

Chapter III: Land Use

3.1 Discontinuance of land audit by DGDE

The Ministry in December 1992 instructed the 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 internal audit designed to help the user organization to achieve an efficient system of land management rationalising and maximising the use of existing land holdings for Defence purposes. Within these broad parameters, the following aspects were also to be included in the land audit:

- (a) The actual use of Defence land outside Cantonment at selected locations, the use of acquired land and the actual use of resumed sites during the last three years;
- (b) The actual use of land earmarked for training purposes;
- (c) The position of land records maintained by the Defence Estates Officers;
- (d) Current status of Defence lands leased out to various Institutions and whether such Institutions are actually utilizing such lands for the purpose for which they were leased out; and
- (e) The extent of encroachment on Defence lands.

In pursuance thereto, 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. These included misutilization and non-utilization of Defence land and buildings as also surplus lands at important stations like Jaipur, Pune, Kirkee, Bangalore, etc. Use of resumed bungalows for Army School, construction of shopping complexes, etc. was also noticed during such audit. The audit findings, indeed confirmed the concern that lands were not used for the specified objectives.

Army HQ, however, were not agreeable to the continuance of existing land audit. Quarter Master General's Branch conveyed to the Ministry that further audit might not be conducted. QMG suggested that the land rules should be amended first and a land audit authority presided by a Service Officer should be constituted for carrying out the 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 control mechanism to identify mismanagement of Defence land was not allowed to function.

3.2 Non-utilization/underutilization of acquired land

The Parliamentary Standing Committee (14th Lok Sabha) on Defence in its thirteenth report on "A Critical Review of Rehabilitation of Displaced Persons" observed that "the Committee during evidence were given to understand that the Ministry of

Performance Audit Report on Defence Estates Management

Defence has acquired land more than the actual requirement for the project executed by it and no decision has been taken to return the unutilized/excess land to the farmers for their use.” It recommended to the Government to set up a committee to review the land acquired by the Ministry, its utilization, actual requirements and possibility of alternative productive use of unutilized land by the local persons/farmers. Accordingly, Command level Committees were constituted in December 2006 with directions to submit their reports within a period of six months.

According to the reports of these Committees as summed up by the DGDE, 58,529 acres of acquired land were lying vacant. Out of it, 49,831 acres of land acquired between 1905 and 1990 were lying vacant since its acquisition. In addition, an area of 5,107 acres of land was found as permanently surplus and 1,661 acres of land as temporarily surplus in Central and South-Western Commands. Reasons furnished by Army authorities for non-utilization of land/ non-disposal of surplus land were:

- Expansion of civil habitations around the rifle ranges;
- Non-finalization of Key Location Plan (KLP) due to uncertain state of induction/de-induction of troops at certain stations;
- Use of vacant land for training purposes; and
- Likely use of land subsequently as part of the plans to induct additional troops in future.

Apart from the fact that such land acquired but left unutilized deprived the owners of their land and fruitful utilization of it, the response of Army authorities ignored an important fact that in most of the cases the Army already held land which was surplus to their requirement as per norms of 1991 and which was also lying unutilised.

Despite the above findings by the Committees, the Ministry in its action taken note of July 2009 submitted to the Parliamentary Standing Committee on Defence stated that no land was surplus as the future needs of the Army in terms of Married Accommodation Project, housing and training would grow. The Ministry, however, agreed to develop modalities for carrying out land audit at regular intervals to ensure that this scarce resource was not locked up unutilized for long. On both these counts, the Ministry had given misleading facts in its replies.

It was noticed in audit that:-

- **The report rendered by the Ministry did not elaborate the basis on which it was asserted that no land was surplus. As per land norms, the land requirements were to be assessed on station to station basis. Land requirements projected by LMAs had anomalies as brought out in Chapter II of this report;**
- **Defence Estates Organisation was acquiring land as proposed by LMAs without making an independent assessment of the actual requirement based on the approved norms of 1991;**
- **The proposals for acquisition of land were initiated for future expansion plans. However, in case these expansions did not take place as planned,**

land acquired was kept unutilised for decades making them vulnerable to encroachments; and

- **Ministry had no institutional arrangement for periodically reviewing the status of land acquired for the Services to ensure optimum utilisation of land by putting it to alternative use such as on lease for agriculture and other purposes.**

The Ministry asked Audit in August 2010 to obtain details of land audit conducted, their recommendations and compliances thereon by LMA from DGDE/Army HQ. The DGDE however had already informed Audit in October 2009 that the acquired lands were to be used by the users on whose behalf the land had been acquired. As such DGDE was not in a position to furnish the reasons for non-utilization of land. Army HQ stated in August 2010 that no land was to be declared surplus as directed by *Raksha Rajya Mantri* in July 1986. It further stated that need of the Defence land was a dynamic process for future use.

The above replies would also indicate lack of any focal point in management of Defence land. Army HQ stated in August 2010 that details of use of vacant land were not available. The Ministry on the other hand in August 2010 asked Audit to obtain information from Army HQ. These replies highlighted that the authorities responsible for deciding on the requirements for acquisition of land were not keeping track of its actual utilization, thus resulting in wasteful acquisition.

Audit also came across some specific cases of unfruitful acquisition which are narrated below:

- In three Commands⁶, 3547.14 acres of land acquired at 17 stations mainly for raising of KLP units were not utilized for the intended purpose and were lying vacant. Out of this, 3043.90 acres of land were lying unutilized/ vacant ever since acquisition;
- 1463.13 acres of land in District Gwalior in Central Command was lying vacant/ unutilized since its acquisition in 1994 and the land was encroached upon by local people. The Madhya Pradesh Government in July 2007 de-notified this land and took the entire land in its possession for developing a Special Economic Zone. The land was in the custody of the State Government as of September 2009. Army HQ replied (August 2010) that no details were available with them; and
- The LMAs were not aware of the exact locations of 992.39 acres of land acquired at five stations (Chandigarh, Barnala, Ropar, Gurgaon and Shimla) in Western Command. HQ Western Command without providing any documentary evidence replied to Audit that the said land was under the management of the Ministry.

3.3 Long delays in acquisition of land

The land required on long term basis should be straightaway acquired outright under the Land Acquisition Act (LA Act), 1894 and the land required for short term basis should be requisitioned in the first instance and acquired later, if warranted, under the

⁶ Western, Northern and Eastern

Performance Audit Report on Defence Estates Management

Requisitioning and Acquisition of Immovable Property (RAIP) Act. As per DGDE records, the land held on hiring and requisition was 72,386.72 acres and 22,516.01 acres respectively as of September 2010. Annual outlay on hiring and requisition of land during 2009-10 alone was ₹ 94 crore. During 2009-2010 alone, ₹ 16.88 crore was spent on 3232 hired buildings.

The Ministry, in February 1992, streamlined the processing of land acquisition cases and brought out the measures to be adopted at each important stage of processing and finalisation by the organizations, i.e. Services HQ/DGDE/the Ministry including Finance Division. As per the Ministry's instructions, once the Board proceedings are finalized, the proposal for land acquisition should be submitted to the Ministry as expeditiously as possible along with recommendations/ observations of Service HQ and DGDE.

Audit review of cases of land acquisition revealed as under:

Completed cases

In three Commands, the acquisition had been completed by DEOs and ADEO with delays of one to eight years.

Cases in progress

49 cases in progress were reviewed in four Army and two Air Force and Naval Commands each. It was 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 delay in publication of awards and in giving/ taking possession of land. Final declaration of awards in respect of 21 cases pertaining to the period November 1979 to June 2003 were awaited even after issue of Government sanctions. 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.

Inordinate delay in acquisition of land under urgency clause

Audit also noticed in the following cases of land acquisition under urgency clause the process of acquisition was still incomplete even after periods ranging from 9 to 20 years adversely affecting the respective projects as discussed below:

Case 1: RCI, Hyderabad

The Ministry issued sanction in January 1991 for acquisition of 130 acres of land comprising 53 acres and 14 gunthas of private land and transfer of 76 acres and 26 gunthas of State Government land under urgency clause at a cost of ₹ 15.49 lakh in Secunderabad for a project of RCI, Hyderabad. As the acquisition of land could not be completed, in April 2003 Government revised sanction to ₹ 86.69 lakh. Private land was taken over in August 2005. However, 33 acres of State Government land could not be transferred till October 2009. Thus land which was proposed to be acquired under urgency clause in 1989 could not be acquired even after 20 years. DEO Secunderabad did not furnish any reply in this regard (November 2009).

Case 2: RCI-DRDL Link Road

The Ministry accorded sanction in December 1993 for acquisition of 105 acres 20 gunthas of land at Hyderabad for ₹ 85.75 lakh for widening of RCI-DRDL link road under urgency clause. Due to filing of suit in civil court by two school authorities two pockets of land could not be taken over and in addition approximately 17 acres of State Government land was yet to be transferred as of December 2009.

Case 3: Air Force Station, Pune

Process of acquisition of 20 acres of private land at Lohegaon for extension of runway at AF Station Pune, under urgency clause, initiated in July 2000, was incomplete as of October 2009 as the case was *sub judice*.

In August 2010, the Ministry asked Audit to obtain information relating to land acquisition from Army HQ. The Air Force Station had in turn stated in September 2009 that the subject was dealt with by DGDE and any clarifications may be obtained from them.

3.4 Commercial use of Defence land

Instances of exploiting Defence land commercially and allowing shopping complexes etc. to function on such land have been reported in earlier audit reports of the CAG. 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. Case 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 report.

Although the Ministry had acknowledged the fact that construction of shopping complexes on Defence land from non-public funds was prohibited and that the Services had established such complexes through their Welfare Organizations by building assets either by using non-public funds, or by re-appropriation of Government buildings or both and also that some of these complexes generate substantial revenue reportedly being utilized for welfare purpose, the Ministry allowed the continuance of these complexes in its orders of January 2001. The only condition set was that no new complexes would be built in future without the Ministry's approval. It further ordered that 50 *per cent* of the net revenue generated from assets created by using non-public funds and 100 *per cent* of net revenue generated in case of both where complexes were created from re-appropriated buildings or re-appropriated Defence buildings plus by using non-public funds, would be credited to Government treasury.

In June 2006, the Ministry transferred management of shopping complexes built on A-1 or analogous Defence land from non-public fund from DGDE/DEO to a Committee consisting of the Military Officer Commanding the station as Chairman, a member from Command HQ, Defence Estates Officer concerned, and representative of MES. The Chairman was the sole authority responsible and accountable for running of these complexes.

Follow up by Audit indicated little change in respect of such shopping complexes

Follow up by Audit of the cases already reported in various audit reports indicated that very little change has taken place in the situation on the ground. A number of cases were, for example, reported in Paragraph 2 of C&AG's Report No 6 of 2003 on exploitation of defence lands for shopping complexes and diversion of revenue from public fund. The revised ATN on this paragraph was still awaited as of January 2011. The current position regarding these cases was as follows:-

- The status of credit of rent realized from shopping complexes under three DEOs (Siliguri, Guwahati and Tezpur) of Eastern Command into Public Fund was ascertained from the respective DEOs in November 2009. No reply was furnished by these DEOs (December 2009);
- In Southern Command, the entire amount of revenue of ₹ 1.59 crore collected had been deposited into Regimental Fund for the year 2006-07. Information for the remaining period was not intimated to Audit;
- As regards the case of loss of ₹ 14.13 lakh on account of non-recovery of rent at commercial rates in respect of 1343.96 square meters of land for the period from 1996-97 to 2000-01 at Jalandhar Cantt, DEO Jalandhar intimated in July 2009 that the local Army authorities had not paid any rent. The DEO had failed in his duties of reporting the cases to the higher authorities through Command Directorate for reclassification of land and crediting the revenue into the Public Fund. The reply of Command HQ was awaited as of August 2010;
- Regarding commercial activities in building No. P-16 in Chandimandir for the period from 1996-97 to 2000-01, the Ministry stated in November 2004 that an amount of ₹ 23.92 lakh had been paid by the Station Commander towards rent in the Government treasury for the period from April 1996 to August 2003. However, no documentary evidence of this recovery was produced to Audit by Station HQ and GE Chandimandir. Further, building P-16 has two floors. Ground floor was used for AWWA shops and first floor had been re-appropriated as Training Institute for officers, JCOs and ORs for 10 years with effect from November 2004. Thus the building was still being used for unauthorized purpose;
- In regard to non-recovery of rent of ₹ 35 lakh from the State Government, West Bengal for occupying 1.27 acres Defence land in Kolkata city for the period from 1954 to June 2002, the Ministry in November 2004 stated that permission was given in 1952-53 to the State Government for rehabilitation of refugees on this land on payment of ₹ 0.73 lakh *per annum*. However, the latter had neither concluded agreement nor paid any rent from 1954. The State Government was asked to make available land of equivalent value in lieu of 1.27 acres. Further progress was not intimated;
- Mention was made in paragraph 3.5 of C&AG's Audit Report No. 5 of 2007 (Air Force and Navy) on loss of revenue of ₹ 8.02 crore on account of non-recovery of rent and unauthorized expenditure of ₹ 1.37 crore for creating supernumerary establishment for an auditorium at Air Force station Subroto

Performance Audit Report on Defence Estates Management

Park, New Delhi. In its Action Taken Note, the Ministry stated in May 2009 that the Auditorium was constructed in accordance with the desire expressed by the then Defence Minister to commemorate the Golden Jubilee of the IAF. It was utilized by the IAF personnel to meet their social obligations and civilian clients were not extended the facility. Since the Auditorium was primarily used for welfare needs of the IAF personnel, the question of recovery of rental did not arise. The contention of the Ministry was not tenable as the Auditorium was constructed on 12140.82 sq. metre prime and highly valuable Defence land and crediting entire revenue generated out of its commercial activities to non-Public fund was not in order. Further, the Ministry's contention that the Auditorium was constructed under the direction of the then Defence Minister did not exempt it from the Government orders on depositing 50 *per cent* of the net revenue generated into the Public Fund. Audit noticed that there was no change in this practice and a additions sum of ₹ 1.95 crore had become due to the Government on account of 50 *per cent* of the revenue generated from 2006-07 to 2009-10.

Audit scrutiny further revealed that in the following cases, an amount of ₹ 2.71 crore for 2006-2007 alone was unauthorizedly deposited into Regimental Fund.

- For shopping complexes constructed out of non-public fund, an amount of ₹ 31.55 lakh was deposited less in Government treasuries in five Commands (NC, WC, CC, EC and SWC);
- For shopping complexes created on Defence land by utilizing non public fund as well as re-appropriated Government buildings, an amount of ₹ 56.29 lakh was deposited less into Government treasuries in five Commands (NC, WC, CC, SC and SWC); and
- For shopping complexes created by re-appropriation of Government buildings or through Major Work Programs, in the year 2006-07 in six Commands, ₹ 1.83 crore was deposited less into Government treasuries.

In response to an audit observation on management of shopping complexes the DEO Jalandhar Cantonment intimated that Army authorities were acting arbitrarily. They were neither inviting them or their representative to the meetings, nor informing them about the details of shops. The DGDE stated in October 2009 that since the shopping complexes on Defence land were under the management of the Services, the requisite information was not available with them as the authorities concerned had not furnished details to the DEOs.

Army HQ responding to these observations stated in October 2009 that the Ministry's letter of June 2006 regarding policy matter for running of shopping complexes was anomalous and various types of shops, in particular Regimental shops, that existed on Defence land were not covered in these orders. The revenue so generated for running these shops was permitted to be deposited in Regimental Funds as per Government orders of July 1976. It was also stated that in order to remove these anomalies a comprehensive Draft Government Letter (DGL) was under consideration of the Ministry.

The response of the Army HQ was unacceptable and not relevant as the above cases related to shopping complexes other than Regimental shops where Government

Performance Audit Report on Defence Estates Management

orders of January 2001 and June 2006 were applicable. Accordingly revenue was to be credited to Government account.

The above cases as also the replies received from DEOs, Army HQ and the Ministry would indicate complete lack of management of and accountability for such shopping complexes on Defence land. All these cases indicated utter disregard of Government orders by LMAs as also the inability and lack of commitment on the part of the Ministry to deal with such issues. Orders issued by the Ministry were not being followed in letter and spirit. The LMAs had retained all powers with them for operation of shopping complexes by alienating representatives of other related departments from the management committees. Consequently, there was diversion of large amounts of public money into non-public funds due to an arbitrary and non-transparent system of working adopted and followed by LMAs.

3.5 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* as detailed in Table 3.

Table 3

Command-wise position of Abandoned Airfields/Camping Grounds and encroachments thereon

Sl. No.	Command	Total area (in acres)	Area under encroachment (in acres)	Percentage of area under encroachment
1	Southern Command	5899.15	2298.60	38.96
2	Northern command	811.92	267.00	32.88
3	Eastern Command	6242.89	1687.67	27.03
4	Central Command	11399.77	2998.94	26.31
5	Western Command	1535.08	247.18	16.10
	Total	25888.81	7499.39	28.97

In 1983, the Ministry had stated that no land was to be declared surplus. In 2008, Army HQ forwarded a proposal to the Ministry for outsourcing watch and ward duties of these AAFs and CGs at cost of ₹ 2.24 crore *per annum*.

DGDE in his reply stated that the issue of management of Camping Ground and abandoned Airfields was discussed in a meeting held on 15 December 2010 under the chairmanship of the Raksha Mantri and it was decided that such grounds will be guarded by the military authorities where they are close to the military stations and for far away grounds, hiring of security services will be considered on a case to case basis.

During audit, several other cases as mentioned below also came to notice:

Performance Audit Report on Defence Estates Management

- In Southern Command, three airfields (Ulundurpet, Chettinadu, Kayatnar airfields) measuring 253.94 acres had been declared surplus. Two airfields with an area of 15.86 acres were under the occupation of Tamil Nadu Civil Supplies Corporation (TNCSC) since 1985. Lease rent of ₹ 58.66 lakh for the period from February 1985 to July 2009 was yet to be realized;
- In another airfield measuring 314 acres, abandoned in 1991 and to be disposed of by DEO Chennai, action could not be taken due to heavy encroachments and non-demarcation of Defence land;
- The title of 29 Camping Grounds involving an area of 461.85 acres situated in Andhra Pradesh was under dispute with the State Government. DEO Secunderabad had recommended deletion of these Camping Grounds from GLR;
- 1768.72 acres of Military Farm land at three stations (Manjari, Pimpri and Kirkee) was declared surplus in 2004-05. Subsequently, it was taken over by LMA in 2008. But the land was lying unused for want of final decision regarding its use as of June 2010; and
- One airfield at Dum Dum involving 595.12 acres of land in Eastern Command, denotified in 1929, could not be disposed of due to non supply of khasra-wise record by State Revenue Authorities.

DGDE had stated in February 2010 that the requisite information had been sought from the Command PDSDE / DEOs and the same would be furnished in due course. In August 2010 Army HQ stated that the relinquishment of Defence land was dealt with by the Ministry and DGDE. Audit was advised to obtain details from them. In August 2010 the Ministry asked Audit to obtain the information from Army HQ and DGDE.

The above replies highlighted lack of any accountability with regard to the management of Defence land. It showed that no authority was in charge of land management, neither the Ministry, nor the Services HQ and not even the DEOs. Internal audit also did not check or comment upon the total lack of interest, expertise, or wherewithal to take care of the vast estates of the Defence.

3.6 Encroachment on Defence land

A mention was made in Para 18.9 of C&AG's Audit Report No.7 of 1997 that the test check by Audit of encroachments in five DEO circles viz. Madras (now Chennai), Allahabad, Meerut, Lucknow and Hyderabad had indicated that an aggregate of 635 acres of Defence land are under encroachment in these five circles. In response to the Audit Para, the Ministry informed in October 2001 that instructions had been issued for further prevention of encroachments and for action as per the provisions of Public Premises (Eviction of Unauthorized Occupants) Act 1971.

Audit, however, 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 increased from 6,903 acres in January 1997 to 14,539.38 acres in July 2009.** It was also noticed in audit that no inspection of land was being carried out by any authority and required certificates were not being

Performance Audit Report on Defence Estates Management

rendered by Defence Estates Officers. DGDE informed Audit in July 2010 that the requisite information was being ascertained and would be furnished on receipt. Thus the increase in encroachment of land was due to failure of Defence authorities entrusted with its management. The Ministry and DGDE had failed in monitoring the progress of inspection and rendition of requisite certificates by the LMAs and DEOs to investigate the circumstances leading to fresh encroachments.

During audit, a few cases of encroachment came to notice where land has been encroached by private individuals as also by State Governments and these lands were not mutated in favour of the Ministry of Defence. While there may not be a direct relationship between mutation and encroachment, getting the lands vacated would become difficult as in the land records of the State Governments, these will not be shown as possessed by the Ministry of Defence.

3.7 Advertisement hoardings and parking slots

In accordance with the Ministry's policy of November 1989, licencing for setting up advertisement hoardings on Defence land situated in the metropolitan towns of Delhi, Kolkata, Chennai and Mumbai is to be decided by a Committee consisting of Defence Estates Officer, representatives of Station Commander, Police Commissioner and Municipal Corporations (or any other authority regulating such issues). However, in regard to other Defence land outside Cantonments, the Committee should consist of the Station Commander and the DEO concerned. The DEO is responsible for licencing of Defence land for the purpose of advertisement hoardings after obtaining no objection from the Station Commander concerned. The period of licence in each case shall uniformly be two years. Grant of licences shall be made through public auction. However, in cases where reasons are to be recorded in writing, DEO may with the prior approval of the PDDE Command, dispose of the same by inviting tenders by a public notice.

Audit scrutiny revealed the following:

- In two cases in Agra under Central Command, DEO auctioned sites for advertisement and parking for the period 1991 to 2007. However, the DEO thereafter could not auction the sites for the next two years due to non-finalization of bids by PDDE, Central Command, Lucknow. Against advertised bids in July 2007 and February 2009, DEO Agra in Central Command auctioned the sites for hoardings in July 2007 and February 2009 and highest bids received were for ₹ 2.50 lakh and ₹ 5.11 lakh respectively. Highest bids on both the occasions were not accepted by PDDE, Central Command, Lucknow on the grounds of procedural lapses and non-selection of identified sites. Non-conclusion of contract for over two years as of September 2009 resulted in loss of ₹ 10.11 lakh;
- There was a loss of approximately ₹ 52 lakh due to delay in issuing NOC and further restricting NOC for 50 *per cent* of the available hoarding sites at Kirkee and Aundh by LMAs in Southern Command. No reply was furnished by Station HQ Kirkee/ DEO Pune;

Performance Audit Report on Defence Estates Management

- Short recovery of ₹ 50.69 lakh was pointed out towards second year licence fee in respect of advertising hoarding sites in Southern Command at Pune. No reply was furnished by DEO, Pune; and
- A site measuring 0.65 acre could not be auctioned for vehicle parking by DEO, Agra in Central Command for 21 months resulting in loss of ₹ 25.29 lakh. DEO admitted the loss and took up the case for regularization with PDDE, Central Command.

Army HQ stated in August 2010 that they were not maintaining any details of advertisement / hoardings and that these may be obtained from DGDE. The DGDE intimated in August 2010 that the requisite information was being ascertained and would be furnished on receipt. The Ministry did not make specific comments. In August 2010 it asked Audit to obtain the requisite information from DGDE/Army HQ.

Thus, non-exploitation of available vacant land regularly for possible revenue generation as per Government policy of November 1989 was indicative of lack of systematic management of Defence assets which had resulted in idle resources and loss to the Government.

3.8 Unauthorized use of Defence land for Golf and other activities

3.8.1 Golf Courses

As per Section 5 of Cantonment Land Administration (CLA) Rules, 1937, recreation grounds which are not strictly reserved for the use of troops alone but which are open to the civil members of the community cannot properly be placed in class 'A' land. Golf Courses and Race Courses were not covered in the definition of Military Recreation Grounds. If the land is required for Golf Course, the land can be taken on lease from the Defence Estates Officer for the purpose. 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 A1 land cannot be used for Golf Courses.

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

3.8.1.1 Operation by a private registered body

The Golf Courses were being operated by Army Zone Golf, a private registered society. The members of the club 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, as per information in the public domain, heavy amount of revenues were being earned without paying any lease rent and allied charges for use of Government assets. At least 16 of such golf courses offer

Performance Audit Report on Defence Estates Management

membership to different categories of civilians on payment of monthly subscriptions. Other charges are also levied per session. Revenue generated was not credited to Government account and was presumably credited to Regimental Fund.

As per the data collated by Audit from the available records, as of August 2009, there were 97 such Golf Courses (*Annexure-IV*) under the Army. The total area of 79 of these Golf Courses was 8076.94 acres. Details of land occupied by the remaining 18 Golf Courses were not available.

Despite such anomalies regarding the status of the Golf Courses, the Ministry has never framed a set of rules governing the Golf Courses including treatment of the revenue generated out of these activities. The status of such Courses spread over huge areas of prime Defence land continues to be unclear in the absence of any approved policy or set of rules. This has allowed the authorities to exploit these Golf Courses not only for sports and recreational purposes by the Defence personnel, but also to earn large amounts of revenue by allowing persons other than Service personnel to use these facilities.

3.8.1.2 Conflicting stand taken by Army HQ and DGDE

According to the Army authorities the Golf Courses were actually Environmental Parks meant for maintaining ecological balance at the stations. These were also used as training areas for imparting training to the troops. In a meeting held in the Ministry in November 2009 and chaired by the Additional Secretary, it was accepted by Army HQ that golf was played on vacant land otherwise authorised for Key Location Plan (KLP) and would be vacated when KLP construction would take place. Defence Estates Organization pointed out in the meeting that as per CLA Rules 1937 and Scales of Accommodation 1983 (now 2009) Golf Courses were not permitted on A-I Defence lands as the activity required huge chunks of land affecting the KLP of the Stations and also in non-availability of land when the units as per KLP come up.

The stand taken by Army HQ and DGDE were contradictory and the status of these Courses needs clarity and legitimization. The conflicting stands would further be apparent from the fact that the DGDE had worked out ₹ 54.95 crore as outstanding lease rent from Army Golf Course of Delhi Cantonment alone as of January 2008 for the period from February 1989 to February 2008 as reported in paragraph 2.7 of the Report No. CA 17 of 2008-09 of the C&AG of India.

The DGDE stated in July 2010 that no proposal for giving land on lease for Golf Courses had been received in their office. The lease rent could not be recovered until the lease was renewed. Army HQ intimated in August 2010 that no exclusive Golf Courses were being run on A-1 land and these were Army Environmental Park and Training Areas on which golf was played. Proposal to use A-1 land for Golf had been taken up with Government in January 2010. The reply was silent about the role of Army Zone Golf, grant of membership to civilians, foreign nationals, etc and collection of prescribed subscriptions and not crediting any amount to Government fund. The Ministry stated in August 2010 that the details of Golf Courses, lease agreements, amounts of rent, etc. were not available with them and asked Audit to collect the same from DGDE/Army HQ. Further, as these Golf Courses are operated by the Army Zone Golf, a private registered body, its records could not be accessed by Audit.

3.8.2 Defence land being used for schools

The Scales of Accommodation for Defence Services authorize the provision of accommodation for children's schools at military stations where such facilities are not available or inadequate education facilities are available and when it was not found feasible by the State authorities concerned to establish a children's school. Further, the Ministry directed in January 2001 that allotment of land to Army Welfare Education Society (AWES), a private registered society, for running of schools would require Cabinet approval and existing schools would also require regularization.

As in the case of Golf Courses, in respect of schools as well, it was noticed that the local authorities had allowed private registered societies like AWES to use Defence land in contravention of the above orders. Irregularities related to Army Public Schools (APS) and other schools run by AWES noticed in audit are discussed below:-

3.8.2.1 Army Public Schools

Case-I: Army Public School, Dagshai

A mention was made in Paragraph 76 of the C&AG's Audit Report No. 8 of 1994 about the unauthorized running of Army Public School at Dagshai in Himachal Pradesh in Defence buildings. Under Paragraph 69 of the C&AG's Report No. 8 of 1996, the irregularity of payment of service charges and maintenance charges out of Defence funds for land and buildings in occupation of the school and non-recovery of rent and allied charges for married accommodation in occupation of their staff was also pointed out.

In their Action Taken Note of November 2000, the Ministry agreed to regularise both the issues. Audit scrutiny in July 2009 revealed that the irregularities in the running of APS Dagshai still continued. The school was in occupation of 40 acres of land against authorization of 14 acres and rent and allied charges due against their staff in occupation of married accommodation had now increased to ₹ 4.18 crore as of September 2009. No action had been taken despite the Ministry's assurance to regularise the irregularity.

Mention was also made about unauthorized running of schools in Paragraphs 2.6.3.3 and 2.6.3.4 of the C&AG's Report No.6 of 2003. The present status of these cases was as under:

Case-II: Army Public School, Kapurthala

In regard to the establishment of Army Public School at Kapurthala in a camping ground of 41.665 acres under the aegis of AWES, the Ministry had stated in November 2004 that a proposal for regularization of APS Kapurthala was under consideration. However, HQ Western Command intimated in November 2009 that the Government sanction for regularization of school and expenditure incurred was awaited.

Case-III: Cockerel Primary / Army School, Ranchi

In regard to the allotment of Defence land measuring 7.52 acres to Cockerel Primary School and Army School at Ranchi in 1993 without obtaining sanction from the Ministry, the Ministry in November 2004 had stated that since the Cockerel

Performance Audit Report on Defence Estates Management

Primary/Army School was established with the approval of Army HQ, no rent and allied charges were to be charged. Further Army HQ was asked by the Ministry to seek their approval for regularisation of Defence land allotted to the school and waiver of rentals and other charges. As per HQ Jharkhand, Orissa and Bihar Sub Area (November 2009) action on the matter was awaited.

Case-IV: Army School, Mhow

Against authorization of 14 acres for a school, Army School at Mhow (established in 1987) was provided land measuring 17.42 acres.

Case-V: Army Public School, Lucknow

In respect of APS Lucknow in Central Command (established in 1990) on 19 acres of land the service charges paid out of Public Funds for the year 2008-2009 alone was ₹48.44 lakh. Another APS at Lucknow (established in 2008) was having 19 acres of land as against 14 acres prescribed which was yet to be regularised.

In other words, despite the Ministry's assurance to regularize such schools which are functioning without proper Government sanctions and in contravention of the Ministry's orders, these are yet to be regularized despite passage of considerable time.

3.8.2.2 Schools operated by AWES

In deviation of the Ministry's orders of January 2001 for obtaining the approval of Cabinet for allotment of Defence land to AWES, Army HQ sanctioned the works for construction of buildings for children's schools to be run by AWES at six Stations between March 2003 and April 2004 at a total cost of ₹ 43.29 crore. In all, 38 such children's schools run by AWES, were operational as of September 2009.

In reply to audit observation, Army HQ informed in October 2009 that the Ministry's instructions of January 2001 were applicable for schools constructed out of non public funds. The reply was not acceptable as the Ministry's letter stipulated that for allotment of land for running of schools under the aegis of AWES, Cabinet approval was necessary and in all these cases no such approval was obtained. Moreover, opening of schools in this category were also governed by usual conditions laid in Scales of Accommodation, etc. In July 2010 the DGDE declined to offer any comment on the plea that the matter pertained to the users. The Ministry did not reply till August 2010 and asked Audit to obtain the reply from Army HQ.

Despite repeatedly reporting cases of irregular running of schools including running of many schools in one area as against the prescribed entitlement of one school only, in the C&AG's Audit Reports, there was no let up and the same irregularity was persisting unabated.

3.8.3 Unauthorized use of Defence land for Parks and Clubs

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

Performance Audit Report on Defence Estates Management

Defence personnel and their families, had expanded their activities and enrolled civilians also as members of the club thus 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 HQ and DGDE to initiate action for termination of lease in such cases.

It was noticed in audit that:

3.8.3.1 Public Parks

32 acres of Defence land at Bhatinda and Bangalore stations was used for opening public parks without the approval of the Ministry. Chetak Park, Bhatinda was also being used for commercial activities. Army personnel were maintaining these parks. In case of Bhatinda, DEO was not even aware of existence of the park in his jurisdiction.

3.8.3.2 Clubs

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

Agra Club, Agra

An area of 17.68 acres of land was on lease since March 1922 to Agra Club on payment of a 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 for the period from July 2008 to May 2009 towards arrears of damage rent in respect of said premises had become due and payable by the club authorities to the Government, as of June 2009.

MB Club, Lucknow

Defence land measuring 19.57 acres was on lease to MB Club with effect from January 1931. Damages amounting to ₹ 34.21 lakh for the period from July 2006 to September 2009 for unauthorized use of land for commercial purpose were yet to be recovered as of October 2009.

Royal Western India Turf Club, Pune

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 had become outstanding against them for the period from 2002-2003 to 2006-2007.

Secunderabad Club

Bungalow No 220 known as Secunderabad Club occupying 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 unauthorized construction was *sub judice*.

The DGDE stated in July 2010 in reply to the above audit observations that the requisite information relating to Agra and Lucknow Clubs had been called for from the lower formations and would be furnished on receipt.

3.9 Other cases of unauthorized use of land

Other cases of unauthorized use of land noticed in audit are as under:

Defence Buildings used for non-Defence/unauthorized purposes at Bangalore

- Seven Defence buildings involving area of 1.81 acre at Bangalore under the custody, control and management of LMA had been used for non-Defence purposes such as Institute of Hotel Management, Girls and Boys Hostel, etc. without the sanction of the Ministry since 1994-95. The accrued rent up to March 2009 was ₹ 6.45 crore;
- Air Force authorities at Bangalore were using Defence land for unauthorized purposes in the form of shopping complexes, private engineering colleges, cinema, banks, etc. without proper sanction; and
- Ten buildings located in four Air Force Stations under the control of HQ Training Command, Bangalore were re-appropriated between 1983 and 1993 and used as Student Study Centers / AFWWA Hostel for use by children of Defence Service Personnel. In July 2007, Air HQ took up the matter with the Ministry for obtaining *ex-post-facto* sanction for opening Student Study Centre at the four Air Force Stations. After examining the proposals, the Ministry opined that the matter was serious and directed Air HQ to institute a court of inquiry and fix responsibility. Though Air HQ referred the case to DGDE in May 2008 for comments, no action had been taken yet (September 2009).

In response to an audit query, DEO Bangalore confirmed that they had not received any sanction from the Ministry for use of Defence land for non-Defence purposes.

Belgaum Cantonment

- 1280 square ft. of additional land in Belgaum Cantonment was under the illegal occupation of Indian Oil Corporation (IOC). They had expanded their boundaries in the adjoining class-B land; and
- Karnataka State Road Transport Corporation (KSRTC) occupied 0.2 acre of Defence land in Belgaum Cantonment in 1988. The land was taken back in 2005 but damage rent for intervening period was neither worked out nor claimed.

Performance Audit Report on Defence Estates Management

No agency was taking responsibility for unauthorized use of Defence land. The DGDE stated in July 2010 that the information might be obtained from Army HQ as the land was under management of LMAs. Army HQ intimated in August 2010 that replies had already been submitted to the Ministry and further information be obtained from them. The Ministry asked Audit to obtain the information from DGDE/Army HQ.

3.10 Payment of compensation

The Ministry accorded sanctions from time to time for ex-gratia payment of compensation to people/ farmers for the damages to their crops, etc. during Operation Parakram in connection with Defence preparations in the border areas during the years 2001-2008. Against the sanctioned amount of ₹ 302.47 crore a sum of ₹ 291.96 crore was deposited with the District Collectors in four States between 2002 and 2009. Out of the total amount deposited, a sum of ₹ 7.08 crore was left undisbursed with the State Governments. Neither did the DEOs claim the undisbursed amount nor did the District Collectors refund the amount. Thus, Defence funds of ₹ 7.08 crore were lying unutilized with the State Governments during the last seven years due to laxity on the part of the DEOs. DGDE intimated in August 2010 that the balance amount could not be disbursed due to title disputes, missing persons, etc. Directions were being issued to field officers to ensure disbursement of compensation to the rightful claimant at the earliest.

Nevertheless, a large amount of Defence funds stood blocked for over the last seven years due to lack of diligent efforts on the part of the DEOs to liaise with the State Revenue authorities for resolving the contentious issues and to get refund of undisbursed amount.

As reported in paragraph 2.2 of the Report No. CA 4 of 2008 of the C&AG of India such undisbursed sums are prone to irregular appropriation by the District Collectors.

Recommendation 5

The Ministry should immediately develop modalities for carrying out land audit at regular intervals as per the assurance given to the Parliamentary Standing Committee. Reports of such land audit and action taken thereon by the agencies concerned should be put in public domain.

Recommendation 6

The Ministry should review position of acquired land and work out a strategy to deal with surplus and/or unutilised land in the best interest of the Government.

Recommendation 7

The Ministry should frame rules for commercial exploitation of Defence land and ensure implementation of them strictly and in all seriousness. Information about beneficiaries of shopping complexes should be placed in public domain on the website of the Ministry. Revenue generated in the form of rentals and licence fees should be credited to the Government account. Violation of rules should invite punitive action.

Recommendation 8

The Ministry should frame policies with regard to abandoned lands and implement them strictly to put such lands to better public use in a time bound manner. The progress in this regard should be monitored by the Ministry.

Recommendation 9

The Ministry should streamline and put in place an effective and transparent system for land use. The responsibilities/accountabilities at different levels should be clearly delineated.

Recommendation 10

The Ministry should take a serious view of officers turning a blind eye to the unauthorized use of Defence land for years on end. It should monitor the cases closely so that due to administrative lethargy, Defence land is not encroached upon or allowed to be misused by private bodies. Strict disciplinary action should be taken against the delinquent officials/officers after fixing responsibility for the same.