

SHORT ASSESSMENT OF RENT

MINISTRY OF HOME AFFAIRS

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

ONE HUNDRED TWENTIETH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE (2023-24)

(SEVENTEENTH LOK SABHA)

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MINISTRY OF HOME AFFAIRS



Presented to Lok Sabha on: 08-02-2024

Laid in Rajya Sabha on: 08-02-2024

LOK SABHA SECRETARIAT
NEW DELHI

February 2024/ Magha 1945 (Saka)

CONTENTS		
	COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2023-24)	(v)
	INTRODUCTION	(vii)
	PART- I	
	REPORT	
	PART – II	
	OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE	
	APPENDICES	
I*.	Minutes of the Sitting of Public Accounts Committee (2023-24) held on 20-11-2023	
II*.	Minutes of the Sitting of the Public Accounts Committee (2023-24) held on 06-02-2024	

*Not appended in the Report

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Thalikkottai Rajuthevar Baalu
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Brijendra Singh
12. Shri Rajiv Ranjan Singh alias Lalan Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien*
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri Sanjeev Sharma - Joint Secretary
2. Shri Partha Goswami - Director
3. Shri Alok Mani Tripathi - Deputy Secretary
4. Shri Vijay Mishra - Committee Officer

* Elected w.e.f. 19.08.2023 consequent upon retirement of Shri Sukhendu Sekhar Ray, MP on 18.08.2023.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this One Hundred Twentieth Report (Seventeenth Lok Sabha) on "**SHORT ASSESSMENT OF RENT**" based on para 3.4 of C&AG Report No. 24 of 2022 relating to the Ministry of Home Affairs.

2. The Report of Comptroller and Auditor General of India was laid on the Table of the House on 20-12-2022.

3. The Public Accounts Committee (2023-24) took oral evidence of the representatives of Ministry of Home Affairs on 20-11-2023. The Committee considered and adopted this Report at their sitting held on 06-02-2024. The Minutes of the sittings of the Committee are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part-II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Home Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI
06 February, 2024
17 Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

REPORT

Part -I

REPORT ON SHORT ASSESSMENT OF RENT BASED ON PARA 3.4 OF C&AG REPORT NO. 24 OF 2022

In regard to the subject under examination the Committee have found that The Estate Office of Union Territory Chandigarh, when determining rent for shops/booths in the year 2000, deviated from the prescribed procedure for rent increase, leading to a shortfall of ₹9.37 crore for the period 1992-2022. The Chandigarh Administration had leased out government-built shops (SCOs)/booths in Sector 17-E in the 1960s and 1970s, renewing the lease every five years with a 20% rent increase. In 1992, the rent was raised to ₹14,000/month.

2. A legal challenge in 1999 resulted in a Supreme Court order prohibiting further rent hikes without proper rules. The Chandigarh Administration then introduced the "*Leasing out of Government Built up Shops/Booths on Monthly Rent Basis in Chandigarh Scheme, 2000*," specifying a rent increase formula in Clauses 9 and 10.

3. The audit in their report No. 24 of 2022 in Para 3.4 revealed that, contrary to the scheme, the Estate Officer fixed rents without following the prescribed stages, causing a revenue loss of ₹3.71 crore. The Estate Office admitted the lapse and conducted a review, determining a total short assessment of ₹9.37 crore for 1992-2022. Demand notices were issued, and the failure to adhere to rent increase procedures during 1992-2000 resulted in the substantial shortfall. Internal Audit at the Estate Office failed to identify the discrepancy during the rent assessment calculations.

4. During the oral evidence, the representative of the Chandigarh Administration, explaining the response of the Administration on the Audit findings related to short assessment of rent stated as under:

"Sir, the next para is regarding the short assessment of rent of Rs.9.37 crore. We have a few shops and SCOs in Chandigarh which was given on rent under a scheme. When audit did calculation of rent of the estate office, they found the manner in which rent was being calculated was not appropriate. In fact, there was disagreement on the interpretation of the rule. Audit gave out a finding after which

corrective action was taken. Notices were issued for recovery of the rent. Finally, when these shopkeepers have failed to give the pending rent, action has been initiated against them for cancellation of their lease and for recovery of the pending dues. All those dues which are pending, necessary action has been initiated. In case if they fail to submit the rent, their lease will be cancelled. This is on the last stage of hearing before the court of SDM. Their pending arrears will be recovered as arrears of land revenue."

5. Asked whether there was any incidence of cancellation of licence, he further submitted as under:

"Sir, in these cases there are 27 cases involved which were found out. All cases have been initiated for cancellation of licence. The proceedings are on the very last stage for cancellation. They will be concluded in next one month. Post that, lease will be cancelled and all pending revenue will be recovered as arrears of land revenue. We have also taken action against the erring officers. Eight officers have been charge-sheeted under major penalty."

6. Explaining the measures during the oral evidence, that have been taken by the so that these kinds of anomalies do not take place, he went on to add further:

"For improving the institutions so that these kinds of anomalies do not happen again, we have initiated the process where an online accounting software has been made and tested and will be made operational in the Estate Office by the month of December. Henceforth, these anomalies should not come in the Estate Office regarding the calculation of the rent or the lease amount."

7. It was further stated:

"With your permission Sir, as I highlighted that the software has been made. It is at the testing stage and will be adopted from December this year itself. Henceforth, there will be automatic calculation of the rent so that these anomalies do not happen."

8. Asked to furnish the reasons for fixing rent of five booths on *pro rata basis* while others are fixed amount, he added as under:

"Sir, this anomaly was found out. We accept that there was a calculation mistake when this calculation was done for assessing the rent of these booths on pro rata basis. The audit findings have been duly acknowledged and corrective action has been taken."

9. When further probed whether it was only calculation error or some mala fide intention was there, he further added as under:

"Sir, that is why disciplinary action has also been taken. They have been charge-sheeted under the major penalty.

Sir, the status mentioned here is of the earlier stage. Now, demand notices including the notice for cancellation of the lease have been issues by the court of SDM in all cases which were found out. Likewise, we also did audit of the similar other cases and six more cases we had found out and similar action has been taken in those cases also. We are taking it seriously. In case the recovery does not happen, which amounts to Rs.5.08 crore the lease will be cancelled and all pending rent will be recovered by attaching the properties of these tenants in these cases. It is at the last stage. The last hearing is scheduled in next one week. As per the decision, the lease will be cancelled if they fail to pay the amount and their properties will be attached subsequently for recovery of the pending dues.

10. When the point of delay in the matter was raised, he added as under:

"I agree, Sir. In this case, as per the guidelines, three months' time was also given to them. Once they had failed to give it, then the court proceedings for cancellation of the lease were initiated. As I mentioned, they are at the last stage and will be concluded within this month itself."

PART-II

OBSERVATIONS/RECOMMENDATIONS

The Committee note that the Estate Office of Union Territory Chandigarh deviated from the prescribed procedure for enhancing rent in the year 2000, leading to a significant shortfall of ₹9.37 crore for the period 1992-2022. The Committee observe that this deviation occurred despite the legal framework in place, including the Supreme Court order and the introduction of the "Leasing out of Government Built up Shops/Booths on Monthly Rent Basis in Chandigarh Scheme, 2000."

2. The Committee learn from the Audit Report (No. 24 of 2022, Para 3.4) which highlighted the failure of the Estate Officer to adhere to the prescribed stages for rent increase, resulting in a revenue loss of ₹3.71 crore. The Committee acknowledge the admission by the Estate Office of the lapse and the subsequent review that determined a total short assessment of ₹9.37 crore for 1992-2022

3. In response to the audit findings, the Committee note that demand notices were issued and actions taken by the Chandigarh Administration, including the initiation of proceedings for the cancellation of leases and recovery of pending dues. The Committee observe that disciplinary action has been initiated against eight officers who have charge-sheeted under major penalty clauses for their role in the anomaly. The Committee take note of the seriousness with which the Chandigarh Administration is addressing the issue. In this regard, the Committee recommend continued vigilance and timely resolution of pending cases, ensuring that lease cancellations and recovery processes are efficiently concluded within stipulated timeframes.

4. In light of the above, the Committee observe that the case is not simply a matter of computational error, but is indicative of lack of monitoring and possibility of irregularity. The Committee accordingly, recommend that the Estate Office, Chandigarh Administration strengthens its internal audit

mechanisms to prevent such deviations in the future. The Committee would also like to suggest that regular training and awareness programs be conducted for officers involved in rent assessment to ensure a clear understanding of the prescribed procedures.

5. While being appreciative of the measures taken by the Chandigarh Administration, such as the development of an online accounting software, aimed at preventing similar anomalies, the Committee would like to recommend prompt implementation of the online accounting software in the Estate Office, as indicated during oral evidence, along with a mechanism soliciting feedback from shops/booth owners, so as to continually improve the online system. Regarding the *pro rata* basis for fixing the rent of five booths, the Committee observe the acknowledged calculation mistake and corrective action taken by the Ministry. However, the Committee recommend that the Estate Office conducts a thorough review of its calculation procedures to prevent such errors in the future.

NEW DELHI
06 February, 2024
17 Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee
