was available in the records beyond that. Thus, despite being in the knowledge of L&DO that there were breaches, the file was left unattended.

L&DO stated (April 2021) that it was reported by Petrol Pump owners that inspection is done by DDA and they are paying ground rent to DDA. Thus, it is clear that the land is under administrative control of DDA.

The reply indicates that L&DO did not verify from its own records or from DDA about the ownership of the land even though both L&DO and DDA come under the administrative control of the same Ministry.

4.8 Non-follow up on actions to be taken after conversion of leasehold properties into freehold

For conversion of leasehold properties into freehold, the allottees were required to give an undertaking along with the application for conversion, which *inter-alia* stated that the executants will pay the difference of conversion charges etc., if the land rates were revised with effect from 1 April 2000. Further, as per the letter issued for execution of conveyance deed, the allottee was required to furnish photocopy of registered conveyance deed duly attested by Gazetted Officer/ Notary containing the registration particulars to L&DO within 15 days of receipt of documents from the Sub-Registrar office.

Audit examined three properties from the list of freehold properties provided by L&DO. It was seen that apart from these three, two more properties in the selected 29 cases were

converted into freehold. In this regard, in three³⁰ cases, difference of dues on account of conversion charges alone worked out to ₹52.88 lakh, the dues in one³¹ case could not be worked out as the relevant documents could not be found in the files, and in one³² case the revised conversion rate was not applicable due to court decision. Despite revision of land rates in May 2017 with effect from 1 April 2000, L&DO did not calculate the difference of conversion charges in any of these cases.

L&DO replied (January 2021) that they have initiated a process to substitute or mutate the property in the name of present legal heirs or buyers post conversion of tenure of the property from leasehold to freehold. Thereafter, the records of property whose tenure of land has been changed from leasehold to freehold will be updated.

The reply of the L&DO is not relevant to the Audit observations as L&DO did not offer any comments in respect of non-realization of government dues on account of revision of land rates post-conversion into freehold and establishing the mechanism for compliance of the conditions stipulated in the undertaking given by the lessee. L&DO failed to monitor the conditions for conversion of properties into freehold thereby defeating the purpose of submission of the undertaking.

Case Study 14

A perpetual lease deed was signed between lessor and lessee for 12, Golf Links New Delhi, measuring 1,814.6 square yards in April 1966. The lessee applied for conversion of the property from leasehold to freehold in January 2016 with an undertaking that he would pay the difference of conversion charges if the land rates were revised. The conversion to freehold was approved in May 2016 and conveyance deed was issued. The land rates were revised in May 2017 with retrospective effect from 1 April 2000. However, L&DO did not demand ₹42.29 lakh on account of conversion charges due to revision of land rate from the erstwhile lessee.

L&DO stated (April 2021) that they have started a drive to update records/ demand of each and every property including raising demands for the difference of conversion/ misuse/ damage charges in respect of freehold property. This is being carried out area-wise. As such, demands shall be issued in due course.

The reply is not convincing as almost four years have elapsed since the revision of land rates in May 2017, and L&DO was still in the process of issuing demand letters. This shows that the L&DO did not make concerted efforts for recovery of Government dues.

Recommendation No. 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.

³⁰ 12, Golf Links; 3, Kautilya Marg; and Sukhdeep Coal Depot, Rouse Avenue

³¹ 1, Hailey Road

³² 19, Prithvi Raj Road

4.9 Summing Up

L&DO did not calculate and review dues from leases, nor did it enforce them on defaulters in a timely manner. Despite the allottees' failure to deposit the dues, no action was taken. The allottees were reaping all the benefits of their assets while failing to meet their obligations in terms of charges for misuse and unauthorised constructions.

In cases where the lessee had sold the properties, unearned increase was not claimed after it came to the notice of L&DO. Further, there were instances where lessee sold/ transferred the lease rights to other person without prior permission of L&DO in contravention of the conditions of lease deed and provisions of L&DO Manual. However, L&DO neither took any action to get the property vacated from the unauthorized occupants nor initiated action for re-entry

L&DO's lease management was ineffective and inefficient. The lease deeds, the fundamental document that formed the relationship between L&DO and the property allottees, had not been completed. The temporary leases were not extended. Further, there was no system in place in Sub-registrar offices to demarcate/ identify L&DO land, resulting in its sale without the knowledge of L&DO. Despite the land/ plots being under encroachment, L&DO kept allotting these to lessees and did little to secure those. Also, L&DO did not recover dues arising from land rate revisions from the lessees upon conversion of leasehold lands into freehold.