

CHAPTER XI : PLANNING COMMISSION

Institute of Applied Manpower Research

11.1 Avoidable expenditure on payment of interest

The Institute of Applied Manpower Research delayed payment of ground rent for the land allotted to it on perpetual lease, which resulted in avoidable expenditure of Rs. 19.13 lakh towards interest.

The Delhi Development Authority (DDA) allotted (August 1994 and November 1995) to the Institute of Applied Manpower Research (IAMR) 15.12 acres of land in Narela for construction of its campus. The land was given on perpetual lease at a total premium of Rs. 3.02 crore. In addition, IAMR was to pay annual ground rent at the rate of 2.5 *per cent* of the total premium which worked out to Rs. 7.56 lakh. The rent was payable in advance in January every year.

Audit observed (March 2005) that DDA had raised a demand (December 2003) for payment of Rs. 37.97 lakh which included arrears of ground rent of Rs. 19.66 lakh and interest on the arrears amounting to Rs. 18.31 lakh. IAMR requested DDA (February 2004) for waiver of interest on belated payment which was not acceded to by the latter (July 2004) DDA raised a further demand (September 2004) for Rs. 0.82 lakh as interest (upto 14 September 2004) on the unpaid interest. Consequently, IAMR had to pay Rs. 19.13 lakh in August and September 2004 as interest on the delayed payments of ground rent including interest on unpaid interest.

In response to Audit observation (March 2005) IAMR stated (April 2005) that the delay had occurred due to financial constraints and procedural delays connected with referring the matter to DDA for deciding about waiving of interest. The reply was not tenable as according to the conditions of allotment of land, the ground rent was payable annually in advance irrespective of a demand notice. Inaction of IAMR led to avoidable expenditure of Rs. 19.13 lakh towards interest charges.

The Government of India while admitting payment of penal interest to DDA stated (October 2005) that it had been delayed as the latter had not provided the civic amenities like water, sewerage and electricity. The reply was not tenable as levy of ground rent by DDA on the leased land has nothing to do with provision of civic amenities which are given by the municipal authorities.