

## Chapter III

### Assurances to PAC

The functioning of L&DO was reviewed by the CAG and the Audit findings were included in Report No. 6 of 2009-10. The Report was discussed by the 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 is discussed below. Audit findings on the examination of records relating to 29 sampled properties are given in this chapter. Additional details on the Audit findings on individual properties are given in **Annexure-I**. The details of the recommendations made by the PAC and action thereon by the Ministry/ L&DO are given in **Annexure-II**.

#### 3.1 Non-production of records despite firm commitment by the Ministry

Section 18 of CAG's (DPC) Act, 1971, provides that the CAG shall have the authority to require that any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of Audit extend, shall be sent to such place as he may appoint for his inspection.

During the previous Audit (2009-10), L&DO did not provide important records such as ground rent register, squatter register and register of damage for Audit examination.

In the Action Taken Note on 59<sup>th</sup> Report of PAC, the Ministry had submitted that earlier these registers were not maintained up-to-date and added that these were now being maintained and continuously updated in the computerised format. The Ministry also stated that it is ready to produce any document to Audit. The PAC in its 78<sup>th</sup> Report cautioned the Ministry that denial of records, documents and information to Audit, regardless of the grounds, brings avoidable mistrust and inference that there is something awry with the functioning of the Department. The Committee also desired to have a firm commitment from the Ministry that under no circumstance, should Audit be denied access to any records/ information in future. The Ministry, in its reply to the PAC, stated (July 2013) that it had taken note of the observation of the Committee and made a firm commitment that, in future, there shall be no occasion of denial of records to Audit.

In the current follow-up Audit, from October 2019 to May 2020, 70 Audit requisitions were issued, seeking various records/ documents/ information relating to the specific 29 sampled properties. The period of Audit was further extended to 2020-21 and accordingly additional information was sought. Many of the records were, however, not produced to Audit, as listed below:

- i) Ground Rent Registers, Lease Deed Registers, Inspection Registers, Damage Registers etc., for the years 2016-17 to 2020-21.

- ii) System Requirement Specification (SRS), User Requirement Specification (URS) and Data Dictionary of e-Dharti software and data dump captured in it for analysis.
- iii) Policy/ guidelines framed for inspection and survey of properties under different categories of leases. Copies of inspection reports, action taken on the shortcomings noticed during the inspections along with relevant documents, and targets fixed by L&DO for inspections of the properties and achievement there against.
- iv) Policy files on allotment of land to Petrol Pumps, Hotels, Schools/ Educational Institutions, Hospitals, etc.
- v) Category-wise and year-wise (2016-17 to 2018-19) receipts due, demanded, collected and outstanding from ground rent, penalties, unearned increase, interest etc. and from conversion of leasehold rights into freehold rights, substitution, etc.
- vi) Year-wise (2016-17 to 2020-21) surveys carried out to assess encroachment and squatting on Government land, action taken for eviction of squatters under Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and cases of unauthorized squatters pending with the Estate Officer as on 31 March 2021 indicating the year since when pending.
- vii) Mechanism to monitor the court imposed social obligation of hospitals and educational institutions (which were allotted lands by L&DO) towards free treatment and admission of wards of economically weaker sections.

Thus, despite a firm commitment by the Ministry to the PAC that there shall be no occasion of denial of records to Audit, most of the records sought during the follow-up audit of L&DO were not furnished.

L&DO stated (April 2021) that due to Covid-19 pandemic, as whole country was under lockdown, and due to constraints<sup>4</sup> imposed by the Department of Personnel and Training, the records could not be provided. These would be provided in future as and when required/ demanded.

The reply is not tenable as the records not produced had been sought during the pre-Covid period. Although access to e-Dharti was provided to Audit, in the absence of System Requirement Specification, User Requirement Specification and data dictionary, Audit was not able to analyse the database to the desired extent. The fact, therefore, remains that the Ministry/ L&DO did not fulfil the commitment given to the PAC as most of the information/ records requisitioned by Audit were not provided by L&DO.

***Recommendation No. 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.*

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<sup>4</sup> *Constraints like offices were working with limited staff due to restrictions imposed during lockdown and after lifting of lockdown*

### 3.2 Authenticity of the figures of the leased properties

Office Manual of L&DO prescribes that records relating to leased properties need to be maintained by the individual Lease and Property Sections, based on their territorial jurisdiction for exercising control over different aspects of lease administration. In the previous CAG Report (2009-10) it was reported that out of the 60,526 leases administered by the L&DO, 28,924 leases had been converted into freehold. Further, as per Annual Report of the Ministry of Housing and Urban Affairs for the year 2020-21, 34,905 properties have been converted into freehold. However, detailed colony-wise break-up of the current leases (excluding leases converted to freehold) was not available with L&DO. Audit could not derive any assurance on the authenticity of these figures maintained by the L&DO due to inadequate documentation.

The Ministry, in its Action Taken Note (on 59<sup>th</sup> report of PAC), had stated that L&DO had 3,373 Nazul properties of which 901 properties had been converted into freehold and 51 files for Nazul properties were not traceable. As regards rehabilitation properties, it was informed that there were 49,523 residential properties.

The PAC, in the 78<sup>th</sup> Report, noted that pursuant to their recommendations, 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. Forty-six missing files pertaining to the Nazul properties were yet to be traced. The Committee impressed upon the Ministry/ L&DO to intensify the measures initiated and make more vigorous and concerted efforts to locate the missing files and complete the data input of all the leased properties in a definite timeline so that the entrusted responsibility of the overall lease administration of prime Government properties in Delhi was carried out in a smooth and seamless manner.

It was seen during the follow-up Audit that L&DO still did not have the authentic figures of its leased properties. It was mentioned in the Annual Reports of the Ministry (till 2020-21) that L&DO was responsible for administration of about 60,526 leases of Central Government in Delhi. However, as per the Press Information Bureau release dated 07 March 2019, L&DO has started working on GIS-based mapping of all its approximately 65,000 properties. Further, during the Audit, L&DO provided a list of 46,696 leased properties, but did not provide the current status of 46 missing files. Thus, even after 10 years from the previous audit, the authentic figures of the leased properties were not yet available with L&DO.

L&DO replied (December 2020) that digitization entailed entry of every detail about the property. The Nazul properties had been covered under the digitization drive and would be concluded by March 2021. L&DO further stated (April 2021) that since the cadastral<sup>5</sup> mapping of properties had started in L&DO, final figures would be made available when mapping was completed.

<sup>5</sup> *Cadastral mapping is a comprehensive register of the details related to the property of an area. These details include the precise location, dimensions and other geographical classification of the properties or individual parcels of land.*

The reply is not tenable as scrutiny of the records relating to the 29 sampled properties during the follow-up Audit revealed that the property proforma on the e-Dharti portal was incomplete in all cases. Besides, the Ground Rent register was maintained in e-Dharti for only 21,260 out of 60,526 properties as of August 2020 and was incomplete. The Ministry/ L&DO had informed the PAC in October 2013 that data inputs for 2,943 properties were pending as on August 2013, however, the process is still not completed even after a lapse of more than seven years. Thus, L&DO did not have authentic information on the number of properties under its control.

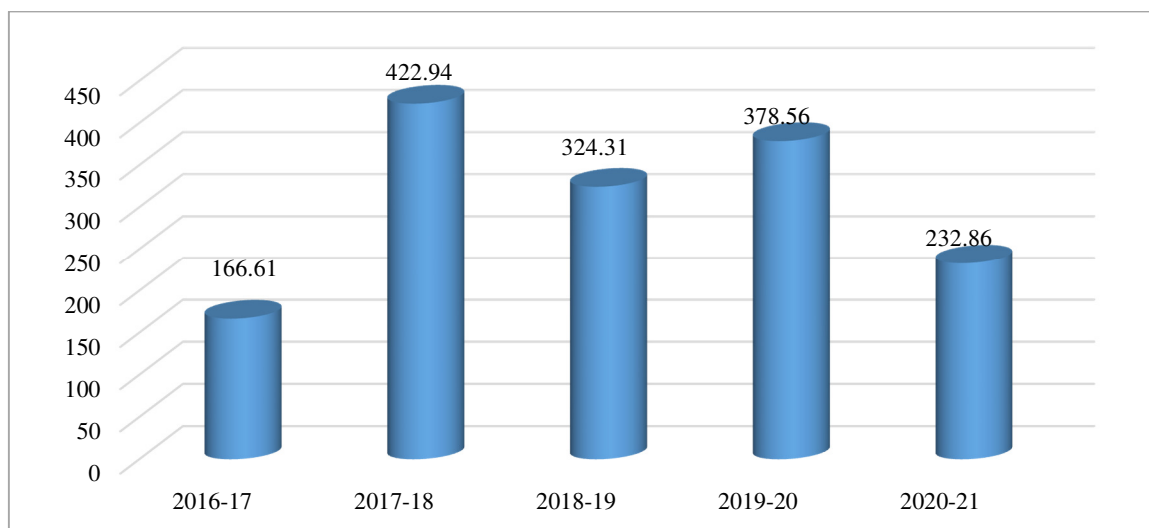
**Recommendation No. 2**

*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.*

**3.3 Receipts**

L&DO gets various types of receipts viz., premium (onetime payment towards the cost of land), ground rent, additional ground rent (on additional construction), misuse charges (for non-permissible activities), damage charges (for unauthorized constructions), unearned increase (on sale of the property), penalty (on misuse charges), conversion charges (for converting the property from leasehold to freehold) and interest (on belated payments) etc. Receipts of L&DO for the period 2016-17 to 2020-21 are as shown in the chart below:

**Chart 3.1: Year-wise receipts of L&DO (₹ in crore)**



It can be seen from the above chart that while receipts in 2017-18 increased by ₹256.33 crore (154 per cent) over 2016-17, in 2020-21 receipts decreased by ₹145.70 crore (38 per cent) from the previous year.

L&DO replied (January 2021) that the realization of recovery depends upon various factors and it strives to realize the demand diligently and the yearly variation in demand cannot be factored in.

Even though L&DO did not give any specific reason for variations in receipts of revenue, it is apparent that L&DO has not consolidated the details of receipts collectable from all its leased properties. If it had done so, the annual rent collectable would have been a standard figure subject to minor changes.

**Recommendation No. 3**

*The annual budget should be prepared based on realistic assessment of all rent assessed and collectable during the year.*

**3.3.1 Non-productions of records relating to receipts from Nazul properties**

As per the information on e-Dharti system, L&DO received ₹187.22 crore as receipts on account of ground rent<sup>6</sup> from Nazul properties during the period from 2016-17 to 2018-19 (upto October 2018). The details of ground rent receipts from Nazul properties after October 2018 were not available on e-Dharti. Due to non-furnishing of records/information by L&DO related to receipts, figures of e-Dharti could not be cross-examined and tallied. Therefore, veracity and completeness of figures in e-Dharti could not be verified.

L&DO replied (January 2021) that the demand in respect of individual Nazul and Institutional properties was being updated and L&DO would strive to recover the demanded amount within stipulated time frame.

Thus, even after a decade from the tabling of the last Audit Report, L&DO was still in the process of updating the demands for Government dues, despite computerisation.

**3.3.2 Non-receipt and non-revision of ground rent**

**3.3.2.1 Non-receipt of ground rent**

One of the main functions of L&DO is recovery of all Government dues in respect of land under its control. Ground rent is an annual charge levied at prescribed rates with reference to the premium or onetime payment levied at the time of allotment. The ground rent is payable, in advance, either in two half-yearly instalments or annually on 1 April. Further, Rule 9 of GFR 2017 stipulates that it is the duty of the concerned department to ensure that the receipts and dues of the Government are correctly and promptly collected.

During the previous Audit in 2009-10, as the ground rent registers were not produced to Audit, it was inferred that they were not maintained. L&DO had replied in October 2011 that earlier, these Registers were maintained manually and to improve the functioning, L&DO had proposed to computerize these Registers. In the Action Taken Note on 59<sup>th</sup> Report of PAC, the Ministry had submitted that in order to streamline the collection of ground rent, the relevant Registers were being computerized under the overall scheme of computerization in L&DO. The PAC in its 78<sup>th</sup> Report stated that the Committee would like to be apprised of the exact dues of ground rent of the Nazul properties and the specific and additional steps taken to recover all the outstanding ground rent dues in a definite

<sup>6</sup> *Ground rent includes additional and revised ground rent also*

timeframe. In response, the Ministry had stated (July 2013) that as and when an applicant makes a request for mutation, substitution, conversion etc., all outstanding dues including ground rent is recovered.

During the follow-up Audit, scrutiny of the ground rent registers of the sampled 29 properties revealed that the details of payment of ground rent had been left blank in 15 cases<sup>7</sup> (52 per cent). In the remaining 14 cases, though details of ground rent had been filled but were not updated<sup>8</sup>. Thus, 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 did not provide the details of outstanding ground rent. In 21 out of the 29 sampled cases (72 per cent), the outstanding ground rent amounting to ₹8.67 crore and interest amounting to ₹8.92 crore as on 31 March 2021 was worked out by Audit, as detailed in **Annexure-III**. Out of the remaining eight properties, ground rent was not due in case of seven properties<sup>9</sup>, and it could not be worked out in case of one property viz., Sen Nursing Home, BSZ Marg due to non-availability of required information.

L&DO replied (January 2021) that as per the procedure followed by it, the updated demand is served on the lessee at the time of substitution, mutation and conversion of tenure of land from leasehold to freehold, which includes updated ground rent. The lessee generally pays the demand lump-sum, which includes various components viz., damages, misuse charges, etc., and bifurcation of ground rent is not feasible. Of the total leases being administered by L&DO, between 60-65 per cent of properties are below 100 square yards or less where the ground rent is very nominal. Therefore, in cases of residential, commercial and industrial properties, the ground rent is recovered at the time of substitution, mutation and conversion. L&DO further stated (April 2021) that they are in the process of digitisation of receipts and have started accepting ground rent through online mode. Each property under L&DO is allotted Property ID number. Hence, though it may take some time but L&DO would be able to recover the outstanding ground rent.

The reply of L&DO is not acceptable as Rule 9 of GFR 2017 stipulates that it is the duty of the concerned department to ensure that the receipts and dues of the Government are correctly and promptly collected. Further, PAC in its 78<sup>th</sup> report (2012-13) impressed upon the Ministry/ L&DO to recover all the outstanding ground rent dues in a definite

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<sup>7</sup> *Kendriya Vidyalaya, Andrews Ganj; Bal Bharati School, Pusa Road; 7, Garage, Gole Market; Sukhdeep Coal Depot, Rouse Avenue; Vidya Bhawan Girls Higher Secondary School, New Rajinder Nagar; M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane; 3, Kautilya Marg; Prem Service Station, J.B. Tito Marg; F-2, Connaught Place, Indian National Trade Union Congress, Bhai Veer Singh Marg; Gulab Singh & Sons; Sen Nursing Home; Hotel Le Meridien; Alankar Cinema; and Daily Tej*

<sup>8</sup> *Earliest being August 2012 (St. Stephen's Hospital, Tis Hazari) and latest being April 2018 (VIMHANS Hospital, Nehru Nagar)*

<sup>9</sup> *12, Golf Links; 3, Kautilya Marg and Sukhdeep Coal Depot (ground rent was not due as these were freehold properties); All India Trinamool Congress (ground rent was not due as the possession could not be handed over by L&DO due to encroachment); M/s Kishan Bhag Chand (ground rent was not claimed due to unauthorized occupation of property); 19, Prithvi Raj Road (ground rent was not due, due to court's decision); and Bal Bharati School, Pusa Road (ground rent had been paid, so not due)*

time-frame. However, it is evident that the L&DO neither maintained proper records of ground rent nor made any efforts to timely recover the same. The reply of L&DO is silent on non-maintenance of ground rent registers, nor does the reply mention any time-frame for completion of allotment of Property IDs and recovery of ground rent.

#### **Case Study 1**

In case of F-2 Connaught Place, the perpetual lease was executed in March 1925. The ground rent was fixed at the rate of ₹330 per annum, however, the same has not been realized after January 1981. No demand letter has been issued to the lessee for payment of the ground rent after January 1981. L&DO stated (December 2020 and April 2021) that the file had been sent to Technical Section for carrying out inspection and thereafter demand for revised ground rent, additional ground rent etc., would be updated.

The reply is not tenable as the file had been sent to Technical Section earlier also (in June 2004) but the same was not followed up at all. The fact remains that for the last 40 years neither ground rent has been realized nor any demand letter issued.

#### **3.3.2.2 Revision of ground rent**

Ground rent is revisable at the option of lessor (L&DO) once in every 30 years. An office order was issued in January 1984, whereby the earlier ground rent was to be enhanced by a specified multiple, depending on the period of delay in revision.

During the previous Performance Audit (2009-10), complete details of the revision of ground rent of the Nazul leases that had fallen due for revision could not be ascertained in Audit. In the Action taken note on 59<sup>th</sup> report of PAC, the Ministry had stated that with a view to recover the outstanding ground rent at the earliest, the process of revision of ground rent in respect of Nazul leases had been completed.

The PAC, in its 78<sup>th</sup> Report, stated that there is no denying the fact that the work relating to ground rent revision of the pending cases got severely affected due to non-functioning of the 'Revision of Ground Rent Cell'. The Committee impressed upon the Ministry/L&DO to complete the revision of the remaining ground rent cases 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 not revised/ revised belatedly/ revised incorrectly as shown in the table below:

**Table 3.1: Non-revision/ belated revision/ incorrect revision of ground rent**

Particulars	No. of properties	Name of the properties
Ground Rent not revised since allotment	10	i) 29, Aurangzeb Road ii) Bal Bharati School, Pusa Road iii) Kendriya Vidyalaya, Andrews Ganj iv) Indian National Trade Union Congress, Bhai Veer Singh Marg

Particulars	No. of properties	Name of the properties
		v) F-2, Connaught Place vi) VIMHANS Hospital, Nehru Nagar vii) Hotel Taj Man Singh, Man Singh Road viii) Sen Nursing Home, Bahadur Shah Zafar Marg ix) Hotel Le Meridien, Janpath x) St. Stephen's Hospital, Tis Hazari (ground rent was not revised for two out of three plots allotted to St. Stephen's Hospital)
Ground rent was revised belatedly	7	i) Daily Milap, Bahadur Shah Zafar Marg ii) Daily Tej, Bahadur Shah Zafar Marg iii) Gulab Singh & Sons, Bahadur Shah Zafar Marg iv) Kayson Enterprises, Sardar Patel Marg v) 17, Jor Bagh vi) Vidya Bhawan Girls Higher Secondary School, New Rajinder Nagar vii) St. Stephen's Hospital (ground rent was revised belatedly for one out of three plots allotted to St. Stephen's Hospital)
Second revision of ground rent not done	1	Alankar Cinema, Lajpat Nagar (second revision was not done although due in the year 2017)
Ground rent revised by 4 times instead of 10 times	1	7, Garage, Gole Market
Ground rent fixed provisionally but not revised, despite revision of land rates	2	i) Centre of Indian Trade Unions, Rouse Avenue; and ii) All India Trade Union Congress, Deen Dayal Upadhaya Marg

L&DO stated (April 2021) that revision of ground rent is done at the time of conversion of property from leasehold to freehold, mutation and whenever demands are being issued. In some cases, due to non-submission of documents, the revision could not take place. Moreover, due to Covid pandemic/ other exigencies in office, the revision of ground rent could not be carried out, but the same will be completed by March 31, 2022.

The reply of L&DO is not acceptable as Rule 9 of GFR 2017 stipulates that it is the duty of the concerned department to ensure that the receipts and dues of the Government are correctly and promptly collected. Further, the plea of Covid pandemic and other exigencies is also not acceptable as the ground rent had not been revised since allotment of the properties in 10 out of 29 cases covered in audit.



**Case Study 2**

Centre of Indian Trade Unions (CITU) and All India Trade Union Congress (AITUC) were allotted (February 2009 and May 2005 respectively) land measuring 504 square meters at Pushp Vihar and two plots having an area of 476 square meters each at DDU Marg at premium (land cost) of ₹88 lakh per acre and annual ground rent at the rate of 2.5 per cent of premium. CITU was paying ground rent as fixed at the time of allotment (ground rent for the period 2015-18 and 2019-21 was not paid) whereas AITUC did not pay any ground rent since allotment. The premium and ground rent were fixed provisionally as the land rates were due for revision from 1 April 2000. After the revision of land rates in June 2017, the rates were revised to ₹929.70 lakh per acre in case of CITU and ₹447.30 lakh per acre in case of AITUC but the revised premium and ground rent were not intimated to the lessee which resulted in outstanding dues amounting to ₹2.63 crore<sup>10</sup> upto March 2021 (calculated by Audit).

**3.4 Inspection of the properties**

L&DO issued an office order in March 2008 which stipulated that the Manual of L&DO stands amended to the extent that mandatory inspection would be carried out once in three years instead of on annual basis. Thus, L&DO was required to carry out inspections of at least 33 per cent of the properties annually. As per Annual Report of the Ministry of Housing and Urban Affairs for the year 2020-21, L&DO was responsible for administration of about 60,526 leases, out of which 34,905 properties had been converted into freehold. This showed that there were 25,621 properties remaining, which were required to be mandatorily inspected at least once in three years.

The CAG's Performance Audit Report No. 6 of 2009-10 on L&DO had stated that no uniform policy for routine inspection of properties had been adopted and Audit could not ascertain the number of inspections conducted by L&DO during 2003-08, as the Register of inspections was not maintained. In the Action Taken Note on 59<sup>th</sup> Report of PAC, the Ministry stated that at the time of Audit, inspection register was not maintained and these were now maintained and continuously updated in computerized format.

Follow-up Audit revealed the following:

- Records related to inspection of properties were called for but were not provided to Audit. It was seen in e-Dharti that only 2,726 properties were inspected during the period 2016-17 to 2020-21. The year-wise inspections carried out are shown in the table below:

**Table 3.2: Year-wise inspection of properties by L&DO**

Year	No. of properties required to be inspected (33%)	No. of properties inspected	Percentage of properties inspected against required inspections	Percentage shortfall
2016-17	8,455	495	6	94
2017-18	8,455	663	8	92

<sup>10</sup> ₹2.63 crore = ₹84.52 lakh (premium) + ₹41.32 lakh (ground rent) in case of AITUC + ₹104.83 lakh (premium) + ₹32.82 lakh (ground rent) in case of CITU

Year	No. of properties required to be inspected (33%)	No. of properties inspected	Percentage of properties inspected against required inspections	Percentage shortfall
2018-19	8,455	600	7	93
2019-20	8,455	525	6	94
2020-21	8,455	443	5	95
<b>Total</b>		<b>2,726</b>		

It may be seen from the above table that the year-wise inspections during 2016-17 to 2020-21 ranged between five *per cent* and eight *per cent* of the mandatory inspection required to be conducted annually.

- Examination of section-wise details of inspections in e-Dharti showed that the number of properties inspected in respect of some of the sections was negligible. For instance, only one property each pertaining to Lease Sections 5A and 5B was inspected during 2016-17.
- Audit had called for the Register of Inspections. However, despite consistent efforts and multiple reminders, L&DO did not provide it. In the absence of a reasonable response on the reasons for not providing the Register, Audit is of the view that either such Register was not maintained or was not maintained properly.
- It was observed that out of the sampled 29 properties, inspection of only 10 properties<sup>11</sup> was carried out during 2016-19. The details of inspections of the 29 properties during 2019-20 and 2020-21 were sought, but these were not provided to Audit. Misuse/ unauthorized constructions/ encroachments were observed in nine cases.
- It was observed that since mandatory inspections (once in three years) were not being conducted, there was no effective mechanism for ensuring that breaches were intimated to the lessee.

L&DO replied (January 2021) that the mandate of L&DO is to inspect each property after three years. The inspection is carried out prior to mutation and conversion of tenure of land from leasehold to freehold. Due to heavy workload and manpower crunch, sometimes it is not feasible to stick to the schedule. L&DO has initiated the drive to inspect Nazul and Institutional properties as per extant order and to recover up-to-date Government dues. L&DO further stated (April 2021) that the technical staff of their office is not provided with an official vehicle for inspection, and they use local transport in all weather conditions. After inspection, they have to file an inspection report on the computer and work out the charges payable by the lessee. Sometimes they are also engaged in other works like going for site visits/ inspections with senior officers of the Ministry. In future, L&DO will fix targets for inspection of properties.

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<sup>11</sup> *Daily Milap, Bahadur Shah Zafar Marg; Daily Tej, Bahadur Shah Zafar Marg; Gulab Singh and Sons, Bahadur Shah Zafar Marg; M/s Kayson Enterprises, Sardar Patel Marg; 7, Garage, Gole Market; 17, Jor Bagh; 29, Aurangzeb Road; Bal Bharati School, Pusa Road; Indian National Trade Union Congress, Bhai Veer Singh Marg; and 19, Prithvi Raj Road*

The reply of the L&DO is not acceptable as the Staff Inspection Unit (SIU), Department of Expenditure (Ministry of Finance) recommended (March 2018) strength of 14 technical staff/ persons as against the existing strength of 13 in various technical cadres of L&DO. This indicates that L&DO was having shortage of only one technical person. Lack of timely inspection leaves open the possibility of increasing number of breaches remaining undetected, with consequential non-recovery of damage/ misuse charges resulting in loss of revenue to the Government.

**Case Study 3**

Temporary allotment of land at Minto Road, New Delhi was made in June 2008 to BPCL (Krishna Filling Service Station) for setting up of Petrol pump. The allotment was made on a purely temporary basis for a period of two years in the first instance. The site was never inspected by L&DO after allotment.

L&DO replied (December 2020 and April 2021) that after the allotment in 2008, the petrol pump was not functional due to land use and other issues.

To verify L&DO's claim, Audit made a physical inspection of the petrol pump (January 2021) and found it to be functional at the site. Despite receipt of only part payments from BPCL, L&DO did not bother to inspect the property to know the exact status of the site.

**Case Study 4**

In the previous Audit Report (2009-10), it was pointed out that in the case of Kendriya Vidyalaya, Andrews Ganj, sub-division of plot was done by it in 2004 and a portion of the plot was given to a private party. The private party constructed a building, providing facilities for swimming, gymnasium, taekwondo and judo. It was also noticed by Audit that excavation was done at the site for construction of a deep ice hockey rink. L&DO was not aware that the unauthorized sports complex was being run by a private party as the last inspection of the premises was conducted in 1998.

During the follow-up Audit, it was seen from the records that the sports complex in the school premises still existed. Thus, a private party constructed a sports complex in the school in an unauthorised manner, and L&DO remained unaware of such construction until Audit brought it to the notice of L&DO in 2008. Since then, L&DO has done only one inspection of the premises (in July 2011) and issued two letters (July 2018 and May 2019) to the lessee for submission of complete set of sanctioned building plan. Thus, due to non-conduct of timely inspections, L&DO failed to exercise effective control on the properties under its control.

L&DO replied (December 2020 and April 2021) that the school authorities had so far not submitted sanctioned building plan, hence, the exact quantum of the breaches could not be ascertained. A letter had been issued on 9 December 2020 to the school authorities giving them final opportunity to submit the desired documents. If no reply was received, L&DO would prepare a demand note by treating the entire structure as unauthorized.

L&DO did not seek the sanctioned building plan from the local body. Owing to its inaction, the school property situated at a prime location was exploited by a private party for commercial purposes. Despite assurances to the PAC, L&DO did not take action against the misuse. Instead of creating a working mechanism with the local bodies for getting copies of approved building plans in respect of its leased lands, L&DO chose to wait indefinitely for the lessee to fulfil its requirements, thereby abetting the lessee to alter land use at will.

**Recommendation No. 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.*

**3.5 Ineffective monitoring over provision of free treatment/ admission to Economically Weaker Sections (EWS) in hospitals and schools**

**3.5.1** Government of India decided to assist hospitals by allotting lands at highly concessional rates, so as to involve them in achieving the larger social objective of providing health services to the people. The Hon'ble High Court of Delhi, in its judgment dated 22 March 2007, directed that 20 hospitals named in the judgment and/or all other hospitals identically situated shall strictly provide free treatment to indigent<sup>12</sup>/ poor persons of Delhi to the extent of 25 per cent in out-patient departments (OPD) and 10 per cent in in-patient departments (IPD). L&DO issued an order (2 February 2012) regarding the policy for free treatment to indigent/ poor persons of Delhi to be followed by the private hospitals which had been allotted land by L&DO on concessional rates. In pursuance of the Hon'ble Supreme Court order dated 9 July 2018, L&DO directed (August 2018) the hospitals to scrupulously follow the conditions laid down in its order dated 02 February 2012 and warned about cancellation of lease in case of any violations.

In their 59<sup>th</sup> Report, the PAC decried the glaring shortfalls on the part of hospitals in giving the prescribed free treatment to patients belonging to EWS and flagrant violation of the lease terms. The PAC impressed upon the Ministry to warn the defaulting hospitals to mend their ways within a specific period failing which stringent and exemplary action, including cancellation of allotment, be taken against them.

While replying to the 59<sup>th</sup> Report of PAC, L&DO stated that a special committee headed by the Principal Secretary, Health (Government of NCT of Delhi) was constituted to ensure effective implementation of the orders of Delhi High Court. It was further stated that the monthly reports received from the inspection committee set up by Delhi High Court were examined regularly.

The Directorate of Health Services, Government of NCT of Delhi was required to send monthly reports to L&DO in respect of the provision of free treatment to EWS category patients. However, during the examination of records related to two hospitals (VIMHANS

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<sup>12</sup> *Poor and needy persons*

hospital, Nehru Nagar and St. Stephen's hospital, Tis Hazari) during the follow-up Audit, only two reports were found in respect of VIMHANS hospital (August 2018 and January 2019) wherein it was stated that the hospital had not achieved the target of 10 *per cent* of IPD and 25 *per cent* of the total OPD, but no complaints regarding denial of free services were received against the hospital. In respect of St. Stephen's hospital, no such report was found.

L&DO was responsible for compliance of directions of the High Court for ensuring free treatment to EWS category patients by the concerned hospitals. However, it is evident that L&DO did not assure regular receipt of reports from the Directorate of Health Services. Thus, L&DO did not pursue the matter effectively to comply with the directions of the High Court and the PAC. Audit, thus, could not ascertain the extent to which the hospitals in the leased lands of L&DO were offering free treatment to the EWS category patients.

L&DO replied (January 2021 and April 2021) that as per Hon'ble Supreme Court's order of July 2018, the Directorate of Health Services shall ensure/ monitor free treatment to the EWS category in the hospitals through a committee set up by them. A report in this regard is received from the Directorate of Health Services from time to time. Based on the report, action as per lease terms is taken against the hospitals.

The reply is not acceptable in view of the fact that in the test-checked hospitals only two such reports were found in the case of VIMHANS hospital and no report was found in the case of St. Stephen's hospital. Efforts made by L&DO in obtaining regular reports were not found in the records provided to Audit. L&DO also did not forward any documentary evidence in support of their reply. Further, action taken against the defaulting hospitals as directed by the PAC was also not intimated.

#### ***Case Study 5***

In case of VIMHANS hospital, L&DO had allotted a land measuring 3.5 acres, in Nehru Nagar, New Delhi, in May 1984. L&DO stated (December 2020) that in view of non-compliance of EWS condition since 2003-04, the property was under re-entered condition (i.e., the possession of the property was taken over back by L&DO). However, during verification (February 2021), Audit noticed that the hospital was in operation and was accepting the appointments for OPD. Further, Audit did not find any re-entry orders issued to the lessee and L&DO also did not provide any documentary evidence to that effect.

L&DO stated (April 2021) that 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 has not been made by the hospital till date.

L&DO, however, did not furnish a copy of the demand letter dated 07 December 2020 to Audit. Further, the reply of L&DO was silent on further action taken by it as a consequence of non-payment of demanded amount by the hospital.

**3.5.2** In case of schools, the Delhi Government vide circular dated 29 December 2015 issued guidelines for reservation of 25 per cent seats for admission under EWS/ Disadvantaged Group category at entry-level classes by private unaided recognised schools of Delhi for the academic session 2016-17 and the same was revised to 20 per cent for the session 2019-20. During scrutiny of records related to two schools (Kendriya Vidyalaya, Andrews Ganj and Bal Bharati School, Pusa Road), Audit observed that L&DO did not have any monitoring mechanism to ascertain whether conditions for admission of wards of EWS category was followed by the schools.

L&DO stated (April 2021) that it is for the Directorate of School Education to look into the compliance of EWS condition. The school authorities submit the report on EWS to the Directorate, which will send intimation to the L&DO in case of any violation.

No records/ reports relating to the compliance of condition relating to EWS category of students were, however, found during Audit. As the lands were allotted to the schools at concessional rates by L&DO, pro-active steps should have been taken by L&DO to verify the compliance to the guidelines for admission to EWS category of students.

Thus, in the absence of an effective monitoring mechanism in L&DO, Audit could not ascertain the extent of achievement of social objective of providing health services (by hospitals) and education (by schools) to indigent people.

**Recommendation No. 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.*

**3.6 Lack of effective and efficient administration of lease applications**

Citizens' Charter of L&DO stipulates that the L&DO would ensure good quality of service by disposal of applications on 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.

It was observed during previous Audit (2009-10) that 51 per cent of lease applications took more than 90 days for disposal while 5 per cent of cases took more than two years in disposal. Some applications were processed with great speed and finalized within 15 days and others were kept pending and settled after considerable delays. Audit had opined that the possibility of undue favour to certain applicants could not be ruled out.

In its 59<sup>th</sup> Report, the PAC had stated that there was lack of effective and efficient processing and disposal of lease applications by the L&DO. The Committee stated that in some cases, time taken in disposal were as much as two years, whereas lease applications for 909 properties were processed with a remarkable speed of 15 days or lesser. In the Action Taken Note, the Ministry stated that L&DO has to exercise due diligence to safeguard the interests of the Government and genuine lessees. For this, L&DO had

prescribed an elaborate system of verification to avoid possible frauds and forgery. It was also decided vide L&DO's Office order dated 26 July 2012 that all the applications for conversion, sale permission, mutation, substitution etc., would be processed in a time-bound manner and applications which were not complete in all respects would be returned in original to the applicants highlighting the deficiency within 15 days.

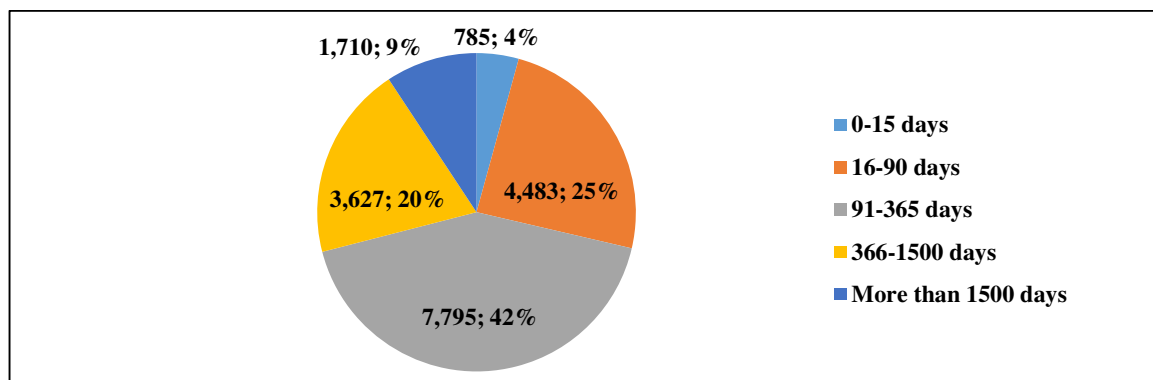
During the follow-up Audit, records related to disposal of lease applications were not provided to Audit. However, it was observed from e-Dharti that inordinate time was taken in processing of different types of applications. Audit observations are discussed below:

**3.6.1** Age-wise analysis of disposal of applications revealed the following position:

**Table 3.3: Time taken for disposal of applications (Position as on 29 July 2021)**

Application Type	0-15 days	16-90 days	91-365 days	366-1500 days	More than 1500 days	Total
Conversion	225	2,140	5,058	2,310	916	10,649
Substitution	465	2,069	2,256	1,032	580	6,402
Mutation	80	222	394	234	162	1,092
Sale Permission	2	19	25	20	5	71
Mortgage Permission	12	33	57	28	42	172
Gift Permission	1	0	5	3	5	14
<b>Total</b>	<b>785</b>	<b>4,483</b>	<b>7,795</b>	<b>3,627</b>	<b>1,710</b>	<b>18,400</b>

**Chart 3.2: Age-wise analysis of time taken for disposal of applications (as on 29 July 2021)**



It could be seen from the above chart that 71 per cent of total applications were disposed of after the stipulated timeline of 90 days as given in the citizens' charter. Thus, the performance on account of timely disposal of lease applications has even deteriorated as compared to what was observed during the previous Audit. Further, while nine per cent of the applications were disposed of after a lapse of 1,500 days, four per cent of applications were disposed of within 15 days only.

**3.6.2** Audit further observed that 61 cases of conversion, substitution and mutation were disposed of within a day as detailed in the table given below:

**Table 3.4 Applications disposed of within a day**

	Conversion	Substitution	Mutation	Total
Approved	4	14	4	22
Rejected	29	10	0	39
<b>Total</b>	<b>33</b>	<b>24</b>	<b>4</b>	<b>61</b>

**3.6.3** It was also observed that not only the approval of applications took a long time, but even the rejection of applications had also been made after inordinate delays, as detailed in the table below:

**Table 3.5: Applications disposed of beyond 1500 days**

Application type	Rejection of applications		Approval of applications	
	No. of applications rejected beyond 1500 days	Maximum time taken in rejecting a particular case (in days)	No. of applications approved beyond 1500 days	Maximum time taken in approving a particular case (in days)
<b>Conversion</b>	662	8,439	254	6,719
<b>Substitution</b>	404	4,793	176	5,228
<b>Mutation</b>	133	4,745	29	4,395
<b>Total</b>	<b>1,199</b>		<b>459</b>	

It can be seen from the above table that 1,199 applications for conversion, substitution and mutation were rejected after taking more than 1,500 days. Maximum time taken in rejecting a particular application for conversion, substitution and mutation was more than 23 years, 13 years and 13 years respectively. The maximum time taken in approving a particular application for conversion, substitution and mutation was more than 18 years, 14 years and 12 years respectively. This shows that the processing of applications was extremely tardy.

L&DO replied (January 2021) that time given in the citizens’ charter is indicative in nature and L&DO strives to timely process the cases relating to substitution, mutation and conversion of properties. However, as the matter relates to immovable properties, the documents play an important role, and it becomes incumbent on L&DO to thoroughly scrutinize the documents submitted by the lessee or the buyer. Generally, it happens that the documents submitted are incomplete or are defective and the lessee is requested to rectify the same. Therefore, the finalization of cases is delayed which cannot be attributed to the working of L&DO. It was further stated (April 2021) that earlier there was a policy that if one’s substitution/ mutation application is pending; he can apply for conversion from leasehold to freehold simultaneously. In the case of substitution and mutation, if documents are not in order, then the party takes time to reply the same. And during inspection of the premises if the party is not able to submit the required documents like sanctioned building plan etc., this also leads to delay in finalisation of the case. Due to computerisation, it has



been decided that only the person in whose name the property is in the records of L&DO, can apply for conversion to freehold property.

The reply of L&DO is not acceptable as it took more than 1,500 days (i.e., more than four years) for rejection of 1,199 applications for conversion, substitution and mutation as against prescribed time limit of three months. L&DO's contention that documents submitted used to be incomplete or defective is also not acceptable as applications that were not complete in all respect were to be returned in original to the applicant highlighting the deficiency within 15 days of receipt. Further, there was inordinate delay in processing of different category of applications and only 29 *per cent* of the total 18,400 applications were disposed of within the time limit of 90 days. The fact remains that despite observation of PAC that there was lack of effective and efficient processing in disposal of lease applications by the L&DO, there was still a significant scope for improvement in the disposal of lease applications by the L&DO.

### 3.7 Computerisation of records

Computerisation helps in smoother and faster delivery of services to the public, in a transparent manner. L&DO introduced e-Dharti software for speedy disposal of public services. The property proforma in e-Dharti was meant for providing all important information about the property.

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. Further, in its Action Taken Reply (ATR) on the 78<sup>th</sup> Report of PAC (2012-13), the Ministry stated that the inspection register of L&DO is now maintained and continuously updated in computerized format.

During the follow-up Audit, L&DO did not provide the records relating to implementation of e-Dharti as a whole. However, during the scrutiny of the records related to the sampled 29 properties, it was observed that important registers such as inspection register, damage register, squatter register etc., were also not maintained in the computerised format. It was also observed that:

- Property proforma was not complete for any of the 29 properties.
- Out of 60,526 properties, Ground Rent Register was maintained in e-Dharti for only 21,260 properties as on August 2020.
- The details of payment of ground rent had been left blank in the Ground Rent Register in 15 cases<sup>13</sup>. In the remaining 14 cases, although details of ground rent had been

<sup>13</sup> *Kendriya Vidyalaya, Andrews Ganj; Bal Bharati School, Pusa Road; 7, Garage, Gole Market; Sukhdeep Coal Depot, Rouse Avenue; Vidya Bhawan Girls Higher Secondary School, New Rajinder Nagar; M/s Kishan Bhag Chand (Capital Coal Company), Prithvi Raj Lane; 3, Kautilya Marg; Prem Service Station, J.B. Tito Marg; F-2, Connaught Place; Indian National Trade Union Congress, Bhai Veer Singh Marg; Gulab Singh & Sons, Bahadur Shah Zafar Marg; Sen Nursing Home, Bahadur Shah Zafar Marg; Hotel Le Meridien, Janpath; Alankar Cinema, Lajpat Nagar; and Daily Tej, Bahadur Shah Zafar Marg*

filled, these were not updated. Thus, complete information of ground rent due and paid had not been given for any of the sampled properties.

- The details of the ground rent, wherever recorded in the Ground Rent Register, did not match with the information given in the property files. Two cases of such discrepancies are mentioned as under:

**Table 3.6: Mismatch between information in Ground Rent Register & Property Files**

(Amount in ₹)

Name of the Entity	Ground rent paid as per the property file	Ground rent paid as per Ground Rent Register in e-Dharti
M/s Krishna Filling Station	69,10,176	52,79,689
Centre for Indian Trade Unions	1,91,793	56,450

Thus, columns of the property proforma and Ground Rent Register were either left blank or were not updated in the e-Dharti module which defeated the purpose of computerization of records.

L&DO replied (January 2021) that they are fast moving towards the process of digitization of records and once the process of substitution, mutation and conversion is initiated, the records of the said properties get automatically digitized.

The Ministry/ L&DO failed to fulfil its commitment/assurance given to the PAC that all files/ registers would be computerized by June 2012 and even after a lapse of more than eight years, the process of digitization was yet to be completed. Audit also observed that in one case (out of 29 sampled properties) there was mismatch between details available in original records and in e-Dharti as given below:

**Case Study 6**

In case of Vidya Bhawan Girls Higher Secondary School, there were discrepancies between the information on e-Dharti and the original records as given below:

Description	Data incorporated in the e-Dharti	As per the original record
Lessee details	Vidya Sharan Girls Sr. Sec. School, New Rajinder Nagar	Vidya Bhawan Girls' Sr. Sec. School, New Rajinder Nagar
Plot Area	1.5 acre	1.472 acre
Whether additional land allotted	Data not filled	Yes
Date of allotment of additional land	09.03.1977	13.07.1971
Inspection Details	13.08.2003, 02.11.1983, 30.11.1998	23.04.1982, 08.04.1985, 23.08.1971, 05.05.1974, 20.09.1975, 10.04.1978, 23.04.1982, 02.11.1983, 08.04.1985, 30.11.1998, 13.08.2003, 13.06.2008

### 3.8 Summing Up

During the follow-up Audit, it was observed that despite Ministry's assurances given in the Action Taken Notes submitted to the Public Accounts Committee, most of the deficiencies pointed out in the Audit Report continued to persist. Most of the documents/information sought during the follow-up audit were not provided by L&DO. In the Performance Audit Report No. 6 of 2009-10, it was mentioned that the authenticity of the number of properties administered by L&DO could not be verified. The follow-up Audit revealed that L&DO still did not have the authentic figures of its leased properties.

Scrutiny of the ground rent registers of the sampled 29 properties revealed that the details of payment of ground rent had been left blank in 15 cases (52 *per cent*) and in the remaining 14 cases, though details of ground rent had been filled but were not updated. Thus, 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. Further, out of 29 properties, ground rent was due for revision in 21 properties. However, ground rent was not revised/ revised belatedly/ revised incorrectly.

The year-wise inspections conducted by L&DO during the years 2016-17 to 2020-21 ranged between five *per cent* and eight *per cent* of the mandatory inspection required to be conducted annually. 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. There was no system in place to monitor compliance with the condition of offering free medical care to poor and indigent patients and free education to children from economically weaker sections.

Citizens' Charter of L&DO stipulates that the L&DO would ensure good quality of service by disposal of applications on 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. L&DO's administration of lease applications was, however, found to be ineffective and inefficient, with excessive delays in the disposal of applications. Besides, the objective of computerization of records was defeated by incomplete information in e-Dharti.