

रक्षा सम्पदा भवन

RAKSHA SAMPADA BHAVAN



सत्यमेव जयते

Performance Audit of Defence Estates Management

Report of the
Comptroller and Auditor General
of India

SANTUSHTI SHOPPING
ARCADE



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Union Government
(Defence Services)

No. 35 of 2010-11

Performance Audit of Defence Estates Management

**Report of the
Comptroller and Auditor General of
India
for the year ended March 2010**

**Union Government
(Defence Services)**

No. 35 of 2010-11



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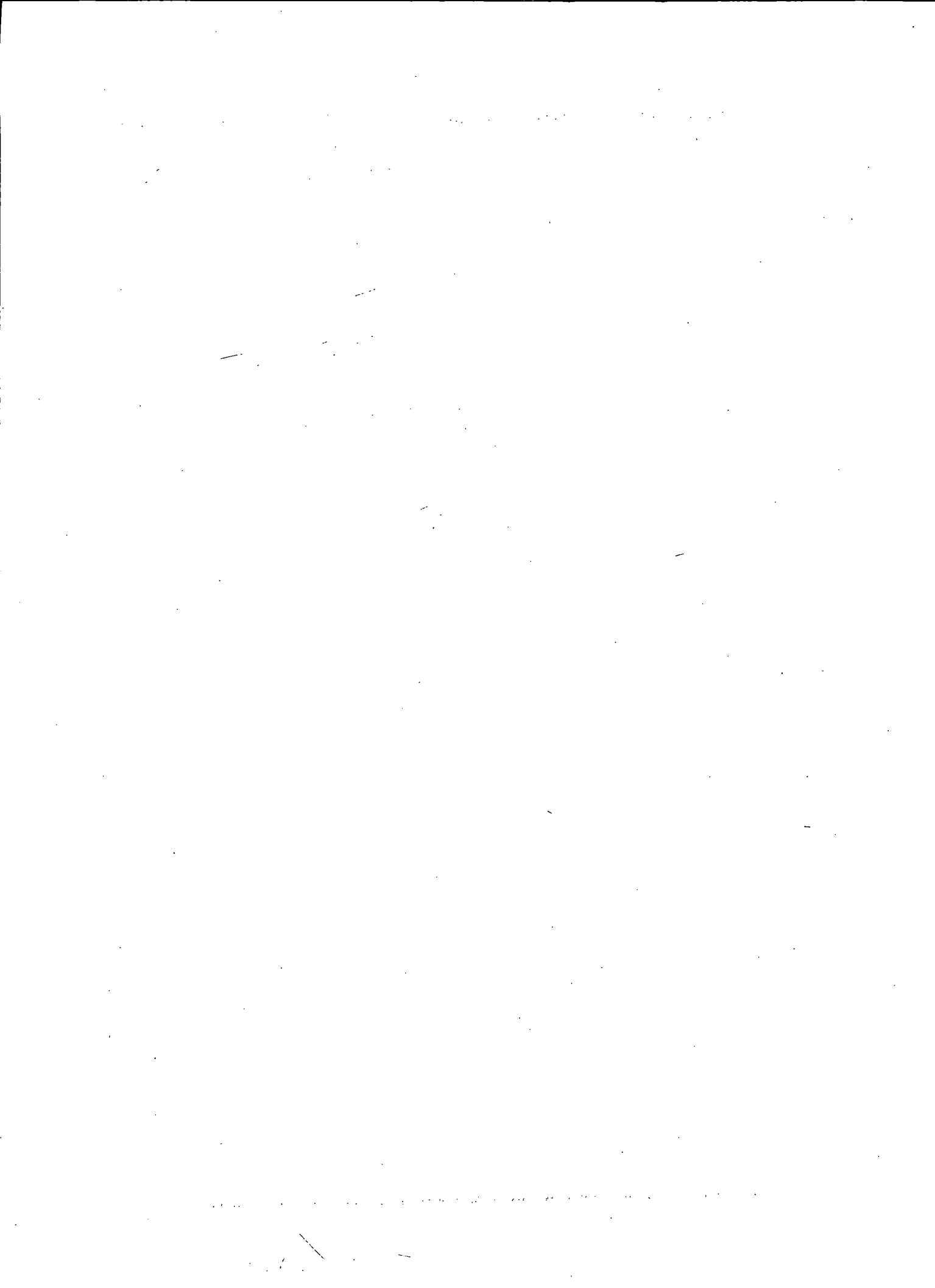
Preface

A performance audit of the Defence Estates Management was undertaken to examine whether:

- Projection of requirement of defence land was accurate as per norms and was based on reliable data and utilization of land was prudent and effective;
- Land not required for immediate use was put temporarily to some other constructive use including giving it on lease and leased properties had been managed efficiently and effectively;
- Old Grant Bungalows were managed in accordance with existing orders;
- Management of hiring/ acquisition/ requisition of land was done judiciously and within the ambit of extant provisions;
- The resources available with the DGDE and its subordinate offices to manage such a vast expanse of defence land were adequate and managed efficiently, and monitoring mechanisms aided the higher management in smooth and effective management of defence land; and
- Adequate steps were taken to prevent encroachments and eviction of encroached land.

This performance audit aims at systems improvement and incorporates not only audit findings about systemic failures but goes on to recommend remedial measures which on implementation will lead to improved functioning of the organisation.

The Report has been prepared for submission to the President under Article 151 of the Constitution.



Executive Summary

The Ministry of Defence is the biggest landholder in the Government with a holding of 17.31 lakh acres of land. Of this, approximately 2 lakh acres are inside the 62 Cantonments located in various parts of the country. Outside these Cantonments, 15.3 lakh acres of Defence land are occupied by Military Stations, Air Force Stations, Naval Bases, Defence Research and Development Organisation labs, firing ranges, camping grounds, etc. Among the three Services, Army occupies almost 80 *per cent* of the land.

(Paragraph 1.1)

At the time when most of these Cantonments and military stations were planned, these were normally at the outskirts of the town, sometimes far away from the city. With the growing urbanization and consequent pressure on the land, in most of the cities at present, these areas have now become part of the city. In many cities like Delhi, Mumbai, Pune, Kolkata, Ambala, etc. the Cantonment and station areas are almost in the heart of the city. Much of the Defence land both inside and outside Cantonments is now prime real estate.

(Paragraph 1.2)

Lacunae in application of land norms

The norms of requirement of land for different Defence establishments were laid down in the Handbook of Cantonment Planning, 1947. The Ministry in 1972 imposed a 33 *per cent* cut in these norms as an *ad hoc* and interim measure for all new stations. Subsequently in 1991, it laid down the new norms for Key Location Plans¹ which amounted to 41.8 *per cent* cut on the land requirement norms of 1947. These calculations were however to exclude the land acquired and constructed upon prior to 1972. The new norms were applicable in case of assessment of land requirement for a new station as also in assessing land requirements of existing stations whenever additional land was required.

The Ministry's order of 1991 incorporating reduction in the land requirement norms addressed only the new stations and did not address the existing stations. By applying the Ministry's norms of 1991 to 39 existing stations, Audit found that the existing stations held excess land measuring 81,814.82 acres.

(Paragraph 2.2)

Large scale discrepancies in land records

Land records maintained by the Defence Estates Officers (DEOs) are the basic documents for managing the land. Audit scrutiny indicated large scale discrepancies in the figures of A-1 land as mentioned in land calculation sheets

¹ Key Location Plan is a list of all formations /units/ establishments on approved War Establishment, Peace Establishment or any other Government sanctioned establishment to be permanently located at that station

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prepared by Local Military Authorities (LMAs) for the purpose of local management of land and that in the records of the DEOs who are responsible for keeping land records of A-1 land in General Land Register and Military Land Register. No effort was evident to reconcile the discrepancy.

In 25 stations, information collected directly by Audit or from the correspondence between the LMAs and DEOs, indicated that the land area in the records of LMAs was higher by 12769.86 acres in respect of 9 stations and lesser by 9427.77 acres in the remaining stations, compared to the records of DEOs.

(Paragraph 2.3)

Failure in timely mutation of land in favour of the Ministry of Defence

Analysis of the details of mutation maintained by 20 DEOs showed that a large part of acquired land was awaiting mutation for periods ranging from 1 year to over 60 years. Analysis also indicated that out of 5.90 lakh acres of land held on records of 11 DEOs in 06 Commands, 0.79 lakh acres (13.39 per cent) were not mutated in favour of the Ministry.

(Paragraph 2.5)

Discontinuing land audit by DGDE on insistence by Army Headquarters

In order to assess the extent/efficiency of use of Defence land by the User Organisations and to rationalize and maximize the use of existing land holdings for Defence purposes, the Ministry of Defence in December 1992 instructed the Director General Defence Estates (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 an internal audit designed to help the user organization to achieve an efficient system of land management.

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. Army HQ, however, suggested to the Ministry to amend land rules before continuation of the land 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 mechanism to identify mismanagement of Defence land was not allowed to function.

(Paragraph 3.1)

Non-utilisation/underutilisation of acquired land

According to the reports obtained by the DGDE at the instance of Parliamentary Standing Committee on Defence, 58529 acres of acquired land were lying vacant. Out of this, 49,831 acres of land acquired between 1905 and 1990 were lying vacant since its acquisition. In addition, an area of 5107 acres of land was found as

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permanently surplus and 1661 acres of land as temporarily surplus in Central and South Western Commands.

(Paragraph 3.2)

Long delays in acquisition of land

In three Commands, 10 cases of land acquisition were completed by DEOs/ADEO with delays ranging from one to eight years.

During the review of 49 cases, where acquisition is in progress in four Army and two Air Force and Naval Commands each, Audit 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 late publication of awards and delay in giving/ taking possession of land. Final declarations of awards in respect of 21 cases were awaited even after issue of Government sanctions pertaining to the period from November 1979 to June 2003. 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.

(Paragraph 3.3)

Commercial exploitation of Defence land

Instances of exploiting Defence land commercially and allowing shopping complexes, etc. to function on such Government land have been reported in earlier Audit Reports of the Comptroller and Auditor General of India. 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. Cases 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 Reports.

In June 2006, the Ministry transferred management of shopping complexes from DGDE/DEO to a Committee consisting of the Military Officer Commanding the station as Chairman, a member each from Command Headquarters, DEO concerned, and representative of MES. The Chairman was the sole authority responsible and accountable for running of these complexes.

Follow up of the cases already reported in various Audit Reports indicated that very little change had taken place in the situation on the ground. A number of cases were, for example, reported in Paragraph 2.5 of C&AG's Report No 6 of 2003 on exploitation of defence land for shopping complexes and diversion of revenue from public fund.

The current review by Audit indicated that the practice of allowing Shopping Complexes on Defence land and crediting the revenue to Regimental Funds continued unabated.

(Paragraph 3.4)

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*.

(Paragraph 3.5)

Encroachment on Defence land

Audit 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 had increased from 6,903 acres in January 1997 to 14,539.38 acres in July 2009. Audit also noticed that no inspection of land was being carried out and required certificates were not being rendered by Defence Estates Officers. The Ministry and DGDE were not monitoring the progress of inspection and rendition of requisite certificates by the LMAs and DEOs to investigate the circumstances leading to fresh encroachments.

(Paragraph 3.6)

Unauthorized use of Defence land

Golf Courses

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 hence A1 land cannot be used for Golf Courses.

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

The Golf Courses were being operated by Army Zone Golf, a private registered body. The members of the Course 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 earning heavy amount of revenue without paying any lease rent and allied charges for use of Government assets. As per information available in the public domain, at least 16 such Golf Courses offer membership to different categories of civilians on payment of monthly subscriptions. Other charges are also levied per session. Revenues so generated are not credited to Government account and is presumably credited to the Regimental Fund. As the Army Zone Golf is a private registered

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society the information of the remaining Golf Courses could not be accessed by Audit.

The Ministry was yet to frame a set of rules governing the running of the Golf Courses as also treatment of the revenue generated out of activities of such Golf Courses.

As of August 2009, there were 97 such Golf Courses under the Army. The total area of 79 of these Golf Courses was 8,076.94 acres. Details regarding remaining 18 Golf Courses were not made available to Audit.

(Paragraph 3.8.1)

Use of Parks/Clubs on Defence land for commercial purposes

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

32 acres of Defence land at Bhatinda and Bangalore was used for opening public parks without the Ministry's approval. Chetak Park Bhatinda was being used for commercial activities as well.

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

- Agra Club with an area of 17.68 acres of land was on lease since March 1922 for Club activities on payment of 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 from July 2008 to May 2009, being arrears of damages in respect of said premises had become due and payable by the club authorities to the Government.
- Defence land measuring 19.57 acres in Lucknow was on lease to MB Club with effect from January 1931. The club was misusing the land for unauthorized purposes and damages amounting to ₹ 34.21 lakh from July 2006 to September 2009 for unauthorized use of land for commercial purpose were yet to be recovered as of October 2009.

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- 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 was outstanding against them for the period 2002-2007.
- Bungalow No. 220 known as Secunderabad Club measuring 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 unauthorised construction was *sub judice*.

(Paragraph 3.8.2)

Defence land and buildings for commercial use

- Seven Defence buildings involving area of 1.81 acres at Bangalore under the custody, control and management of LMA had been used for non-defence purposes since 1994-95 such as Institute of Hotel Management, Girls and Boys Hostel, etc., without the sanction of the Ministry. The accrued rent up to March 2009 was ₹ 6.45 crore.
- Air Force authorities at Bangalore were using Defence land for unauthorized purposes such as running of shopping complexes, private engineering colleges, cinema hall, banks, etc without proper sanction.
- Ten buildings located in four Air Force Stations under the control of Headquarters Training Command, Bangalore were re-appropriated between 1983 and 1993 for use as Student Study Centres/AFWWA Hostel for children of Defence Service Personnel.
- 1280 sq. ft. additional land in Belgaum Cantonment was under the illegal occupation of Indian Oil Corporation (IOC), by expanding their boundaries in the adjoining class-B land.
- Karnataka State Road Transport Corporation (KSRTC) occupied 0.2 acre of defence land in Belgaum Cantonment in 1988. Land was taken back in 2005 but damage rent for intervening period was neither worked out nor claimed.

(Paragraph 3.9)

Dismal state of management of leases

As of March 2010, 2500 acres of land valuing ₹ 11,033 crore was on lease for an annual rent of ₹ 2.13 crore which is negligible given the present market value of the land. There was no progress in renewal of 3780 leases. Requests for renewal were received only in 899 cases. In 1800 cases, where no requests for renewal were received, the cases had not been pursued for eviction of lessees. In respect of remaining 1081 cases the status was not clearly known.

(Paragraph 4.1)

Loss due to delay in fixation/non-recovery of rent from private parties

- The Ministry in January 1961 accorded sanction to construct Hotel Clark Shiraz in Agra Cantonment on 5.68 acres of Defence land on payment of rent of ₹ 2840 *per annum* and a premium of ₹ 56,800. A lease agreement was executed in April 1961 for a term of 30 years renewable at option of lessee up to 90 years on payment of a rent of ₹ 3977 *per annum*. For the second or third term the lease rent could be enhanced up to fifty percent of the rent of a property which had been resumed for any lease (either original or renewed) immediately preceding the renewal of this lease. In 1991, 100 additional rooms were constructed by the lessee against approval of 90 rooms given by Cantonment Board, increasing the number of rooms to 237.

On expiry of the first lease term of 30 years in 1991 rent was revised to ₹ 11931 *per annum* whereas it should have been fixed four times of the residential rent as per Para 2 of Government policy of January 1968. Non-revision of rent in accordance with the Government policy resulted in loss of ₹ 8.08 crore for the period from 2001-2002 to 2008-2009.

- The Ministry of Defence in July 1968 accorded sanction for leasing of an Old Grant site measuring 1.40 acre at Agra for the purpose of constructing the Grand Hotel, at an annual rent of ₹ 1260.90 and premium of ₹ 25,218. An agreement was entered into between DEO Agra and the lessee in February 1969 which was subsequently renewed in July 1993 and rent was revised to ₹ 1891.35 *per annum*, as per the lease.

However, as per the Government order of January 1968 rent at the rate of four times the residential rent was recoverable for the site leased for Hotels. Considering the above rate of rent, actual amount recoverable worked out to ₹ 1.03 crore from 2001-02 to 2008-09 resulting in loss to the public exchequer. In May 2008, DEO Agra also intimated Grand Hotel that market value of the site was ₹ 2491 per Sq. metre and rent based on Standard Table of Rent recoverable from them was ₹ 14.12 lakh *per annum*.

(Paragraph 4.4)

Old Grant sites

Old Grant sites are a legacy of the pre-independence land policies intended to provide necessary accommodation to the military officers. The pre-independence Governments of Bengal, Madras and Bombay presidencies issued various rules and regulations between the years 1789 and 1899. Under this, officers were given grant of land sites, on which they could build houses. No right of property for the land was, however, ever granted to them. Later, civilians were also allowed to build such houses on lands belonging to the State, but these houses were to be hired by the Local Military Authorities. Such lands were allowed to be transferred from one military officer to another. For structures owned by the civilians; such transfer would have to have approvals of local commanders.

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With the spread of urbanization, most of the Old Grant Bungalow (OGB) sites are now prime real estates. There are 46,043 Old Grant sites in the country as of March 2009. The powers for conversion of the sites into leaseholds or resumption of such Old Grant Bungalows are vested in the Ministry.

As per the land policy laid down by the Ministry in 1995, to ensure appropriate return by way of premium and rent, Old Grant sites which are in the nature of licences should be converted into leaseholds with Government sanction, unless these were desired to be resumed. No activity like change of purpose, any subdivisions by way of construction or otherwise, construction of additional storey/storeys, addition to the existing plinth area or floor area, demolition of existing construction or putting up new construction on a vacant site in Old Grant sites could be sanctioned unless the grantee was willing to take out a lease in which case proposals were to be submitted to Government for considering whether a lease be granted and if so, on what terms or whether the land or any part thereof be resumed when required for defence purposes or any other public purpose or when the bungalows are in dilapidated condition.

The person who is the holder of the licence is known as the "Holder of Occupancy Rights (HOR)".

(Paragraph 5.1)

Irregularities in management of Old Grant sites

In contravention of the land policy of 1995 of the Ministry, in five Army Commands involving 29 stations under 16 DEOs, unauthorized construction was carried out in 134 OGBs. 224 OGBs covering an area of 496.98 acres were being unauthorisedly used for running educational institutions. The DEOs concerned stated that the matter had already been referred to the higher authorities for directions which were awaited.

In Western Command, 21 cases of unauthorised sale / transfer of OGBs involving 100.33 acres of land under DEO Ambala and 34 cases under DEO Jalandhar were noticed. As per DEOs' records the cases had been taken up for resumption of properties which were pending.

Three OGBs covering an area measuring 8.66 acres in Ferozepur were being used for commercial purposes like marriage halls and hotel /restaurant for last many years. In spite of the matter being taken up by LMAs, the DEO did not take action as per rules which resulted in non-recovery of revenue of ₹ 73.42 lakh during the three years from 2005-06 to 2007-08 alone.

Five OGBs covering an area of 3.98 acres at Kasauli were being used for commercial purposes (hotels) for last many years. Similarly, five OGBs covering an area of 14.72 acres at Dagshai were being used as hotels/ meditation camps. DEO, Ambala had not taken any action to convert residential lease into commercial lease resulting in a loss of revenue.

An OGB meant for residential use on 2.10 acres of B-3 land was transferred to trustees of Jahangir Hospital and Medical Centre Pune in 1998. Following the

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orders of Cantonment Board Pune, M/s Jahangir Hospitals sold its occupancy rights to M/s Ram Krishna Resorts for a consideration of ₹.2.51 crore in August 2001 to run a hotel without Government sanction.

A Bungalow with an area of 2.406 acre in the Meerut Cantonment was given to Smt. Ganesh Devi on Old Grant terms for residential purpose. In February 1953 a trade licence was issued by the Cantonment Board to run a tea & biscuit trade in the name of De Rose Hotel, which was renewed in 1962. In September 2003 a notice was served to the HOR by the Cantonment Board for unauthorized use of OGB as marriage hall. In May 2005, DEO Meerut started proceedings for the resumption of the bungalow on the grounds of gross violation of terms, i.e. utilization of bungalow for marriage hall, in contravention of the terms of Old Grant. But the bungalow could neither be resumed nor the damage rent, which worked out to ₹ 4.70 crore for the period from 2003 to 2009 for unauthorized commercial use, recovered.

(Paragraph 5.2)

Conclusions

The Ministry of Defence, which is the competent authority in respect of many transactions relating to Defence land, has only one section which is completely inadequate to deal with vast number of cases. During the audit, it was noticed that the lines of responsibilities and consequently of accountability were blurred and on many aspects of Defence Estates management, no agency accepted responsibility. The replies to many of the audit observations indicated that they were passed around from one agency to another. While the LMAs stated that the information sought for by Audit would be available with the Ministry or DGDE, the DGDE and the Ministry, however, did not have the same and in turn asked Audit to obtain it from the Services HQ.

The audit disclosed dismal performance on determining the requirements of land, on keeping land records properly and mutation of land in possession of the Services and others in favour of Defence Authorities. In case of land norms, orders issued by the Ministry laying down norms of requirement of land suffered from many deficiencies. This has given rise to many acres of surplus land in possession of the Services and Cantonments, obviously making land management-in particular, to avoid encroachment and misuse-far more challenging than it would have been otherwise. Combined with this, lack of updated records and mutations in favour of the Ministry have created a situation in which there is complete lack of accountability. The records maintained by the LMAs and DEOs varied widely and in fact the records of the DEOs were in dismal state. The computerization of land records undertaken by the Defence Estates Organisation showed little progress. Huge amount of land were yet to be mutated in favour of the Ministry. The state of affairs is fraught with risks of encroachment and land grab.

(Paragraph 6.1-6.3)

Summary of recommendations

Recommendation 1

There exists a case for an intensive de-novo review of the requirements of land in both existing and new stations and disposal of surplus lands in the best public interest. The Ministry of Defence and Services HQ should take into account the problems of management of vast tracts of uninhabited land in their custody and reconsider continuous holding of excess land.

Recommendation 2

Accurate land records being of utmost importance for efficient and effective land management, the Ministry should immediately set up a task force comprising the Services and DGDE to update and reconcile land records in respect of all types of land. Responsibilities for maintenance of land records should be clearly laid down and the work of updating and subsequent maintenance of records should be monitored at the highest level in the Ministry.

Recommendation 3

The project of computerization of land records should be completed as soon as possible. Adequate attention should be paid to ensure that the data fed into the system is updated and accurate. Reasons for delay in computerization of land records in the Defence Estates Organisation should be identified and responsibilities fixed.

Recommendation 4

The Ministry should set up a taskforce to undertake special drive to get all the land mutated in its name as early as possible.

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 the 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

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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 serious view of officers turning a blind eye to the illegal 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.

Recommendation 11

The Ministry should institute a mechanism for monitoring the timely renewal of leases. The rent due but not recovered should be worked out and recovered in a time bound manner. Eviction proceedings for unauthorized occupation, construction, utilization, non-payment of rent, etc. should be followed up and taken to a logical conclusion in a time bound manner. Duties and responsibilities should be specified and the officers concerned should be made accountable for any lapse on their parts.

Recommendation 12

Considering that almost all Old Grant sites are prime real estate, all cases of unauthorized construction on and/or sale of Old Grant Bungalows should be investigated through independent investigative agencies as the possibility of collusion, corruption and malpractices cannot be ruled out.

Recommendation 13

A definite time frame should be prescribed to ensure speedy resumption of OGBs, where it had been decided to do so.

Powers to issue NOC to private parties for use of Defence land within the Cantonment for commercial purposes, being an extremely sensitive issue, should not be delegated to lower authorities. It should be exercised by the authorities at apex level to avoid misuse of delegated powers.

Recommendation 14

In order to bring about more focus and professionalism in management of Defence Land and to overcome the problems of co-ordination among the multiple agencies entrusted with the responsibility of management of Defence land, it is necessary that a single independent authority is established with overall responsibility of management of all Defence land. Considering that such an authority must function with all Services as also other agencies like Cantonment Boards etc. it should be an Inter Service Organization with a Board representing all Services and the Ministry of Defence. The Authority should function on the lines of an autonomous Body and should preferably be headed by Raksha Mantri. DGDE should function under the control of this Authority. All powers of local military authorities and Defence Estates Offices to dispose of land including issue of NOCs in any form or manner should be withdrawn and vested with the Defence Land Management Authority.

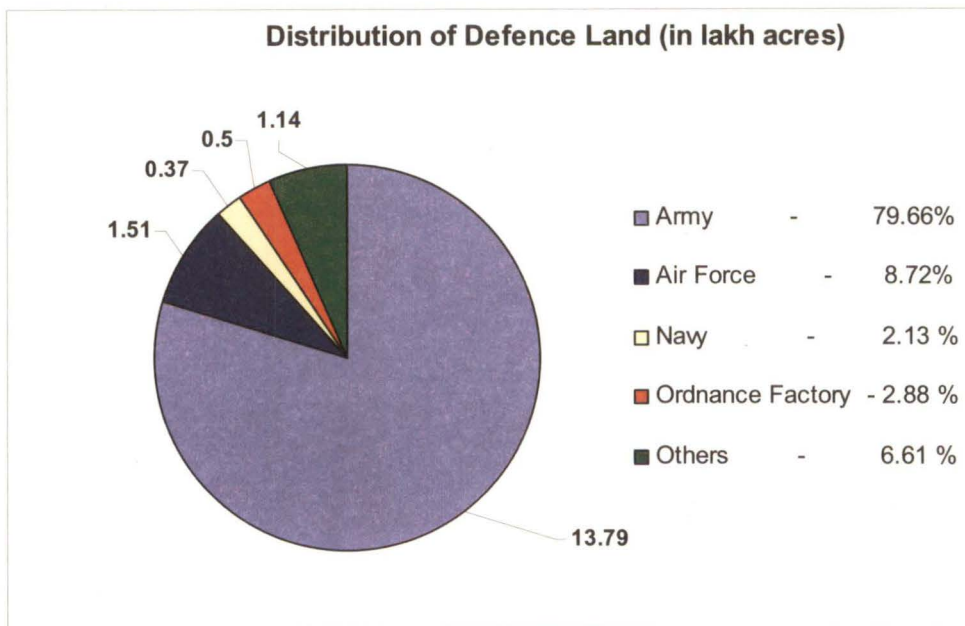
Recommendation 15

In the interest of transparency in management of Defence land, details of land holdings including Old Grant sites should be in public domain on the website. Any transaction on them like issue of NOC, de-hiring of buildings, etc. should be put in the public domain within 15 days of such transaction.

Chapter I : Introduction

1.1 Background

The Ministry of Defence (Ministry) is the biggest landholder in the Government with a holding of 17.31 lakh acres of land. The lands are of different need based classification and are occupied by the Army, Air Force, Navy, Central and State Government organizations, civilian population etc. Out of the total land, approximately two lakh acres are inside 62 Cantonments located in various parts of the country. Lands for common use inside a Cantonment are under the control of Cantonment Boards. Outside these Cantonments, 15.3 lakh acres of Defence land are occupied by Military Stations, Air Force Stations, Naval Bases, DRDO labs, firing ranges, camping grounds etc. Among the three Services, Army occupies 13.79 lakh acres which is almost 80 per cent of the land.



1.2 Classification of Defence land

The following is the classification of Defence land inside a Cantonment:

| Classification | Land description | Managed by |
|----------------|---|--|
| A1 | In active occupation of the Forces and allied services. | Local Military Authorities of the Service concerned. |
| A2 | Vacant land which must not be built upon due to specific military reasons. | Defence Estates Officer. |
| B1 | Land owned by the Ministry but in occupation of any other Ministry of the Central Government. | The Ministry concerned in occupation of land. |

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| Classification | Land description | Managed by |
|----------------|--|---|
| B2 | Land owned by the Ministry but under the control of the State Government. | State Government concerned in occupation of land. |
| B3 | Land held by private persons under Old Grant terms, leases etc. under which the Central Government reserved or have reserved to themselves the proprietary rights in the land. | Defence Estates Officer. |
| B4 | Land which does not fall under any other class mentioned above. | Defence Estates Officer. |
| C | Land vested in a Cantonment Board for Municipal or other public purposes. | Cantonment Board |

Defence land outside Cantonment areas does not bear any classification.

At the time when most of these Cantonments and military stations were planned, these were normally at the outskirts of the town, sometimes far away from the city. With growing urbanization and consequent pressure on the land, in most of the cities at present, these areas have become part of the city. In many of the cities like Delhi, Mumbai, Pune, Kolkata, Ambala, the Cantonment and station areas are almost at the heart of the city now. Much of the Defence land both inside and outside Cantonments is now prime real estate.

1.3 Organizational structure

The Ministry of Defence is the titular holder of all Defence lands in the custody of the Services and others. The authority responsible for control, custody and management of lands is either the Ministry or in case of A1 land, the Services concerned who hold the land. In the Ministry the responsibility for management of land at the apex level rests with Directorate General of Defence Estates (DGDE), which is an inter-service organization under the Ministry. DGDE has its offices in various parts of the country. These are headed by six Principal Directors/Directors Defence Estates (PDDEs/DDEs) at six Army Commands¹. Under the PDDEs, 40 Defence Estates Officers (DEOs)/Assistant Defence Estates Officers (ADEOs) at circle level (*Annexure-I*), spread throughout the country are responsible for maintaining land records and managing such land including mutation of all the land, both inside and outside the Cantonment. For records of all lands of various classifications inside the Cantonment, they are responsible to maintain General Land Register (GLR) and for the land outside Cantonment, the Military Land Register (MLR).

In addition to the primary functions of the Defence Estates Organisation of managing Defence land, the other functions include:

¹ Northern Command (NC) with HQ at Udhampur, Central Command (CC) with HQ at Lucknow, Western Command (WC) with HQ at Chandimandir, Eastern Command (EC) with HQ at Patna, Southern Command (SC) with HQ at Pune and South-Western Command (SWC) with HQ at Jaipur.

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- Advising the Ministry of Defence regarding management of land, Cantonment administration, acquisition, hiring of lands and building and disposal of immovable properties;
- Advising Army Commanders/equivalent officers of Air Force/Navy regarding management of lands, Cantonment administration, acquisition, hiring of lands and buildings and disposal of immovable properties;
- Payment of service charges to Cantonment Boards;
- Eviction of encroachers from Defence land by invoking Public Premises (Eviction of Unauthorized Occupants) Act, 1971 and
- Management of land used for commercial purposes and buildings including shopping complexes created on Defence land from non-public fund or by re-appropriation of Government buildings.

1.4 Audit objectives

The Performance Audit of Defence Estates Management was done with a view to examining whether:

- Projection of requirement of Defence land was accurate as per norms and was based on reliable data and utilization of land was prudent and effective;
- Land not required for immediate use was put temporarily to some other constructive use including giving it on lease and leased properties had been managed efficiently and effectively;
- Old Grant Bungalows were managed in accordance with existing orders;
- Management of hiring/ acquisition/ requisition of land was done judiciously and within the ambit of extant provisions;
- The resources available with the DGDE and its subordinate offices to manage such a vast expanse of Defence land were adequate and managed efficiently, and monitoring mechanisms aided the higher management in smooth and effective management of Defence land; and
- Adequate steps were taken to prevent encroachments and eviction of encroached land.

1.5 Scope of audit

The Performance Audit was conducted in the Ministry of Defence, office of the DGDE, all six PDDEs / DDEs at Command level and 20 selected DEOs² at circle level. The audit covered a period of five years from 2004-05 to 2008-09. In addition, all the three Service HQ, all six Command HQ of Army, 28 Station HQ of Army (*Annexure-II*), two Air Commands (HQ Western Command Delhi and HQ Training Command Bangalore), four Air Force Stations (Hindon, Palam, Yelahanka and Hyderabad) and two Naval Commands (Mumbai and Kochi) were covered in audit.

² NC –Udhampur, CC – Meerut, Agra, Bareilly, Lucknow & Jabalpur, WC – Ambala, Jalandhar, Delhi Cantt, Jammu and Pathankot, EC – Jorhat and Kolkata, SC – Pune, Chennai, Secunderabad, Bangalore & Bhopal, SWC –Bikaner & Jaipur.

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The Performance Audit covered A1, A2, B3 and B4 lands inside the Cantonment and all land outside Cantonment related to three Services in 20 circles. The audit coverage included expired leases, irregular use of Old Grant Bungalows (OGBs) and unauthorized use of Defence land.

1.6 Audit criteria

The criteria for evaluating the performance were derived from the following:

- Land Acquisition Act, 1894 and Requisitioning & Acquisition of Immovable Properties (RAIP) Act, 1952;
- Cantonment Laws;
- Military Lands Manual;
- Acquisition, Custody and Relinquishment Rule 1944;
- Quartering Regulations; and
- Instructions of the Ministry and DGDE issued from time to time.

1.7 Audit methodology

Audit methodology mainly consisted of data analysis, cross verification of data, comparison with prescribed norms, rules and regulations and instructions. It included aspects starting from procedure for assessment of land requirements, actual holdings, the status of ownership of Defence land including mutation in favour of the Ministry, as reflected in Defence records. Apart from acquisition in a specific timeframe, its utilization and disposal of surplus vacant land to ensure its optimum use, prevention and removal of encroachments were also studied.

The management of leases, their timely renewal / termination as well as revision and recovery of rent and premium from the leases were analyzed with reference to prescribed instructions. Similarly management of OGBs was also examined with reference to provisions of the Cantonments Act. The use of Defence land for commercial complexes such as shopping complexes, etc. including assessment, realization and credit of revenue to the appropriate head of account with reference to the extant rules was examined. In addition, the system of internal control and status of staff strength were also looked into.

The Performance Audit was taken up in June 2009 and was concluded in September 2010. The replies received from audited units/formations were suitably incorporated in the Performance Audit Report.

A request for entry conference was made to the Secretary, Ministry of Defence in July 2009. No reply was received. The Performance Audit was commenced based on the instructions issued by the office of the DGDE and the Army HQ to their units/formations in June 2009. The request for the exit conference was made to the Defence Secretary in October 2010 and the same took place on 4 March 2011. The Draft Performance Audit Report was issued to the Secretary, Ministry of Defence in October 2010; Ministry's reply was awaited as of February 2011.

On part of the report, replies were received from the DGDE on 3 March 2011. These have been reflected in this report where appropriate.

1.8 Standard Table of Rents (STRs)

The market value of land in the Cantonments is assessed by a committee consisting of the DEO and a representative of the Station Commander, Collector and the adjoining Municipal Corporation / Municipality. The Committee determines the market value taking into consideration sale statistics of land / buildings and valuations. The Standard Table of Rents is required to be revised every year in respect of 19 fast developing Cantonments and every three year at other stations. However, as of March 2009 there was a delay of 12 months to 65 months in annual revision of STRs at five stations under four DEOs and triennial revision at 14 stations under six DEOs, thus adversely affecting the lease rent recoverable from various lessees at different rates.

1.9 Previous Audit Reports

Time and again, in many previous audit reports of the Comptroller and Auditor General of India, misuse of Defence land had been reported upon. Despite such reports, little improvement has taken place as the subsequent chapters in this report would indicate.

A summary of important audit findings is given below:

Report No. 5 of 2006 (Air Force and Navy) for the year ended March 2005

Paragraph 3.2: Unauthorized construction of Officers' Institute

In New Delhi, prime land valued at ₹ 74.24 lakh was utilized to construct a transit accommodation unauthorizedly under the nomenclature of 'Officers' Institute' by HQ Western Air Command, involving irregular expenditure of ₹ 33.18 lakh.

Report No. 4 of 2007 (Army and Ordnance Factories) for the year ended March 2006

Paragraph 2.1: Delay in execution/ renewal of lease

Inexplicable delays ranging from 6 to 36 years in renewal of lease of Defence land resulted in non recovery of rent and premium of crores of Rupees and loss of interest thereon.

Paragraph 3.3: Unauthorized use of Defence assets and public fund for running educational institutes

In violation of the regulations and in disregard of the Ministry's instructions issued time and again, Army authorities opened an educational institute at Pathankot under the aegis of Army Welfare Education Society (AWES) on ten acres of prime A-1 Defence land worth ₹ 3.20 crore without prior approval of the Government. Also an expenditure of ₹ 18.83 lakh was incurred on special repairs to the buildings occupied by another school at Delhi Cantonment.

Paragraph No. 3.4 Non-crediting of revenue into Public Fund

In violation of Government orders, revenue realised by letting out Government owned buildings by certain Army Units was diverted to Non-Public funds.

While examining the Paragraph 2.1 on "Delay in execution/renewal of leases", the Public Accounts Committee had made the following recommendations for strict compliance by the Ministry:

- i) An effective mechanism be evolved to maintain proper records regarding execution of Defence lease deeds and renewal of leases through a calendar;
- ii) Identification of all cases of lease of Defence land or other properties pending for more than six months and to prescribe a time frame for their finalization;
- iii) Adopt a policy of renewing the leases on due dates with an inbuilt clause for reasonable enhancement of rates every five years; and
- iv) Pinpoint responsibility for inexplicable delays/inaction/lapses on the part of the concerned official(s).

Report No. 5 of 2007 (Air Force and Navy) for the year ended March 2006

Paragraph No. 3.5: Operation of an auditorium on commercial basis by IAF on prime Defence land without sharing earnings with the Government

IAF permitted running of an auditorium as a commercial venture on prime Defence land and no financial benefits were being passed on to Government as required under the Ministry's instructions even though manpower and other resources were being diverted from IAF to run the facilities. While Government has incurred a loss of revenue to the extent of ₹ 8.02 crore on account of non recovery of rent, it incurred unauthorized expenditure of ₹ 1.37 crore for creating a supernumerary establishment for the auditorium and loss on account of consumption of electricity, which was yet to be quantified.

Report No.CA 4 of 2008 (Army and Ordnance Factories) for the year ended March 2007

Paragraph No 2.2. Irregular appropriation of Defence funds intended for payment of compensation to farmers

Failure of a DEO to monitor the disbursement of compensation to the farmers resulted in mis-utilisation of Defence funds by the State Government.

Paragraph 3.7: Avoidable payment of interest due to delay in issue of sanction

Delay in payment of compensation for the land acquired in Goa owing to delay in issue of sanction by the Ministry resulted in payment of interest of ₹ 67.87 lakh on a balance amount of compensation of ₹ 56.56 lakh.

Paragraph No 6.10: Idle investment on leasing of unsuitable land

Land acquired by Ordnance Factory Board in 2001 on long term lease, on payment of ₹ 1.05 crore, could not be used for the intended purpose on account of its unsuitability for construction of buildings. This resulted in idle investment and continued liability towards payment of lease rent till the land is either disposed off or put to any alternative use.

Report No.CA 17 of 2008-09 (Army and Ordnance Factories) for the year ended March 2008

Paragraph No.2.7: Non-renewal of lease of land occupied by Army Golf Club

Failure of the Ministry to renew the lease of land used by Army Golf Club for about two decades resulted in non-recovery of an estimated rent of ₹ 54.95 crore.

Paragraph No.3.4: Unauthorized use of A-1 Defence land by Army Welfare Education Society

Army Welfare Education Society (AWES), a private society, has been irregularly allowed to construct a Medical College on 25.559 acres of A-1 Defence land at Delhi Cantonment without sanction of the Government of India. Further, assessed rent of the land of ₹ 27.61 crore for the period September 2005 to October 2008 and premium of ₹ 43.59 crore aggregating to ₹ 71.20 crore was also not recovered from the AWES.

Paragraph No. 3.5: Utilization of Government assets for non-governmental purposes

There have been repeated instances of misuse of Defence land, buildings and manpower for running the activities of non-governmental organizations, in violation of government instructions. Station Commander Pachmarhi provided Defence land valued at ₹ 2.96 crore to a Society to establish an education centre for conducting B. Ed course for dependents of the Army personnel. The Station Commander further re-appropriated six Defence buildings for use by the Society and got them repaired at a cost of ₹ 29.90 lakh spent out of government funds. In another case, Station Commander Jalandhar allowed opening of an Army College of Nursing on Defence land and buildings. ₹ 19.23 lakh was also spent from Government funds for the repairs to these buildings. In a third case, Army Service Corps deployed 9 to 15 Army personnel for running a hostel for wards of Army personnel studying in a private Engineering College at Aurangabad. The expenditure on the personnel irregularly deployed for non-bonafide duties was ₹ 1.01 crore for the period from February 2003 to July 2008.

Report No CA 12 of 2010-11 (Army and Ordnance Factories) for the year ended March 2009

Paragraph No 4.1: Irregular sanction and construction of accommodation for a Golf Club

Commanders of a Corps HQ and an Independent Sub Area got constructed new unauthorized accommodation for a Golf Club at Kharga Golf Course under the guise of special repairs to existing buildings.

Report No CA 16 of 2010-11 (Air Force and Navy) for the year ended March 2009

Paragraph No 2.3: Irregular commercial exploitation of Santushti Shopping Complex

Delay in revision of licence fees and irregular crediting of revenue to non-public fund by IAF authorities in violation of the Ministry's directives and Government orders has deprived the exchequer of revenue amounting to ₹ 9.75 crore approximately. Further, the Ministry's decision to suspend the eviction process without taking any action for more than two and a half years has allowed unauthorized occupants to retain possession of these shops for more than 13 years.

Paragraph No.2.7: Inordinate delay in development of Air Bases

Despite sanctioning an additional ₹ 25.17 crore for speedy completion of the project on fast track basis, frequent changes in plans led to a delay of over two decades in commissioning a strategic forward base airfield. In the second case, an airbase could not be activated and operationalised, even 25 years after obtaining government approval, for use by fighter aircraft.

Chapter II: Land Norms, Records and Ownership

2.1 Introduction

Land being one of the most important and increasingly scarce assets, efficient land management by any Government agency would require (a) accurate estimation of requirement of land (b) maintenance of proper documents relating to the land in possession and (c) completion of legal formalities regarding possession of the land. In the context of Defence estates, this would require estimation of requirement according to laid down norms, maintenance of proper records by the authorities responsible and timely mutation of such land in favour of the Defence authorities concerned. The requirement of land at a station is reflected in the Key Location Plan (KLP), which is a list of all formations /units/ establishment on approved War Establishment, Peace Establishment or any other Government sanctioned establishment to be permanently located at that station.

2.2 Lacunae in application of land norms

The norms of requirement of land for different Defence establishments were laid down in Handbook of Cantonment Planning 1947. The Ministry of Defence in 1972 imposed a 33 *per cent* cut in these norms as an *ad hoc* and interim measure for all new stations. Subsequently in 1991 it laid down the new norms for KLPs which amounted to 41.8 *per cent* cut on the land requirement norms of 1947. These calculations were however to exclude the land acquired and constructed upon prior to 1972. The new norms were applicable in case of assessment of land requirement for a new station as also in assessing land requirements of existing stations whenever additional land was required.

The Ministry's order of 1991 incorporating the reduction in the land requirement norms addressed only the new stations. It did not address the land requirements of the existing stations. Many of the military stations were in existence since the pre independence days, when land was available in plenty. During the last few decades, with phenomenal urban growth and pressure of population, management of such vast areas of land has become extremely complex. Encroachment and land grab have become quite common as pointed out in subsequent Chapters in this report.

By applying the Ministry's norms for new stations to the 39 existing stations, Audit independently worked out excess land holding measuring 81,814.82 acres as shown in **Table 1**. The difference is the variation between the land requirement worked out by Local Military Authorities (LMAs) indicated in their Land Calculation Sheet and the figures of land requirement as worked out by Audit as per norms of February 1991. The calculations of the Audit were based on staff strength of the 39 stations.

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Table 1
Details of excess land holding as worked out by Audit

| Sl. No. | Station | Total land requirement of the Station as per 1991 norms (in acres) | Total holding of land at the station as per DEOs record (in acres) | Excess with reference to the 1991 norms | Command |
|--------------|--------------------------------------|--|--|---|------------------|
| 1 | Ambala | 5788.80 | 7864.90 | 2076.10 | Western Command |
| 2 | New Amritsar Military Station (NAMS) | 2693.51 | 4533.39 | 1839.88 | |
| 3 | Kasauli | 194.90 | 559.56 | 364.66 | |
| 4 | Dagshai | 539.87 | 783.39 | 243.52 | |
| 5 | Subathu | 605.50 | 720.90 | 115.40 | |
| 6 | Tibri(Gurdaspur) | 2655.74 | 2812.46 | 156.72 | |
| 7 | Bhadraya | 469.51 | 931.04 | 461.53 | |
| 8 | Pathankot | 1265.83 | 2028.29 | 762.46 | |
| 9 | Sujanpur | 1362.88 | 1762.73 | 399.85 | |
| 10 | Dalhousie | 777.73 | 948.50 | 170.77 | |
| 11 | Bukloh | 307.19 | 539.41 | 232.22 | |
| 12 | Alwar | 2814.50 | 2833.72 | 19.22 | |
| 13 | Bhatinda | 9676.76 | 13603.13 | 3926.37 | |
| 14 | Bikaner | 4424.97 | 5213.07 | 788.10 | |
| 15 | Hisar | 5217.41 | 7641.80 | 2424.39 | |
| 16 | Kota | 2367.12 | 4988.41 | 2621.29 | Southern Command |
| 17 | Suratgarh | 3266.64 | 8397.74 | 5131.10 | |
| 18 | Chennai | 1606.15 | 1830.92 | 224.77 | |
| 19 | Avadi | 537.50 | 715.92 | 178.42 | |
| 20 | Trichy | 581.54 | 657.71 | 76.17 | |
| 21 | Bangalore | 4060.07 | 5332.53 | 1272.46 | |
| 22 | Belgaum | 1781.32 | 3180.52 | 1399.20 | |
| 23 | Kirkee | 5955.32 | 10512.66 | 4557.34 | |
| 24 | Pune | 2923.23 | 3446.96 | 523.73 | |
| 25 | Aurangabad | 1291.01 | 2271.69 | 980.68 | |
| 26 | Ahmednagar | 4422.75 | 36607.08 | 32184.33 | |
| 27 | Dehu Road | 1696.24 | 6353.63 | 4657.39 | |
| 28 | Allahabad | 3210.51 | 4227.40 | 1016.89 | |
| 29 | Bareilly | 3346.19 | 3928.22 | 582.03 | |
| 30 | Faizabad | 1852.11 | 4624.72 | 2772.61 | |
| 31 | Kanpur | 2545.74 | 3495.73 | 949.99 | |
| 32 | Lansdown/Kotdwar | 1049.73 | 1320.47 | 270.74 | |
| 33 | Lucknow | 4843.32 | 5886.68 | 1043.36 | |
| 34 | Mhow | 2327.92 | 3701.63 | 1373.71 | |
| 35 | Nainital/Kailakhan | 57.81 | 595.15 | 537.34 | |
| 36 | Chambetia/Panchmarhi | 495.32 | 2085.83 | 1590.51 | |
| 37 | Girgarikhal | 1045.21 | 3995.17 | 2949.96 | |
| 38 | Shahjahanpur | 1455.74 | 2211.49 | 755.75 | |
| 39 | Varanasi | 695.14 | 879.00 | 183.86 | |
| Total | | 92208.73 | 174023.55 | 81814.82 | |

As would be seen from Table 1, in many urban agglomerations, significant amount of land would be rendered surplus if the Ministry's own norms are

applied to these stations. These would also make significant amount of land available for housing and other development.

Some of the land calculation sheets made available to Audit by the LMAs/DEOs based on which the above calculations were made by Audit contained errors which depicted higher requirement of land and thus, would release more land. In five stations (Alwar, Bhatinda, Bharatpur, Bikaner and Hisar) the land calculation sheets included civilians despite clear instructions of the Ministry to the effect that military population alone was to be taken into account for working out land requirements. In Jalandhar station, land requirement for Supply Depot, FOL Depot, Engineer Park, etc. had been included in the KLP. However, the same had been catered for under special requirements at Suratgarh, thus increasing the land requirement of the station.

The norms arrived by the Ministry suffered from other deficiencies as well. No attention was paid to the varying geographical terrain, i.e. plains, hill stations, etc. as prevalent in India. There was no provision in these norms for assessing land requirement for certain types of units/formations such as category 'A' Training Establishments, Store holding units etc. Similarly prescribing uniform scale of 258.10 acres (10,44,491.98 sq. metre) per 1000 population for each KLP unit to cater for office, residential, storage, training requirement etc. and the related infrastructure facilities i.e. 1,044.49 sq metre per head was *ad hoc* and not based on any scientific study of actual requirements. Similarly, the changing scenario of expanding vertically rather than horizontally wherever possible, keeping in view scarcity of land was not factored into the norms.

Army HQ, *suo moto*, proposed revised norms in 1992 relating to Classification and Grenade Ranges. Audit noticed that in 14 stations³ LMA had assessed land requirement of 18,230 acres for ranges by following proposed norms of 1992 while according to the Ministry's norms of 1991 the authorization should have been 11,200 acres. Thus an excess land requirement of 7,030 acres was proposed.

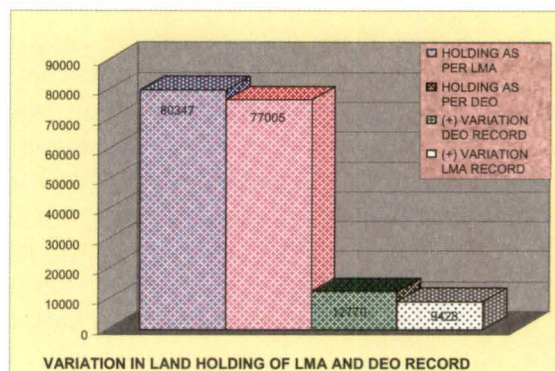
HQ Western Command admitted in December 2009 that at certain stations entire land acquired prior to 1972 was inadvertently excluded from the prescribed cut resulting in excess assessment of requirement of land and assured Audit that surplus land would be utilized subsequently. Army HQ also admitted in September 2009 that only Military strength was to be taken into account. As regards land for ranges, Army HQ stated that enhanced norms had been approved by the QMG who was the competent authority in this regard. Army HQ did not explain how the land norms approved by the Ministry had been enhanced by a subordinate authority without the approval of the Ministry.

The DGDE who is primarily responsible for the maintenance of land records did not give any reply regarding inclusion of civilians for assessment of land requirements. In August 2010, Audit was asked to obtain the requisite information from the Services HQ. The Ministry also has not furnished any reply as of January 2011.

³Ambala, Ferozepur, Jalandhar, Mamun, New Amritsar Military Station (NAMS), Patiala, Jabalpur, Meerut, Bangalore, Bathinda, Bikaner, Hisar, Suratgarh & Jaipur.

2.3 Variations in records of actual land holdings

Land records maintained by the DEOs are the basic documents for land management. Audit scrutiny indicated large scale discrepancies in the figures of A-1 land as mentioned in land calculation sheets prepared by LMAs for the purpose of local management of land and that in the records of the DEOs who are responsible for keeping land records of A-1 land in General Land Register and Military Land Register⁴. No effort was evident to reconcile the discrepancies.



In 25 Stations in four Army Commands, information collected directly by Audit or from the correspondence between the LMAs and DEOs indicated that the land area in the records of LMAs in respect of nine stations was higher by 12,769.86 acres compared to DEO's records and in the remaining stations less by 9,427.77 acres, as shown in Table 2.

Table 2
Variations in records of LMAs and DEOs

| Sl. No. | Station | Holding of all types land (in acres) | | Excess | Less |
|------------------------------|----------------|--------------------------------------|------------|---------|---------|
| | | As per LMA | As per DEO | | |
| Western Command | | | | | |
| 1. | Jalandhar | 7066.65 | 5992.07 | 1074.58 | |
| 2. | Ferozepur | 8108.35 | 6513.92 | 1594.43 | |
| 3. | Amritsar | 1205.74 | 1606.77 | | 401.03 |
| 4. | NAMS | 4487.87 | 4533.39 | | 45.52 |
| 5. | Gurdaspur | 2870.22 | 2812.49 | 57.73 | |
| 6. | Beas | 1009.19 | 1037.04 | | 27.85 |
| 7. | Ludhiana | 1180.57 | 1388.76 | | 208.19 |
| 8. | Kapurthala | 974.86 | 745.93 | 228.93 | |
| 9. | Faridkot | 2686.04 | 2695.11 | | 9.07 |
| South-Western Command | | | | | |
| 10. | Sri Ganganagar | 1845.44 | 1910.72 | | 65.28 |
| 11. | Suratgarh | 7216.96 | 8397.74 | | 1180.78 |
| Northern Command | | | | | |
| 12. | Jammu | 5481.59 | 3409.78 | 2071.81 | |
| 13. | Rajouri | 4933.96 | 2472.85 | 2461.11 | |
| 14. | Poonch | 1516.42 | 4027.70 | | 2511.28 |
| 15. | Udhampur | 2817.33 | 4802.86 | | 1985.53 |
| 16. | Pathankot | 1415.87 | 2028.29 | | 612.42 |
| 17. | Sujanpur | 649.03 | 1762.73 | | 1113.70 |
| 18. | Dalhousie | 176.47 | 948.50 | | 772.03 |
| 19. | Bakloh | 249.35 | 539.41 | | 290.06 |

⁴ The DEOs maintain General Land Register for all lands of various classifications inside Cantonments and Military Land Register for lands outside Cantonments.

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| Central Command | | | | | |
|-----------------|----------|-----------------|-----------------|-----------------|----------------|
| 20. | Bareilly | 3257.74 | 3261.04 | | 3.30 |
| 21. | Bhopal | 3832.79 | 3867.22 | | 34.43 |
| 22. | Jabalpur | 6679.16 | 3333.10 | 3346.06 | |
| 23. | Mathura | 2962.72 | 1335.34 | 1627.38 | |
| 24. | Meerut | 6811.14 | 6978.44 | | 167.30 |
| 25. | Ranikhet | 911.68 | 603.85 | 307.83 | |
| Total | | 80347.14 | 77005.05 | 12769.86 | 9427.77 |

- In three Naval Areas, i.e. Mumbai, Goa and Kochi, land was greater by 311.58 acres in the records at two Stations (Mumbai 35.64 acres + Kochi 275.94 acres) and less by 160.11 acres at Goa in comparison to DEO's records.
- Total land holding of 3 DEOs (Bikaner, Udhampur and Ahmedabad) was 3.95 lakh acres out of which 3.55 lakh acres had not been found entered in their records. DEO Bikaner replied in October 2009 that it was due to non availability of connected papers since 1984.

Thus, the accuracy of land in possession of the Defence could not be vouchsafed in Audit.

The DDE Western Command replied in July 2009 that DEOs had been asked to reconcile their figures of land holdings with the station authorities. DGDE stated in October 2009 that DEOs were the statutory authority for maintaining records of all Defence land. The LMAs were required to verify their data with those held by DEOs to confirm its correctness. Army HQ stated in August 2009 that the difference in the figures of LMAs and DEOs was because DEOs were also taking into account land other than A1 while LMAs were restricting themselves only to A1 land. They further stated (September 2009) that the records of LMAs required reconciliation with that of DEOs and action would be taken accordingly. Reply of Army HQ was not relevant as the audit observation on the difference was related to A-1 land figures only in the records of DEOs and the LMAs and where wide variations were found.

Such discrepancies would be more serious in case of other lands. At least in case of A1 land, it is managed by the LMAs and in most of the cases, such lands are quite well marked. In case of other lands, lack of accurate and reconciled basic records in DEOs' offices would be fraught with risks of encroachment and land grab by vested interests.

DGDE in his reply stated that the statutory authority to maintain records of defence land is the Defence Estates Officer. The actual possession of the land is with LMAs. In case of any inconsistency between the defence land records held by the DEO and the land under the actual physical possession of the LMA, the records held by the DEO is to be presumed to be authentic.

DGDE further stated that an exercise has been undertaken in the Southern Command to reconcile the defence land records held by the DEO and the LMA. The work was almost complete. In due course of time, the process of reconciliation of land records will be undertaken in respect of other commands also.

Besides highlighting the problems inherent in multiple agencies managing defence land, DGDE's reply did not shed light on the actual situation obtaining at the ground

level. To suggest that DEO's records should be treated as authentic does not provide any assurance that these records are correct and updated. Such an assurance comes only from periodic reconciliation and physical survey of land in possession.

2.4 Computerization of Defence land records

To obtain instant data on land, the project 'Raksha Bhoomi' for computerization of Defence land records (for developing software, training, data entry, verification and installing the hardware) with the help of National Informatics Centre (NIC) was sanctioned in February 2007 at a total cost of ₹ 2.52 crore, to be completed within a period of 15 months by May 2008.

As of August 2010, the computerization was, however, still in various stages of implementation. As per the records available in the PDDE offices and DEO offices test checked in audit, out of 33 DEOs, data entry pertaining to land records was incomplete in 13 DEOs. Though data entry had been completed in 20 DEOs, data validation work had been completed in nine DEOs only as of August 2010 (*Annexure-III*).

The DGDE and DEOs attributed the following reasons for the delay:

- Some newly purchased hardware was not compatible with the operating system. Hence the Software had to be improved so as to be compatible with the operating system;
- Lack of uniformity in maintenance of land records by different DEOs because GLRs have different type of entries in different states;
- Shortage of technical staff - DEO Kolkata, Meerut, Bangalore and Jaipur;
- No technical staff was engaged for the project; and
- Involvement of staff in disposal of other priority work - DEO Meerut.

It was observed that DGDE had incurred an expenditure of ₹ 22.45 lakh till July 2010 for computerization of land records, as against sanctioned amount of ₹ 2.52 crore. The details of expenditure incurred by the field offices were not made available to Audit.

The project was running far behind the schedule and the progress was far from satisfactory. There was lack of systematic and planned pursuit of the project.

In the exit conference held on 4 March 2011, Ministry stated that the project is expected to be completed by 31 March 2011.

2.5 Mutation of Defence land

Para 10 of Military Lands Manual stipulates that the DEO concerned shall register in General Land Register mutations of all lands which rest with him. The Ministry in November 1986 issued directions to Defence Estates Organisation to ensure that acquired land had not only been taken over and properly entered in the GLRs by the DEOs concerned but also that the necessary mutations were carried out in the revenue records of State Governments. It was further directed that after every five years a

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review should be made to ensure that revenue records of the State Governments reflected the correct position of Defence land ownership.

Mutation details as maintained by the 20 selected DEOs were collected and analyzed by Audit and it was observed that the state of mutation of Defence land was very dismal. A large area of acquired land was awaiting mutation for periods ranging from 1 year to over 60 years. **DEOs had failed in their mandate to carry out mutation in favour of the Ministry for land with the Defence as also after fresh acquisition of land.** Analysis indicated that:

- Out of 5.90 lakh acres of land held on records of 11 DEOs⁵ in 06 Commands, 0.79 lakh acres (13.39 *per cent*) were not mutated in favour of the Ministry;
- In three Naval Areas under three DEOs (Mumbai, Goa and Kochi), out of 3,922.09 acres of land, 785.52 acres was awaiting mutation;
- At two Air Force stations (Bangalore and Hakimpet) out of 2,150 acres of land holding, 167.55 acres had not been mutated in favour of the Ministry;
- DEO Ambala Cantonment who held 14,453.99 acres of land was not aware of the status of its mutation;
- In five DEOs (Lucknow, Bareilly, Meerut, Jabalpur and Ambala) in Central & Western commands, there was loss of 796.85 acres of land due to occupation / encroachment by State Governments, Private parties, Forest Department, Irrigation Department, Nagar Palika as the land was not mutated in the name of the Ministry in the State revenue records;
- Under DEO Pune, two acres of A-1 land at Kirkee, acquired in April 1973 but not mutated in favour of the Ministry, was encroached upon by slum dwellers. State Government under their notification of May 1984 declared this area as a slum. DEO Pune took up the case for mutation of the land only in June 2005. Present status of the case was not made available to Audit;
- 114.15 acres of A-1 land at Secunderabad was in possession and control of Army since 1927. The same, however, was not mutated in favour of the Ministry. Private individuals encroached upon 31 acres and 14 gunthas of land and with the help of State Revenue authorities got the mutation done in their favour in 2005. DEO Secunderabad took action for mutation of balance land in favour of the Ministry only in June 2009;
- Malerkotla camping ground, an ex-State Forces property, measuring 125.13 acres under DEO Chandigarh was transferred to the Ministry in August 1960. The State Government of Punjab in February 2007 started construction of a Judicial Complex on approximately 53.13 acres of this land. Out of 53.13 acres, 40.63 acres had been mutated in favour of State Authorities. Demarcation of balance 12.5 acres could also not be finalized because of lack of co-operation from Revenue authorities. Presently the matter was *sub judice*. Though the matter was raised by DEO / LMA, yet due to non mutation of land in the name of the Ministry, the land was taken over by State Government.

⁵ EC – Kolkata, Jorhat, WC – Jammu, Jalandhar, SWC – Bikaner, Jaipur, CC – Bareilly, Lucknow, Jabalpur, NC – Udampur, SC – Chennai.

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- Approximately 3,98,000 acres of land of thirty five villages in district Jaisalmer under DEO Jodhpur was acquired in the year 1966 in Southern Command. Out of this, mutation of land of twelve villages had not been carried out in favour of the Ministry as of December 2009.

It was also noted that no centralized record was kept with the DGDE on the status of mutation. On the observation relating to mutation of land, the DGDE informed Audit in July 2010 that the requisite information was being ascertained and would be furnished on receipt.

Lack of mutation of such huge amount of land involves the risk of land grab and consequent failure of the Ministry of Defence to establish its ownership.

DGDE in his reply stated that the concerned DEO and the Senior Officers of the Directorate are seized with this issue and are making consistent efforts in this regard.

Recommendation 1

There exists a case for an intensive *de-novo* review of the requirements of land in both existing and new stations and disposal of surplus lands in the best public interest. The Ministry and Services HQ should take into account the problems of management of vast tracts of uninhabited land in their custody and reconsider continuous holding of excess land.

Recommendation 2

Accurate land records being of utmost importance for efficient and effective land management, the Ministry should immediately set up a taskforce comprising the Services and DGDE to update and reconcile land records in respect of all types of land. Responsibilities for maintenance of land records should be clearly laid down and the work of updating and subsequent maintenance of records should be monitored at the highest level in the Ministry.

Recommendation 3

The project of computerization of land records should be completed as soon as possible. Adequate attention should be paid to ensure that the data fed into the system is updated and accurate. Reasons for delay in computerization of land records in the Defence Estates Organisation should be identified and responsibilities fixed.

Recommendation 4

The Ministry of Defence should set up a taskforce to undertake special drive to get all the land mutated in its name as early as possible.

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

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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

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

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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

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:

- 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

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 licensing 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;

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- 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

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

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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

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.

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.

Chapter IV: Management of Leases

4.1 Dismal state of management of leases

Vacant or unused land is often leased out to various public and private users at different locations on a rent and premium for a fixed term subject to renewal at enhanced rent as per the terms and conditions of the lease agreement.

The management of these leases is extremely important as failure to renew the leases in time can lead to loss of substantial revenue to Government and can jeopardize Government's claim on the land. Often, lack of proper contract in matters of land leads to protracted litigation. In pursuance of the guidelines of March 1995 of the Ministry regarding the procedure for expeditious renewal of leases, the DEOs were required to inform the lessees well in advance about the expiry of lease as well as the necessity of making up to-date payments of rentals and initiate action to process cases for renewal.

As of March 2010, 2500 acres of land valuing ₹ 11,033 crore was on lease for an annual rent of ₹ 2.13 crore which is negligible given the present market value of the land. There was no progress in renewal of 3780 leases. Requests for renewal were received only in 899 cases. In 1800 cases, where no requests for renewal were received, the cases had not been pursued for eviction of lessees. In respect of remaining 1081 cases the status was not clearly known.

The above indicates the Defence Estates Organisation's failure to ensure even a minimum level of management over such leases. The DGDE stated in March 2010 that instructions for adopting a calendar by the field offices had been issued and 464 leases had been renewed involving an area of 220 acres. An amount of ₹ 3.39 crore had been recovered. The responsibility for delay could not be fixed due to involvement of various agencies. The position of outstanding lease cases as of March 2010 was as indicated in Table 4.

Table 4
Command-wise and age-wise delay in renewal of leases

| Sl. No. | Command | 0-1 Year | 2-5 Years | 6-10 Years | > 10 Years | Total | Total area (in acres) |
|---------|---------------|-----------|------------|------------|-------------|-------------|-----------------------|
| 1. | Central | 37 | 125 | 219 | 1542 | 1923 | } 2500 |
| 2. | Southern | 12 | 87 | 169 | 1112 | 1380 | |
| 3. | Western | 30 | 50 | 27 | 204 | 311 | |
| 4. | Eastern | 4 | 5 | 21 | 116 | 146 | |
| 5. | Northern | Nil | Nil | 1 | 19 | 20 | |
| 6. | South-Western | Nil | Nil | Nil | Nil | Nil | |
| | Total | 83 | 267 | 437 | 2993 | 3780 | 2500 |

4.2 Cases of delay in renewal of leases

Audit observed in three Commands⁷ that land in various cases of expired leases were under unauthorized occupation for the period from 1942 to 2009. A few such individual cases of expired leases as observed by Audit are as follows:-

- Four cases of lease of land involving 3.33 acres in Pallavaram under DEO Chennai were under unauthorized occupation of ex-lessees for the period from 1971 to 1996. The leases had not been renewed and the ex-lessees had resorted to commercial activities on the land. These cases for eviction had been pending with the Ministry since long, resulting in non-recovery of rent of ₹ 3.60 crore.
- Lease of land measuring 6.20 acres to **UP State Electricity Board** in Central Command had not been renewed for periods ranging from 23 to 43 years. No action had been taken either for eviction or for recovery of rent. No reply was furnished by DEO Agra as of September 2010.
- 23.97 acres of land was in continued unauthorized occupation of **Hyderabad Cricket Association and Sports Authority of Andhra Pradesh** without the execution of any lease agreement and rent amounting to ₹ 3.66 crore was outstanding. After the matter was taken up in audit, the entire rent was recovered in December 2009.
- **Maharashtra State Electricity Board** continued to occupy 4.08 acres of land since 1994 without paying annual lease rent amounting to ₹ 18.60 lakh, pending finalization of lease agreement. In reply to an audit query DEO Pune stated in August 2009 that draft lease agreement had been forwarded to DGDE in 1994 and approval was awaited.
- In December 1994, 25.58 acres of B-3 land in Pune was voluntarily ceded by Poona Club and re-classified from into A-1 as per the Ministry's sanction. The resumed land was occupied by **Rajendra Singhji Institute Pune**, a Club which was also running a Golf Course on Defence land. As per records of GE (N), Pune an amount of ₹ 16.11 lakh was outstanding against this Institute on account of rent and allied charges as of August 2009.
- The Ministry in May 2000 leased a land measuring 0.53 acre to **Indraprastha Gas Limited, New Delhi** for a period of five years with effect from May 2001 on an annual rent of ₹ 8.43 lakh and a premium of ₹ 42.15 lakh. The lease expired in May 2006. The Ministry accorded sanction only in July 2009 for renewal of lease for a period of five years with effect from May 2006 to May 2011 on payment of annual rent of ₹ 24.09 lakh and premium of ₹ 1.20 crore. Audit noticed that apart from delay of over three years in the Ministry's sanction for renewal of lease, lease rent amounting to ₹ 16.86 lakh only was received from IGL for the period from May 2006 to May 2008. As a result, the lease rent and premium of ₹ 1.76 crore was still due from IGL (September 2009). No reply was furnished by DEO Delhi Cantt.
- The Ministry accorded sanction for execution of lease of 6.70 acre of land in favour of **UP Food Grain Department Kanpur** for a period of 30 years with

⁷ Central, Southern and Western

effect from May 1949 on a rent of ₹ 0.16 lakh *per annum*. The lease was renewable up to 90 years. The first term of the lease expired in May 1978 and second term on rent of ₹ 0.24 lakh expired in May 2007. However, the Defence Estates Organization failed to execute a formal lease deed even after expiry of 60 years and in effecting recovery of ₹ 7.20 lakh on account of rent for the second term.

- 5.212 acres of B-3 land known as “West View and West Mount” at Ranikhet Cantonment was held by private parties⁸ on lease since January 1918 for 66 years for **residential purpose** on payment of annual rent of ₹ 155.31. In 1942, HQ Lucknow District granted NOC for use of the bungalows on the land as “Hotel for Europeans” for five years, which expired in December 1948. Since then the property was being used as hotel. Thus, land with an estimated value of ₹ 4.21 crore as per STR granted on lease for residential purpose was being misused as a hotel since 1948 without payment of commercial rent and has remained under unauthorized occupation of private persons since 1948. The rent for commercial use of the land for the period 2004-2009 alone worked out to ₹ 2.11 crore.
- The Ministry accorded permission to **North Delhi Power Ltd. (NDPL)** in July 2003 for laying underground electric cables of approximately 4 km in length on Defence land from Naraina grid substation to the grid substation at Kirby Place. The Ministry accorded sanction in April 2009 for the lease at a rent of ₹ 15.09 lakh *per annum* after a lapse of six years from the date of permission of carrying out the work on Defence land. The premium of ₹ 75.47 lakh for licence fee was, however, not reflected in the sanction. As a result the amount of lease rent and premium for five years (2003-2008) amounting to ₹ 1.51 crore had not been recovered from NDPL (September 2009).

Audit concluded that despite guidelines for expeditious and timely renewal of leases, the cases were not being given due priority. The handing over the land to lessees without lease agreement and also continued possession of Defence land by the lessees after expiry of lease agreements resulted in inability of the DEOs and the LMAs to get their own land vacated. Besides the revenue loss in all such cases, this deprived the LMAs of their legitimate resources to meet their strategic and operational needs.

4.3 Irregular sub-leasing by the lessees

- **Institute for Defence Studies Analysis (IDSA)** Delhi was given 6.5 acres of Defence land on lease for 30 years in April 2002 on payment of a token rent of ₹ 1 *per annum* with the condition that this land would not be subleased. However, IDSA subleased 0.55 acre to M/s Residency Hotel in February 2008 for three years at a rent of ₹ 78.00 lakh *per annum*. Moreover, the amount of ₹ 1.17 crore inclusive of security deposit of ₹ 19.50 lakh realized from February 2008 to July 2009 was not deposited into the Consolidated Fund of India.

⁸ (1) - (i) Ms. Akhter Jhan w/o Shri Abdul Salam (ii) Shri Khalid Masood Salam, (iii) Shri Saeed Anwar Salam, (iv) Shri Qumar Salam (2) - Shri Abdul Rahman (3) - (i) Ms. Mehar Nigar Begum (ii) Ms. Tahira Begum (iii) Ms. Naseema Begum

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- For construction of club & recreational ground, 17.5 acres of A-1 land was leased out to **Defence Services Officers' Institute**, New Delhi (DSOI) with effect from March 1964 for 30 years at a nominal rent of ₹ 1000 *per annum*. The lease with the Institute had expired 15 years ago and had not been renewed further as of September 2009. The Institute had, meanwhile, sublet a portion of land to a bank and a few shops. Damage rent to the tune of ₹ 65.78 crore had accrued from April 1994 to March 2009, which remained unrealized as of September 2009. The Ministry stated in August 2010 that proposal for renewal of lease from February 1994 was under consideration with DGDE and Army HQ.
- Lucknow Race Fund (LRF), Lucknow** is a registered society for giving instructions and to spread knowledge in horse breeding. The LRF was granted on lease the buildings / lands mentioned in Table 6 on **B-3 land** in Lucknow Cantonment.

Table 5
Land on lease with Lucknow Race Fund

| Sy No | Area (in acre) | Description | Nature of lease | Period of lease |
|-------|----------------|---------------------------------|-----------------------|--------------------------|
| 178 | 2.62 | Race Club Office | Cantt Code 1899 lease | 23.11.1911 to perpetuity |
| 307 | 56.3 | Race course | | 23.11.1911 to perpetuity |
| 309 | 3.35 | Subsidiary Race Course building | Cantt Code 1912 | 01.09.1923-31.12.1978 |
| 310 | 10.84 | Approach way | | |

Survey No. 309 & 310 was on lease for a period of 49 years from September 1923 at an annual rent of ₹ 220. The lease was further renewed from September 1972 to December 1978 on the same terms and conditions of original lease except renewal clause i.e., it could be renewed thereafter. No renewal was done after December 1978. A portion of the said land was subleased by the LRF to a Society called Programme Support Unit Foundation since November 1993 on monthly charges of ₹ 1650. Thus, land costing ₹ 43.06 crore (as per STR for the year 01.07.2008 to 30.06.2009) was under occupation of the LRF for 31 years, without payment of any rent/damage rent. The rent for commercial use of the land for the period 2004-2009 alone worked out to ₹ 10.76 crore (as per current STR).

4.4 Loss due to delay in fixation / non-recovery of rent from private parties

The cases where there was substantial loss of revenue to the Government of India due to delay or non-leasing or leasing at lower rates, etc. noticed during audit are as follows:

- Hotel Clark Shiraz, Agra**

The Ministry in January 1961 accorded sanction to construct Hotel Clark Shiraz in Agra Cantonment on 5.68 acres of Defence land on payment of rent of ₹ 2840 *per annum* and a premium of ₹ 56,800. A lease agreement was executed in April 1961 for a term of 30 years renewable at option of lessee up to 90 years on payment of a rent of ₹ 3977 *per annum*. For the second or third term the lease rent

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could be enhanced up to fifty *per cent* of the rent of a property which had been resumed for any lease (either original or renewed) immediately preceding the renewal of this lease. In 1991, 100 additional rooms were constructed by the lessee against approval of 90 rooms given by Cantonment Board increasing the number of rooms to 237. The daily room rent charged by the hotel was between ₹ 5800 and 8500 during October 2009 to August 2010.

On expiry of the first lease term of 30 years in 1991, rent was revised to ₹ 11,931 *per annum* whereas it should have been fixed four times of the residential rent as per the Ministry's order of January 1968. Non revision of rent in accordance with the Govt. provision resulted in loss of ₹ 8.08 crore for the period from 2001-2009.

• Grand Hotel Agra

The Ministry in July 1968 accorded sanction for leasing of Old Grant site measuring 1.40 acres at Agra for construction of a hotel, at an annual rent of ₹ 1260.90 and premium of ₹ 25,218. An agreement was entered into between DEO Agra and lessee (Shri Ranjit Rai Dang) in February 1969 which was subsequently renewed in July 1993 and rent was revised to ₹ 1891.35 *per annum*, as per the lease.

However, as per the Ministry's order of January 1968 rent at four times the rate of residential rent was recoverable from site leased for the purpose of hotels. Considering the above rate of rent actual amount recoverable worked out to ₹ 1.03 crore from 2001-02 to 2008-09 resulting in loss to the public exchequer. In May 2008 DEO Agra also intimated Grand Hotel that market value of the site was ₹ 2491 per sq.metre and rent based on STR recoverable from them was ₹ 14.12 lakh *per annum*.

Other cases

- 25 acres of A-1 land was given to **State Forest Department** for Herbal Park on lease for five years at Ambala station in Western Command in May 2006 at rates lower than prevailing STR rates causing loss of ₹ 7.24 lakh. No reply was furnished by DEO to the audit observation that pointed out the loss.
- 317.63 acres of Military Farm land which was vacant was leased to **Shri Methilesh Ratten** of Hoshiarpur from 1.10.2006 to 30.9.2007 for a sum of ₹ 40.35 lakh per year, for agriculture. The land was actually utilized for 18 months (1.4.2006 to 30.9.2007) while the lessee paid only one six monthly installment of ₹ 20.17 lakh resulting in loss of ₹ 40.35 lakh. Further, the land could not be given on lease between October 2007 and March 2009 due to withholding of permission by Army authorities, involving loss of ₹ 60.54 lakh. No reply for reasons on withholding permission was furnished by Station HQ Jalandhar.
- DEO Meerut executed (February 1936) a lease for a period of thirty years with the owner of **Nataraj Cinema Hall Bareilly** for a plot of land measuring 1.24 acres. The lease was renewable at the option of lessee up to ninety years on payment of annual rent of ₹ 255 and premium of ₹ 1600. As per the lease, the renewal was to be granted only at such rents within a

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percentage of enhancements of 50 *per cent* of the lease rent of any lease, either original or renewed, immediately preceding the renewal of the lease.

According to the policy issued in January 1968, four times of the residential rent was recoverable for the sites given for highly lucrative businesses. It was, however, seen that while renewing the lease in October 1998 the rent was fixed only at ₹ 574 *per annum*, whereas as per STR it worked out to ₹ 26.10 lakh *per annum*, resulting in substantial loss to the Government.

4.5 Follow up of cases raised in earlier Audit Reports

Mention was made in Paragraph 2.6 of C&AG's Report No. 6 of 2003 regarding instances of non-execution and non-renewal of lease agreements. The progress of cases was examined during the current Performance Audit. Out of 10 cases relating to lease, follow up action was not complete even in a single case as discussed below:

- Defence land measuring 34.66 acres and 12 buildings at 3 stations were under unauthorized occupation of private agencies for educational and training purposes without any lease agreement with the Government. A rent of about ₹ 3.58 crore for the period July 1994 to June 2002 was outstanding against them as per details shown in Table 6.

Table 6

Unauthorized occupation of buildings / lands by ex-lessees

| Name of the agency | Defence land/ buildings occupied | Outstanding rent/ premium (₹ in crore) | Period of outstanding rent | Amount recovered (₹ in crore) |
|---|----------------------------------|--|----------------------------|-------------------------------|
| Army Wives' Welfare Association (AWWA), Kolkata | 12 buildings | 0.45 | March 1996 to March 2002 | 0.80 |
| Private Engineering College, Dighi-Pune | 34.15 acres | 0.62 | July 1994 to June 2002 | - |
| Jawahar Training Ship, Mumbai | 0.51 acres | 2.51 | January 1995 to June 2002 | - |
| Total | 34.66 acres +12 buildings | 3.58 | | 0.80 |

- In one case, a sum of ₹ 0.80 crore for the period from November 1997 to August 2009 had been recovered. However, regularization for running National Institute of Management by AWWA was awaited as of September 2009. In the remaining two cases, there was little progress in regularization/recovery of rent. While in one case (Dighi-Pune) the liability of rent from July 1994 to June 2009 had risen to ₹ 0.86 crore the progress of the other case was not intimated by DEO Mumbai.

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- Two Clubs at Chennai, two units of IOC, i.e. one each at Chennai and Kochi, some private parties at Ambala and a private tea estate at Jorhat were in occupation of 510.2 acres of Defence land even after expiry of respective leases involving outstanding rent of ₹ 63.56 crore against them for the period ranging from March 1963 to June 2002 as tabulated in Table 7.

Table 7

Position of non-renewal of leases

| Agency | Land (in acres) | Outstanding rent (₹ in crore) | Period | Present position |
|-----------------------------|-----------------|-------------------------------|---|---|
| Gymkhana Club, Chennai | 44.13 | 33.10 | December 1991 to June 2001 | The Ministry accorded extension in August 2006 of lease and revision of rent upto November 2003, ₹ 0.16 crore out of ₹ 33.10 crore was deposited in December 2003. Sanction beyond November 2003 was awaited as of September 2010. |
| Cosmopolitan Club, Chennai | 2.33 | 4.00 | July 1970 to June 2001 | The Ministry accorded sanction in June 2008 to regularize lease from July 1970 to March 2008. Lease rent of ₹ 4.61 crore up to March 2008 remained unpaid and club unauthorizedly occupied an additional area of 3.92 acres from April 1993. Sanction beyond March 2008 was awaited as of September 2010. |
| IOC, Chennai | 0.36 | 0.41 | 1978-79 to June 2002 | The Ministry renewed lease in September 2008 upto 2003-04. Accumulated rent and premium of ₹ 6.94 crore was outstanding. |
| IOC, Kochi | 0.92 | | The Ministry renewed lease in January 2006 upto May 2007 on payment of rent and premium of ₹ 3.24 crore. IOC deposited ₹ 1.27 crore and balance amount of ₹ 1.97 crore was pending. | |
| Private parties at Ambala | 162.26 | 0.29 | May 1975 to March 2002 | Lease pending since 1975 and a further liability of ₹ 53.79 lakh from April 2002 to March 2009 had accumulated. |
| Bagradia Tea Estate, Jorhat | 300.20 | 25.76 | March 1963 to January 2001 | The case was <i>sub judice</i> since 2007. |
| Total | 510.20 | 63.56 | | |

Evidently, despite issue of Government sanctions for renewal of leases, the parties concerned were still not liquidating their rental liability. While both the clubs were running on commercial lines, a negligible amount had been deposited by one club and the entire amount of rent from 1970 to 2008 in respect of second club was outstanding. Similar was the position in other cases. Consequently, there was substantial increase in outstanding rent and premium after 2002.

- In two cases relating to Cricket Association of Bengal, Kolkata and Naval Institute of Technology (NIT) Mumbai covering 14.99 acres and 2057 square metres of land respectively lease rent was fixed considerably at lower rates resulting in loss of ₹ 7.39 crore (₹ 6.67 + ₹ 0.72) during the period 1996-

2002. In the case of former the Ministry sanctioned rent on the basis of income of the Cricket Association, i.e. ₹ 6.5 lakh plus one *per cent* of the amount of income exceeding ₹ 13 crore rather than based on STR and area of the land occupied, which worked out to ₹ 17.99 crore *per annum*. In the latter case, the Navy was recovering rent at a rate of ₹ 43.47 per square metre from NIT whereas payment was made to the Railways (as the land was taken on lease from Western Railways) at a rate of ₹ 640 per square metre.

Recommendation 11

The Ministry should institute a mechanism for monitoring the timely renewal of leases. The rent due but not recovered should be worked out and recovered in a time bound manner. Eviction proceedings for unauthorized occupation, construction, utilization, non-payment of rent, etc. should be followed up and taken to a logical conclusion in a time bound manner. Duties and responsibilities should be specified and the officers concerned should be made accountable for any lapse on their part.

Chapter V: Management of Old Grant Bungalows

5.1 Old Grant sites

Old Grant sites are a legacy of the pre-independence land policies intended to provide necessary accommodation to the military officers. The pre-independence Governments of Bengal, Madras and Bombay presidencies issued various rules and regulations between the years 1789 and 1899. Under this, officers were granted licences of land sites, on which they could build houses. No right of property for the land was, however, ever granted to them. Later, civilians were also allowed to build such houses on lands belonging to the State, but these houses were to be hired by the LMAs. Such lands were allowed to be transferred from one military officer to another. For structures owned by the civilians, such transfer would have to have approvals of the local commanders.

With the spread of urbanization, most of the Old Grant Bungalow (OGB) sites are now prime real estate. There are 46,043 Old Grant sites in the country as of March 2009. The powers for conversion of the sites in to leaseholds or resumption of such OGBs are vested in the Ministry.

As per the land policy laid down by the Ministry in 1995, to ensure appropriate returns by way of premium and rent, Old Grant sites which are in the nature of licences should be converted into leaseholds with Government sanction unless these were desired to be resumed. No activity like change of purpose, any sub-divisions by way of construction or otherwise, construction of additional storey/storeys, addition to the existing plinth area or floor area, demolition of existing construction or putting up new construction on a vacant site in Old Grant sites could be sanctioned unless the grantee was willing to take out a lease in which case proposals were to be submitted to Government for considering whether a lease be granted and if so, on what terms or whether the land or any part thereof be resumed when required for Defence purposes or any other public purpose or when the bungalows are in dilapidated condition.

The person who is the holder of the licence is known as the “Holder of Occupancy Rights (HOR)”.

5.2 Irregularities in management of Old Grant sites

In contravention of Revised Land Policy of 1995 of the Ministry, in five Commands involving 29 Stations under 16 DEOs, unauthorized construction was carried out in 134 OGBs. 224 OGBs covering an area of 496.98 acres were being used unauthorizedly for educational purposes as shown in Table 8.

Table 8

Details of misuse of Old Grant Bungalows

| Sl No | Command | DEOs | Stations | Total No. of Bungalows in which unauthorized constriction carried out | Total no. of Bungalows used for educational purposes | Area under occupation (in acres) |
|-------|--------------|---|---|---|--|----------------------------------|
| 1 | Central | Agra, Bareilly, Danapur, Jabalpur, Lucknow, Meerut Allahabad & Mhow | Agra, Bareilly, Danapur, Fatehgarh, Jabalpur, Lansdown, Lucknow, Mathura, Meerut, Faizabad, Ranikhet, Roorkee, Mhow & Allahabad | 63 | 96 | 268.73 |
| 2 | Eastern | Kolkata | Barrackpur | 20 | 36 | 31.23 |
| 3 | Western | Jalandhar & Ambala | Jalandhar, Amritsar, Ferozepur, Ambala & Subathu | 25 | 27 | 109.55 |
| 4 | Southern | Bangalore, Pune, Secunderabad & Bhopal | Bhopal, Bangalore, Pune, Saugor, Secunderabad, Kirkee, Aurangabad, & Belgaum | 25 | 62 | 81.96 |
| 5 | Northern | Srinagar | Srinagar | 1 | 3 | 5.51 |
| | Total | | | 134 | 224 | 496.98 |

Unauthorized use of OGBs

Central Command

- In Central Command, HsOR sold 17 OGBs without permission of Competent Authority as given in Table 9.

Table 9

Unauthorized sale of OGBs

| Sl. No | Station | OGB No | Date of Sale | Area (in Sq. Mtr.) | Sy No. | STR value of land (₹ in crore) |
|--------|----------|------------------|--------------------------|--------------------|--------------|--------------------------------|
| 1 | Lucknow | 29 Kasturba Road | 28.12.2006 | 3000 | 165 | 2.25 |
| 2 | -do- | 214, MG Road | 21.01.2008 | 14569 | 421 | 10.93 |
| 3 | Kanpur | 81 | 06.03.2006 | 2266 | 408 | 1.81 |
| 4 | -do- | 23 | 21.09.2005 | 16378 | 301 | 12.30 |
| 5 | -do- | 57 | 21.09.2007 | 25171 | 81 | 20.13 |
| 6 | -do- | 2 | 11.12.2007 | 33913 | 158 | 13.57 |
| 7 | -do- | 83 | 28.11.2006 | 4289 | 407/1 | 47.17 |
| 8 | Agra | 44 | 12.06.2003 | 10189 | 462 | 0.11 |
| 9 | Almora | 7 | 01.02.2006 | 17280.08 | 74 | 1.90 |
| 10 | -do- | 41 | 26.04.1997 | 6074.35 | 274 | 2.38 |
| 11 | -do- | 42 | 19.04.1999 18.10.2006 | 47032.71 | 273 | 18.45 |
| 12 | Bareilly | 35 | 05.06.1981 | 13164.46 | 170 | 6.84 |
| 13 | -do- | 58 | 16.05.2007 | 15050.31 | 184 | 5.91 |
| 14 | -do- | 70 | 29.06.1991 | 11667.12 | 41 | 6.07 |
| 15 | Ranikhet | 345 | 16.05.1997 | 8575.288 | 345 | 0.51 |
| 16 | -do- | 30 | 27.08.1968 | 167.1 | 30 & 32 | 0.22 |
| 17 | -do- | 285 | 22.06.1998 | 108.86 | 285 | 0.01 |
| | | | | | TOTAL | 150.56 |

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The DEOs stated that the matter had already been referred to the higher authorities for directions which were awaited as of September 2009.

Western Command

- 21 cases of unauthorized sale / transfer of OGBs involving 100.33 acres of land in DEO Ambala and 34 cases in DEO Jalandhar were noticed in Western Command. As per DEOs' records the cases had been taken up for resumption of properties which were pending. However, the action taken by Defence Estates Organisation was not adequate and effective since these cases of violation of OGB terms and conditions were very old and no tangible progress had been made in action against HsOR and for resumption of OGBs.
- Three OGBs covering an area measuring 8.66 acres in Ferozepur were being used for commercial purposes like marriage halls and hotel /restaurant for last many years. In spite of taking the matter up by LMAs, DEO did not take action as per rules which resulted in non-recovery of revenue of ₹ 73.42 lakh during the three years 2005-06 to 2007-08, alone.
- Five OGBs covering an area measuring 3.98 acres at Kasauli were being used for commercial purposes (hotels) for last many years. Similarly, five OGBs covering an area of 14.72 acres at Dagshai were being used as hotels/ meditation camps. DEO, Ambala had not taken any action to convert residential lease into commercial lease resulting in a loss of revenue.

Southern Command

- An OGB meant for residential use on 2.10 acres of B-3 land was transferred to trustees of **Jahangir Hospital and Medical Centre Pune** in 1998. Following the orders of Cantonment Board Pune, M/s Jahangir Hospitals sold its occupancy rights to M/s Ram Krishna Resorts for a consideration of ₹ 2.51 crore in August 2001 to run a hotel without Government sanction. LMA, otherwise deficient of 923 acres of land in the station, initiated a case for resumption of above bungalow in 2007 which was still in progress as of October 2009.
- An **HPCL petrol pump** had been running in an OGB on 6.54 acres of land in Secunderabad since 1982 without payment of lease rent or premium. The case is *sub judice* since 1985.
- Bungalow No. 60 situated at Jhansi was with British HOR upto 1963 which was ultimately transferred to its present HOR in July 1986. Out of above 4849.38 Sqm was being used for commercial purpose. The rental value of the same from 2004-2005 to 2008-2009 worked out to ₹ 60.62 lakh whereas nothing was being paid to the Government by the HOR. DEO Bhopal in reply stated that as these bungalows were given to civilians during 'British Regime', no rent is recoverable. Further, while stating that commercial exploitation is liable to a fine of ₹ 1 lakh plus ₹ 10,000 per day in case of continuing violation, remained silent about levy of any such fine.

Central Command

- The occupancy rights of two Bungalows on B-3 land on Old Grant terms under the management of DEO Meerut Cantonment were purchased by **Wheeler Club Meerut** in March 1926. In March 2002 unauthorized construction of buildings and use of site for commercial purpose like restaurant, bakery shop, stage platforms, fitness club, beauty parlour and swimming pool were noticed. The unauthorized construction was made without "No Objection Certificate" from DEO. The Cantonment Board, Meerut sent a proposal for compounding of construction. Decision was still awaited. The Wheeler Club has 14 suites which were hired by DEO for residential purpose of Army Officers and instead of resuming the site, a rent of ₹ 4.33 lakh *per annum* was being paid to the Club. Activities of the Club were not restricted to the site only but it also illegally leased out a piece of land measuring 197.50 SM to the Bharat Petroleum Corporation Limited for a storage depot/service station at an annual rent of ₹ 1000 during the period September 1987 to August 1997. However, no lease rent was deposited in Government Treasury. The damage rent recoverable for commercial activities carried out by the Club worked out to ₹ 13.30 crore on the basis of STR for the period March 2002 to December 2009.
- A Bungalow in the Meerut Cantt with an area of 2.406 acres was given to Smt. Ganesh Devi on old grant terms for residential purpose. In February 1953 a trade licence was issued by Cantonment Board, Meerut to run a tea & biscuit trade in the name of **De Rose Hotel**, which was renewed in 1962. In September 2003 a notice was served to the HOR by Cantonment Board for unauthorized use of OGB as marriage hall. In May 2005 DEO, Meerut started proceedings for the resumption of bungalow on the ground of gross violation of terms, i.e. utilization of bungalow for marriage hall, in contravention of the terms of Old Grant. But neither could the bungalow be resumed nor the damage rent for unauthorized commercial use recovered, which worked out to ₹ 4.70 crore for the period 2003-2009.
- On dissolution of Cawnpore Swimming Bath Association, **Defence Service Club Kanpur** was holding class B-3 land measuring 2.47 acres on lease. The Ministry, in February 1965, accorded sanction for modified lease for a period of 30 years with effect from February 1950. The lease rent was ₹ 142 *per annum* with premium of ₹ 1. The lease expired in 1980. The club has facility of a swimming pool, games like badminton, health club including gymnasium, etc. The club was using the open area and building for commercial purpose and had subleased some portion of the land to a contractor from 1993 for commercial activity. Thus, the club was using the premises and land costing ₹ 29.98 crore for commercial activity without any lease agreement after 1980. As per DEO Lucknow, rent and premium for the period of unauthorized use was ₹ 5.49 crore.
- A Bungalow on **B-3 land** measuring 15.34 acres was on lease to **Cawnpore Club Kanpur**. The club had made several unauthorized constructions since 1985. Rent for unauthorized use for the period 2004-2009 worked out to

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₹ 46.54 crore (as per current STR). No rent was recovered for unauthorized use of Defence land costing ₹ 186.23 crore till March 2009.

Army HQ stated (August 2010) that the cases pertained to DGDE who was the custodian of Defence estates. The DGDE in February 2010 simply forwarded copies of reports and returns received from lower formations on unauthorized construction/misuse of OGBs and pending cases of resumption without explaining the circumstances and the action taken to remedy the current situation.

The use of OGBs for other than authorized purposes without prior permission constituted outright breach of terms and conditions of old grant. The educational institutes and other commercial establishments running in OGBs for a long period remained unnoticed either due to lack of supervision or collusion with DEOs and LMAs. Action if taken at appropriate time from the beginning by the DEOs by initiating resumption proceedings or conversion into leasehold could have prevented subsequent incidents.

5.3 Resumption of OGBs

As per the Land Policy of 1982, the sites held on resumable tenure would be resumed gradually where such site/sites are required for specific Defence/ public purposes.

Eight Bungalows with an area of 32.49 acres which had been resumed under the above provisions had not been put to use since 1970. Besides, 92 cases referred to the Ministry for resumption of sites at 14 stations involving 288.63 acres of land were awaiting sanction for a period ranging from one to seven years. Further, in respect of 65 cases although the sanction for resumption had been issued, yet the resumption notices were pending with the Ministry for a period ranging from two to seven years as of February 2009.

There were 25 Wasidari⁹ Properties at Srinagar, out of which leases in respect of four properties were renewed upto 2021. In respect of 21 properties resumption sanction was received during December 1984 from the Ministry. However, resumption notices were not served due to non-receipt of notices from the Ministry. In February 1997 the Ministry intimated that status quo would be maintained and properties would be resumed when the situation normalized in Jammu and Kashmir. No concrete action was initiated by the Ministry thereafter in resuming the Old Grant sites.

DGDE intimated Audit in September 2009 that the information had been called for from field offices and would be furnished on receipt. Army HQ stated (September 2009) that since Government sanction for resumption of bungalows was required, the reasons for not issuing notices of resumption could only be explained by the Ministry. Army HQ admitted in November 2009 that a number of KLP and Married Accommodation Project were held up for want of issue of notices to the HsOR of the OGBs affecting functional efficiency of the Army and morale of the troops. The Ministry, however, only forwarded replies of November 2009 of Army HQ and failed to offer (August 2010) their comments on the views/constraints expressed by Army HQ.

⁹ Ex state Forces Property used by Army

5.4 Issue of "No Objection Certificate" (NOC) for construction of Hotel on Defence land, without assessing security risk

Bungalow No. 104A Agra Cantonment on land measuring 6.973 acres is held in General Land Register (GLR) No. 260 and 260-A , classified as B-3 land - partly old grant and partly private area owned by Pt. Ram Shankar Trust.

In January 2008, HOR of the site, Shri Ayush Upadhayay, submitted a building plan for construction of a Hotel complex on Bungalow No. 104 A to Cantonment Board Agra. After examining building plan in January 2008, Cantonment Board forwarded the building plan to DEO Agra for scrutiny and issue of NOC for construction of the hotel. DEO Agra in February 2008 forwarded the proposal to Station HQ Agra for their comments. Station HQ in April 2008 returned the proposal with the comments that no road can be allowed towards east of Bungalow No. 104 A and height of the proposed building should be according to the prescribed limits of building bye laws. DEO Agra in April 2008 returned the building plans to the Chief Executive Officer, Cantonment Board, for consideration/ sanction with certain conditions which included the comments of the Station HQ. Remarks of the DEO Agra were as follows:-

- a) The subject land is a private land;
- b) LMA has not proposed requisition/acquisition;
- c) Approach road can be decided on west side;
- d) Building height is to be as per laws; and
- e) If change of purpose is involved, an undertaking from the HOR to pay charges as assessed be obtained.

Treating the letter of DEO of 30 April 2008 as NOC for land and without analysing its contents, Cantonment Board Agra in May 2008 sanctioned the Building plan of the Hotel.

Audit observed that the Station HQ had frequently changed their stand. Station HQ first cleared the Building plans but reversed the stand immediately thereafter by writing to the Command HQ in Lucknow in April 2008 not to allow use of bungalow No. 104 A for commercial purposes, it being very close to Officers' Colony. Later, on 5-2-2009, the Station HQ expressed its 'No Objection' as per approved plan. The Station HQ made a *volte face* on 28-02-2009 by expressing security risk if proposed hotel is constructed and finally in November 2009 stated that proposed hotel could not be permitted. Command HQ in October 2008 also did not object to the construction of hotel if access to the hotel was taken from west side of the M.G. Road.

DGDE proposed to the Ministry in February 2010 to initiate action to set aside the resolution of May 2008 of the Cantonment Board. A show cause notice under section 57 of the Cantonments Act 2006 was issued to Cantonment Board Agra in March 2010. The Cantonment Board in May 2010 through a resolution decided to revoke the NOC given by them in May 2008. Against the above decision, occupants of Bungalow No. 104 -A filed a writ petition in Court, which was still pending. DGDE intimated Audit in July 2010 that the decision of the Ministry was still awaited.

Recommendation 12

Considering that almost all Old Grant sites are prime real estates, all cases of unauthorized construction on and/or sale of Old Grant Bungalows should be investigated through independent investigative agencies as the possibility of collusion, corruption and malpractices cannot be ruled out.

Recommendation 13

A definite time frame should be prescribed to ensure speedy resumption of OGBs, where it had been decided to do so.

Powers to issue NOC to private parties for use of Defence land within the Cantonment for commercial purposes, being an extremely sensitive issue, should not be delegated to lower authorities. It should be exercised by the authorities at apex level to avoid misuse of delegated powers.

Chapter VI: Conclusions

6.1 The Performance Audit of Defence Estates Management indicated dismal performance on all aspects of land management. In case of land norms, orders issued by the Ministry laying down norms of requirement of land suffered from many deficiencies. This has given rise to many acres of surplus land in possession of Forces and Cantonments, obviously making land management - in particular, to avoid encroachment and misuse, far more challenging than it would have been otherwise. Combined with this, lack of updated records and mutations in favour of the Ministry have created a situation in which there is complete lack of accountability. The records maintained by the LMAs and DEOs varied widely and in fact the records of the DEOs were in dismal state. The computerization of land records undertaken by the Defence Estates Organisation showed little progress. Huge amount of land were yet to be mutated in favour of the Ministry of Defence. The state of affairs is fraught with risks of encroachment and land grab.

6.2 Multiplicity of agencies managing Defence estates has further contributed to the mismanagement. No centralized information base was available and responsibilities were diffused. Resources in the Ministry were woefully inadequate to fully discharge their responsibilities resulting in poor oversight and accumulation of cases for which the Ministry is the competent authority.

6.3 The Ministry of Defence which is the competent authority in respect of many transactions relating to land, has only one section with a minimum complement of staff which is completely inadequate to deal with vast number of cases. During the audit, it was noticed that the lines of responsibilities and consequently of accountability were blurred and on many aspects of Defence Estate management, no agency accepted responsibility. The replies to many audit observations indicated that such observations were tossed around among different agencies. While the LMAs stated that the information sought for by audit would be available with the Ministry or DGDE, DGDE and the Ministry did not have these information and asked Audit to gather them from the Services HQ.

Recommendation 14

In order to bring about more focus and professionalism in management of Defence Land and to overcome the problems of co-ordination among the multiple agencies entrusted with the responsibility of management of Defence land, it is necessary that a single independent authority is established with overall responsibility of management of all Defence land. Considering that such an authority must function with all Services as also other agencies like Cantonment Board etc. it should be an Inter Service Organization with a Board representing all Services and the Ministry of Defence. The Authority should function on the lines of an autonomous Body and should preferably be headed by Raksha Mantri. DGDE should function under the control of this Authority. All powers of local military authorities and Defence Estates Offices to dispose of

land including issue of NOCs in any form or manner should be withdrawn and vested with the Defence Land Management Authority.

Recommendation 15

In the interest of transparency in management of Defence land, details of land holdings including Old Grant sites should be in public domain on the website. Any transaction on them like issue of NOC, de-hiring of buildings etc. should be put in public domain within 15 days of such transaction.



(GAUTAM GUHA)
Director General of Audit
Defence Services

New Delhi
Dated: 11 March 2011

Countersigned



(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
Dated: 11 March 2011

Annexure-I

(Referred to in paragraph 1.3)

List of DEOs/ADEOs

1. DEO Ahmedabad
2. DEO Bangalore
3. ADEO Goa
4. DEO Jaipur
5. ADEO Jodhpur
6. DEO Chennai
7. ADEO Kochi
8. ADEO Port Blair
9. DEO Mumbai
10. DEO Pune
11. DEO Secundrabad
12. DEO Vizag
13. DEO Kolkata
14. DEO Siliguri
15. DEO Jorhat
16. DEO Tezpur
17. DEO Ambala
18. DEO Bikaner
19. DEO Chandigarh
20. DEO Delhi
21. DEO Jalandhar
22. DEO Jammu
23. DEO Pathankot
24. DEO Guwahati
25. DEO Agra
26. DEO Allahabad
27. DEO Bareilly
28. DEO Danapur
29. DEO Jabalpur
30. DEO Lucknow
31. DEO Meerut
32. DEO Mhow
33. ADEO Agartala
34. ADEO Bhubaneswar
35. DEO Bhopal
36. DEO Bhatinda
37. DEO Srinagar
38. DEO Udampur
39. ADEO Baramula
40. ADEO Leh

Annexure-II

(Referred to in paragraph 1.5)

List of Station HQ covered in Performance Audit of Defence Estates Management

| Central Command (Station HQ) | South Western Command (Station HQ) | Western Command (Station HQ) | Southern Command (Station HQ) | Easter n Command (Station HQ) | Northern Command (Station HQ) |
|------------------------------|------------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Lucknow | Jaipur | Ambala | Chennai | Jorhat | Udhampur |
| Jabalpur | Bikaner | Amritsar | Bangalore | Kolkata | Nagrota |
| Pachmarhi | | Ferozepur | Pune | Barrackpore | Pathankot |
| Meerut | | Jalandhar | Avadi | | Mamun |
| Agra | | Delhi Cantt | | | Dalhousie |
| Roorkee | | Kasauli | | | |
| Ranikhet | | | | | |
| Bareilly | | | | | |

Annexure-III

(Referred to in paragraph 2.4)

Details of computerization of land records

| Sl No. | Data entry not completed (13 DEOs) | Data entry completed (20 DEOs) | Data validation completed (9 DEOs) |
|--------|------------------------------------|--------------------------------|------------------------------------|
| 1 | Jalandhar | Ambala | Bareilly |
| 2 | Bhatinda | Chandigarh | Jabalpur |
| 3 | Bikaner | Delhi | Lucknow |
| 4 | Jaipur | Jammu | Meerut |
| 5 | Danapur | Pathankot | Agra |
| 6 | Jorhat | Bareilly | Allahabad |
| 7 | Srinagar | Jabalpur | Chennai |
| 8 | Udhampur | Lucknow | Pune |
| 9 | Bangalore | Meerut | Ahmedabad |
| 10 | Mumbai | Agra | |
| 11 | Bhopal | Allahabad | |
| 12 | Visakhapatnam | Mhow | |
| 13 | Secunderabad | Kolkata | |
| 14 | | Guwahati | |
| 15 | | Siliguri | |
| 16 | | Tejpur | |
| 17 | | Chennai | |
| 18 | | Pune | |
| 19 | | Ahmedabad | |
| 20 | | Jodhpur | |

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Annexure -IV

(Referred to in paragraph 3.8.1.1)

Details of Golf Courses on Defence land

| S No. | Name of Station | Area (in acres) |
|-------|-------------------|--------------------|
| 1. | Bhatinda | 156.00 |
| 2 | Bikaner | 17.29 |
| 3 | Hissar | 193.30 |
| 4 | Jaipur | 150.00 |
| 5 | Kota | 9.88 |
| 6 | Sriganganagar | 585.05 |
| 7 | Suratgarh | 80.03 |
| 8 | Fazilka | 10.00 |
| 9 | Alwar | 47.25 |
| 10 | Bangalore | 197.18 |
| 11 | Ahmednagar | 123.36 |
| 12 | Ahmedabad | 30.66 |
| 13 | Bhopal | 228.20 |
| 14 | Secunderabad | 426.06 |
| 15 | Pune | 20.18 |
| 16 | Chennai | 122.25 |
| 17 | Deolali | 215.00 |
| 18 | Belgaum | 113.95 |
| 19 | Mumbai | 27.55 |
| 20 | Trichy | 116.99 |
| 21 | Saugar | 136.00 |
| 22 | Babina | 70.00 |
| 23 | Gwalior | 670.00 |
| 24 | Fatehganj | 20.00 |
| 25 | Kamti | 70.00 |
| 26 | Jhansi | 200.00 |
| 27 | Jodhpur | 25.00 |
| 28 | Nasirabad | 20.00 |
| 29 | Udaipur | 6.00 |
| 30 | Nasik | Not made available |
| 31 | Pulgaon | Not made available |
| 32 | Gujrat(20(I) Sqn) | Not made available |
| 33 | Chandinagar | Not made available |
| 34 | Aurangabad | Not made available |
| 35 | Chakrota | Not made available |
| 36 | Faizabad | Not made available |
| 37 | Jhansi | Not made available |
| 38 | Varanasi | Not made available |
| 39 | Pachmarhi | Not made available |
| 40 | Roorkee | 65.00 |
| 41 | Lansdown | 6.08 |

Performance Audit Report on Defence Estates Management

| S No. | Name of Station | Area (in acres) |
|-------|-----------------|--------------------|
| 42 | Pithoragarh | 162.00 |
| 43 | Clement Town | 60.00 |
| 44 | Dehradun | 58.54 |
| 45 | Ranikhet | 27.98 |
| 46 | Danapur | 151.00 |
| 47 | Ramgarh | 40.00 |
| 48 | Lucknow | 104.07 |
| 49 | Kanpur | 28.90 |
| 50 | Shahjahanpur | 25.01 |
| 51 | Mathura | 60.05 |
| 52 | Bareilly | 95.00 |
| 53 | Meerut | 148.47 |
| 54 | Gaya | 136.00 |
| 55 | Dipatoli | 353.00 |
| 56 | Namkum | 229.00 |
| 57 | Khojatoli | 229.00 |
| 58 | Ranchi | 19.55 |
| 59 | Bhubaneshwar | 7.00 |
| 60 | Gopalpur | 62.50 |
| 61 | Allahabad | 89.95 |
| 62 | Mhow | 47.66 |
| 63 | Jabalpur | 135.00 |
| 64 | Bengdubi | 14.00 |
| 65 | Binaguri | 20.00 |
| 66 | Kalimpong | 29.00 |
| 67 | Kolkata | 30.00 |
| 68 | Narangi | 25.00 |
| 69 | Rangapahar | 24.00 |
| 70 | Sukna | 40.00 |
| 71 | Tejpur | 200.00 |
| 72 | Dinjan | 30.00 |
| 73 | Umroi | 10.00 |
| 74 | Shillong | 6.50 |
| 75 | Gangtok | Not made available |
| 76 | Arunachal | Not made available |
| 77 | Akhnoor | 70.00 |
| 78 | Leh | 166.78 |
| 79 | Nagrota | 157.88 |
| 80 | Udhampur | 50.00 |
| 81 | Sunderbani | 60.00 |
| 82 | B B Cantt | 51.70 |
| 83 | Rajouri | Not made available |
| 84 | Srinagar | Not made available |
| 85 | Uri | Not made available |
| 86 | Ambala | 59.64 |
| 87 | Amritsar | 52.00 |
| 88 | Delhi | 49.04 |

Performance Audit Report on Defence Estates Management

| S No. | Name of Station | Area (in acres) |
|-------|-----------------|--------------------|
| 89 | Jalandhar | 192.00 |
| 90 | Miransahib | 6.33 |
| 91 | Mamun | 25.00 |
| 92 | Patiala | 150.00 |
| 93 | YOL (HP) | 123.88 |
| 94 | Jammu | 6.25 |
| 95 | Ferozepur | Not made available |
| 96 | Pathankot | Not made available |
| 97 | Shimla | Not made available |

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Price: Inland : ₹ 65.00
Foreign : US \$5
(Including postage/air mail)