

EIGHTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(1980-81)**

(SEVENTH LOK SABHA)

DELHI DEVELOPMENT AUTHORITY

MINISTRY OF WORKS & HOUSING



Presented in Lok Sabha on 30 April, 1981
Laid in Rajya Sabha on 30 April, 1981

LOK SABHA SECRETARIAT
NEW DELHI

April, 1981/Vaisakha, 1903 (Saka)

Price : Rs. 6.00

Corrigenda to Eighteenth Report of the Public
Accounts Committee (Seventh Lok Sabha).

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PART II*

Minutes of the sittings of the Public Accounts Committees (1978-79) &
(1980-81) held on

27 October, 1978 (FN & AN)
28 October, 1978 (FN & AN)
24 April, 1981 (AN)

*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library.

PUBLIC ACCOUNTS COMMITTEE

(1980-81)

Shri Chandrajit Yadav—*Chairman*

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3. Shri Subhash Chandra Bose Alluri
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1. Shri H. G. Paranjpe—*Joint Secretary*
2. Shri D. C. Pande—*Chief Financial Committee Officer*
3. Shri T. R. Ghai—*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 18th Report on Paragraph 29 of the Advance Report of the Comptroller and Auditor General of India for the year 1976-77, Union Government (Civil) on Delhi Development Authority (Ministry of Works and Housing).

2. The Advance Report of the Comptroller and Auditor General for the year 1976-77, Union Government (Civil) was laid on the Table of the House on 4 April, 1978. The Public Accounts Committee (1978-79) examined this paragraph relating to Delhi Development Authority at their sittings held on 27 and 28 October, 1978. In their 138th Report (6th Lok Sabha), the Committee (1978-79) dealt with the aspects relating to (i) Main Objectives of DDA, (ii) Audit, Budget and Annual Reports, (iii) Revolving Fund (iv) Preparation of Master Plan and Zonal Development Plans and (v) Scheme of large scale Acquisition, Development and Disposal of Land and Allotment of Land to Co-operative Societies.

3. In this 18th Report, the Committee (1980-81) have dealt with the aspects relating to (i) Disposal of land for industrial and commercial purposes, (ii) Disposal of plots for residential purposes, (iii) Construction and allotment of dwelling units, (iv) Disposal of cinema sites and (v) Development of Kalkaji District Centre.

4. The DDA was set up under the Delhi Development Act 1957 with a view to "promote and secure the development of Delhi according to plan." For this purpose, the DDA was empowered to acquire, hold, manage and dispose of land and carry out other operations for purposes of such development. One of the objectives of setting up DDA in place of Delhi Improvement Trust was the disposal of developed plots of land at a reasonable price. The Committee have, after examining the various aspects of the functioning of the DDA, come to the conclusion that the DDA has become mainly a profit making organisation and has contributed to the exorbitant rise in prices of land as well as of residential and commercial flats and buildings. In the view of the Committee, this was surely not the intention of the Government.

5. The Committee have drawn attention to the fact that the DDA acquires land from the land owners at a very low rate and after

development sells it at exorbitant rates, thereby earning huge profits. Even where land is acquired for a public purpose, a reasonable compensation is paid. But in cases where land is acquired and later sold by auction or for commercial purposes, the Committee feel that the land-owners/farmers should not be compelled to part with their holdings at throw away prices. The Committee have therefore recommended that the Land Acquisition Act may be suitably amended so that the interests of the farmers are properly safeguarded.

6. Referring to the various shortcomings and irregularities in the functioning of the DDA, the Committee have recommended that a high level body-independent of DDA with senior officers drawn from the Ministry of Works and Housing, Ministry of Finance and Delhi Administration should be constituted to go into all aspects of the working of Delhi Development Authority and suggest improvements in its system and working.

7. The Committee (1980-81) considered and adopted this report at their sitting held on 24 April, 1981. Minutes of the sitting form Part II* of the Report.

8. For reference facility and convenience the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

9. The Committee place on record their appreciation of the commendable work done by the Public Accounts Committee (1978-79) in taking evidence and obtaining information for the Report.

10. The Committee would like to express their thanks to the officers of the Ministry of Works and Housing for the cooperation extended by them in giving information to the Committee.

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

NEW DELHI;
26 April, 1981/6 Vaisakha, 1903 (S)

CHANDRAJIT YADAV,
Chairman,
Public Accounts Committee

*Not printed. One copy laid on the Table of the House & five copies placed in the Parliament Library.

CHAPTER I

DISPOSAL OF LAND FOR INDUSTRIAL AND COMMERCIAL PURPOSES

Audit Para

1.1. As mentioned in para 7.6*, developed plots were to be disposed of at pre-determined rates to industrial units which were required to shift from their existing locations in non-conforming areas to areas earmarked for the purpose in the master/zonal plan. To obviate further growth of industries in non-conforming areas, it had been decided by the Delhi Administration in June 1963 that municipal licences for running of industries in non-conforming areas would not be issued and that the licences of those industries which had been established in non-conforming areas before 1st September 1962 should be renewed on year-to-year basis. However, an evaluation report (November 1968) of the Delhi Administration indicated that the number of units in non-conforming areas had increased from 9,360 on 1st September 1962 to 13,360 on 31st December 1966.

1.2. When the DDA invited applications during February 1976 from industrial units in non-conforming areas for allotment of plots in conforming areas, about 15,000 applications were received despite the fact that a total of 4,650 alternative industrial plots had been allotted by the DDA upto the end of December 1976 in 14 industrial schemes undertaken by it. No allotment had been made so far (December 1977) against the applications invited in February 1976.

1.3. Allotment of alternative industrial plots at pre-determined rates was subject to the conditions that the lessee would

- within a period of 2 years and 6 months from the date of taking possession of the plot, stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan and
- within a period of 2 years establish the industry in the plot allotted at pre-determined rates.

1.4. The DDA had, however, no information (December 1977) regarding fulfilment of the above conditions by the allottees.

1.5. A test-check shows that a firm 'A' which had a plot measuring 4,984 square yards in a non-conforming areas, had been allotted

Paragraph 29 of the Report of the C&AG for the year 1976-77, Union Government (Civil).

in January 1964 a plot measuring 30,583.6 square yards to shift its industry. While the firm shifted its industry, it continued to use the existing premises for a non-conforming purpose (December 1977) viz. a warehouse, and thus did not fulfil one of the conditions of allotment. The DDA had not, however, examined whether in the circumstances the allotment of alternative plot at pre-determined rate could be cancelled or, alternatively, whether the premium already recovered could be refixed with reference to the auction rate in nearby localities.

1.6. Under the scheme, the DDA allotted (premium Rs. 6.78 lakhs) in December 1966 a plot of land measuring 4 acres to a company 'B' at the commercial rate of Rs. 35 per square yard for setting up a stock yard. A further request by the company in July 1974 for allotment of additional land nearby for the same purpose was, however, rejected by the DDA in September 1977 on the ground that allotment for such purpose could not be made in terms of the scheme. The DDA stated (January 1978) that the land had been disposed of at auction/commercial rate and hence the question of loss did not arise. It was, however, seen in audit that the land had not been put to auction.

1.7. In April 1968, a concern 'C' consisting of 5 partners was allotted an area of 4,543.33 square yards at a concessional premium of Rs. 1.64 lakhs for shifting its industry from a non-conforming area. By October 1971, the number of partners in the concern had increased to 13 (as seen from a communication submitted by the concern to the DDA). According to the legal department of the DDA, such reconstitution amounted to transfer. Further, according to the terms and conditions of allotment, the DDA was entitled to realise (for credit to the revolving fund) 50 per cent of the unearned increase in the value of land in cases of transfer. However, in respect of concern 'C' the DDA had not taken action to ascertain the unearned increase in the value of the land and to realise 50 per cent thereof. It was also noticed that no lease deed had so far (December 1977) been executed with 'C' and that annual ground rent had not been recovered since 1968.

1.8. The DDA stated (January 1978) that inclusion of incoming partners was allowed as they were blood relations.

1.9. The Audit has pointed out that to obviate further growth of industries in non-conforming areas, it had been decided by the Delhi

[pp. 250—252 of Para 29 of the Advance Report of the C&AG of India for the year 1976-77, Union Govt. (Civil)].

Administration in June 1963 that municipal licences for running of industries in non-conforming areas should not be issued and that the licences of those industries which had been established in non-conforming areas before September 1962 should be renewed on year-to-year basis. However, according to the evaluation report (November 1968) of the Delhi Administration the number of units in non-conforming areas on 1st September 1962 was 9360 and there is no indication of the number of units having increased to 13360 on 1 December, 1966. There is also no reference to this number in the report at all.

1.10. The above evaluation report was prepared by the Evaluation Cell of the Planning Department, Delhi Administration. Its main findings/suggestions are:

- "1. The Development of land did not keep pace with the increase in the number of industries.
2. Making of flatted factories over 192 acres of land was envisaged in the Master Plan. The Evaluation Cell has mentioned that this work has not been taken up at all.
3. The system followed by the DDA for allotment of industrial plots (by draw of lots) comes in the way of obtaining loans from the Director of Industries by the industrialists. The applicants/allottees of the plots have to approach the DDA time and again for extension of time till such loan applications are cleared by the Director of Industries.
4. The completion of formalities prescribed by the DDA for obtaining physical possession of the plot takes considerable time.
5. The DDA should also explore the possibility of allotting plots on hire-purchase basis thus obviating the necessity of obtaining loans by the Director of Industries.
6. The sanction of loan may be undertaken by the DDA."

1.11. When the Committee desired to know the action taken by the Delhi Administration/DDA on the above suggestions which were made by the Evaluation Cell as early as November 1968 the Ministry of Works & Housing have, in a note stated:

"The report does not appear to have been formally processed in the Delhi Administration nor does it appear to have

been received in the DDA. However, in accordance with DDA's policy of relocating industries from the non-conforming areas to conforming areas, 7617 plots were developed in 14 industrial estates and 6521 were allotted to the units.

In addition, 9 acres of land in Jhandewalan has been placed at the disposal of the Director of Industries for flatted factories. It is estimated that 1100 industrial units would be accommodated in this area.

The Director of Industries has also developed 122 sheds and 73 plots in Okhla Industrial Area, 266 plots in Badli Industrial Area, Phase I and II."

1.12. In a subsequent note, the Ministry have clarified:

"Recommendations of the Evaluation Report of November, 1968 were not accepted by Delhi Administration. Therefore, it was not sent to the Delhi Development Authority for implementation."

1.13. According to the Ministry of Works & Housing out of 7617 plots developed so far, 4685 plots had been allotted to industries in non-conforming areas and 1836 plots had been disposed of by auction leaving a balance of 1096 plots.

1.14. The main reasons for non-disposal of these 1096 plots, as given by the Ministry, are:

- (i) bigger sized plots attracted the provisions of the Urban Land (Ceiling & Regulation) Act, 1976;
- (ii) cases had been under consideration before the Land Allotment Advisory Committee for recommendation (Land Allotment Advisory Committee has since been reconstituted on 28-1-1978);
- (iii) assessments of land requirement of units have not been received from the Directorate of Industries, Delhi Administration; and
- (iv) some plots were unauthorisedly encroached upon."

1.15 It is seen from the Audit Paragraph that when the DDA invited applications during February 1976 from industrial units in non-conforming areas for allotment of plots in conforming areas, about 15,000 applications were received despite the fact that a total

of 4,660 alternative industrial plots had been allotted by the DDA upto the end of December 1976 in 14 industrial schemes undertaken by it.—No allotment had been made so far (December 1977) against the applications invited in February 1976.

1.16. The Committee wanted to know whether the decision taken by the Delhi Administration in June 1963 that the Municipal licences for running of industries in non-conforming areas should not be issued and that licences of industries which were established in non-conforming areas before 1-9-1962 should be renewed on year to year basis was implemented particularly in view of the sharp increase in their number in non-conforming areas from 9360 on September 1962 to 13,360 on 31 December 1966 and to over 24,000 according to a recent estimate. The Ministry of Works & Housing have, in a note stated:

“The decision was implemented till October, 1967 when the policy was liberalised and units functioning in non-conforming areas on or before 30-11-1967 were granted licence on *ad hoc* basis. Again this policy was further liberalised in September 1975 and licences granted to the units functioning in non-conforming areas on or before 21-10-75. The relaxation was done with the approval of Delhi Administration. Because of these reasons, the number of units in the non-conforming areas increased. Moreover, the entrepreneurs have set up industries in non-conforming areas without obtaining licence from the Municipal Corporation of Delhi.”

1.17. Enquired how many units were still located in non-conforming areas and what was the total area covered by them, the Ministry have replied:

“The Director of Industries has stated that so far no survey about the total units in non-conforming areas and areas occupied by them has been undertaken.”

1.18. However the Vice-Chairman, DDA informed the Committee during evidence:

“About 40,000 units are functioning in Delhi. Of this only 23,000 have got municipal licence. Only 14,000 of them are registered with us....This position is deteriorating fastly.”

1.19. When the Committee desired to know the steps proposed to be taken to improve the situation, the Secretary, Ministry of Works & Housing stated during evidence:

"The industrial area given in the master plan was in our view totally unrealistic and the attempt to shift non-conforming industries to other areas is bound to fail whether you make plots available or not. We are now engaged in an exercise to consider shifting hazardous industries only. So, the concept of non-conforming industries will change and, therefore, the non-conforming industries number will go down."

The Vice-Chairman, DDA added in this connection:

"I agree fully with Shri———. We should think of compatibility. Incompatibility automatically means which cannot be permitted to exist because it would cause the living conditions to deteriorate beyond permissible limits, otherwise which is compatible should be allowed to co-exist."

Planning should be on the basis of having in an area which should be within walking or cycling distance.

In Delhi we have been employing four or five people in the industry located in the front portion and in the back portion the owner resides. In the case of Anand Parbat the whole of it should be declared as conforming."

1.20. Of the 15,000 applications received in 1976 for allotment of plots in conforming areas, the Committee desired to know the number of applicants found eligible for alternative plots. The Ministry of Works & Housing stated that no scrutiny of these applications had been carried out. However in a subsequent note the Ministry have added:

"The DDA has explained that there was no occasion to scrutinise the 15000 applications, since 14581 applications had already been eliminated as they did not deposit the additional amount of 30 per cent of the premium in response to the advertisement in the Newspaper made in October 1976. Out of the remaining 419 applicants, some of them have obtained refund of the deposits made by them, thereby withdrawing the applications for allotment. The remaining cases are being scrutinised."

1.21. In reply to a question about the state of development of the industrial area where the new applicants were proposed to be allotted industrial plots, the Ministry have stated:

"At present approximately 1100 developed industrial plots are available. Claims earlier than the 15,000 cases numbering 700 cases are under process."

1.22. To a question as to what extent non-shifting of industries located in non-conforming areas to conforming areas was inevitable and what are the future plans in this regard, the Ministry have replied:

"This question can be replied after the results of the implementation of the Master Plan will be evaluated."

1.23. According to the Committee of Experts on the working of DDA (Baveja Committee) the Master Plan envisaged additional acquisition and development of an area of 4800 acres for industrial purposes. The Ministry of Works and Housing informed the Committee in October 1978 that the total area developed for the industrial purposes was 2105.31 acres. The Experts Committee have stated in their Report:

"Industrial area was required to relocate the existing industries in urban area scattered all over Delhi outside the two planned industrial districts which already were in existence. The intention was to arrange the orderly relocation so that many of the workers could remain within walking distance of their work-areas.... The Master Plan did not contemplate to provide land for locating new large and heavy industry in Delhi. Amongst the industrial units already functioning in the urban area noxious and hazardous units as well as those in the non-conforming area were to be shifted to planned locations. Alternate area of a size which was to be decided upon by the Authority was to be allotted to these units at pre-determined rates. When the Master Plan became effective in September, 1962, 9363 units were identified as requiring location. Nonetheless the number of units requiring relocation went up to 13,360 by end of 1966. When applications were invited in 1976 from industrial units for alternate land the number went upto 15,000. The latest estimate made by the Authority and Delhi Administration of the number requiring relocation is 24,000. It is obvious that estimates of non-conforming industrial units which needed

to be shifted to conforming areas have been such as cannot be depended upon and that there is reason to believe that irregularities in allotment of land for shifting industrial units to conforming areas have taken place to some extent.... It is also obvious that the present procedures are such that some industrial units have been with impunity able to continue operating in non-conforming areas even after receiving land in conforming area and thus reap unintended benefits.

What is more distressing is that even new industrial units in non-conforming areas have sprung up with immunity after the adoption of the Master Plan and that their number is appreciable. Needless to say that stricter vigilance is absolutely necessary to prevent new units from coming up in non-conforming area, to prevent continuance of industrial activity in non-conforming areas by units which have been allotted land at pre-determined rates."

1.24. In this context the Experts Committee have recommended that:

- "(i) the Authority should plan development of land for industrial purposes only to the extent required for re-location of industrial units;
- (ii) Stricter measures must be taken to ensure that the number requiring re-locations is identified as on a specific date and frozen as such, the actual allotments being counted against the number so determined;
- (iii) Responsibility for development of land for industries which come up as new units should vest in agencies like Delhi State Industrial Development Corporation or Directorate of Industries or some such agency which could look directly to the Delhi Administration for acquisition of land for these purposes.

This would ensure development of land for industries in conformity with the industrial policy of the Government. There should however be no objection to the Authority taking up a scheme of industrial land development when specifically requested by the Government."

1.25. The Ministry of Works & Housing informed the Committee that the total number of industrial units which were allotted alternative industrial plots at pre-determined rates upto 31st March, 1978 was 4,685. In this context the representative of the Delhi Administration stated during evidence:

"The question of providing land for shifting of those industries basically relates to DDA. The Directorate of Industries has been getting land from DDA and their pricing formula according to G.O. of 1961 and 1964 is that they charge us commercial rates which are 50 per cent more than the pre-determined price. They give us land which is not developed and give 25 per cent discount supposing their pre-determined price is Rs. 80 per sq. meter, they will charge Rs. 120 less 25 per cent from us. We will get the land at Rs. 80 per sq. metre. Thereafter we will develop it. Near 40 to 50 per cent of the land will be used up in making roads, parks and common facilities. The developed land will cost us Rs. 200 per sq. metre. So, this has put us out of function, as far as providing land at par with DDA's rates is concerned.... DDA has developed 7617 plots; and out of them 4685 have been allotted and 1836 have been put to auction. DDA has informed that 1800 have not constructed factory sheds on plots disposed of by them so far."

1.26. The Ministry of Works & Housing have also informed the Committee that about 3,000 plots allotted for industrial purposes have not been utilised for the purpose for which these were allotted. When the Committee asked about the names of the allottees and the purpose for which the plots are allotted, the action taken by the DDA against the defaulters and whether there was any case of misutilisation, the Ministry have informed the Committee as under:

"No list of such allottees, who have misutilised the plots allotted to them has been compiled. However, in course of surveys whenever such cases of misutilisation have come to the notice, necessary action under the terms and conditions of the Lease Deed has been taken. In a few cases, extreme step of termination of Lease has also been resorted to."

1.27. In this connection the Vice-Chairman, DDA elucidated during evidence:

"So far as we are concerned, the correct interpretation of this order is that any one who gets an industrial plot whether on account of acquisition or whether on account of shifting from a non-conforming area is entitled to hold only that area at pre-determined rate and for the rest he

must pay at the auction rate. This is what we are doing, but regarding re-opening of old cases, because the number runs into 4000 and odd, I have sought clarification from the Government as to whether I should reopen those cases or not. The implication of reopening would be that several thousand industrialists would have to pay several lakhs of rupees each in addition to what they paid in the past to Government and to DDA and naturally, when such a massive impost is passed, there will be a certain amount of resistance by the industrialists. I have sought this clarification from the Government and the matter is pending before the Delhi Administration."

1.28. asked whether any comparison was made of the pre-determined rates with the prevailing market rates in the neighbouring areas, the Ministry have replied in the negative.

1.29. When the Committee desired to know the use to which the allottees had put their existing premises in the non-conforming areas, the Ministry of Works & Housing have stated:

"No general survey of the premises in the non-conforming areas had been undertaken in the past. To identify cases of misuse of existing premises, a survey has recently been started."

1.30. It is seen from the Audit paragraph that allotment of alternative industrial plots at pre-determined rates was subject to that conditions that the lessee would within a period of 2 years and 6 months from the date of taking possession of the plot, stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan and within a period of 2 years establish the industry in the plot allotted at pre-determined rates. The DDA had however, no information (December 1977) regarding fulfilment of the above conditions by the allottees. The Committee therefore wanted to know whether it was not considered necessary by the DDA to find out whether the allottees of the alternative plots at pre-determined rates had fulfilled both the conditions within the stipulated period. The Ministry of Works & Housing have stated:

"The allottees were required to intimate to the DDA the fulfilment of the conditions of allotment of industrial plots on pre-determined rates.

A survey of industrial plots had recently been carried out and it has been found that nearly 18,000 plots had not been constructed upon within the period stipulated in

the terms of allotment. Notices have been/are being issued to these defaulting allottees to show cause why their allotment should not be cancelled."

1.31. When the Committee desired to know the particulars of those allottees who had established their industries in new areas but had not stopped the use of the existing premises in non-conforming areas, the areas continued to be held by them in non-conforming areas, and the purpose for which these areas were being utilised by them, the Ministry have stated as under:

"A survey will be conducted shortly and details called for will be available thereafter."

According to the Audit para, a test check showed that M/s. Britania Biscuit Company which had a plot measuring 4,984 square yards in a non-conforming area (Lawrence Road, Industrial Area), had been allotted in January 1964 a plot measuring 30,583.6 square yards to shift its industry. While the firm shifted its industry, it continued to use the existing premises for a non-conforming purpose (December 1977) viz., a warehouse, and thus did not fulfil one of the conditions of allotment. The Committee were informed that the DDA had not examined whether in the circumstances, the allotment of alternative plot at pre-determined rate could be cancelled or, alternatively, whether the premium already recovered could be re-fixed with reference to the auction rate then prevailing in nearby localities. The Committee however desired to know the reasons for allotting a plot measuring 30,583.6 sq. yards to this firm at pre-determined rate, particularly when it had a plot measuring only 4,984 sq. yards for the industry in a non-conforming area and for not charging the auction rate for the excess land. The Ministry of Works & Housing have admitted the lapse in this regard and stated:

"The allotment of industrial plots measuring 30,583 sq. yards, had been made in favour of M/s. Britania Biscuit Factory Co. (Ltd.) on the basis of the recommendation of the Land Allotment Advisory Committee which had been accepted by the Chief Commissioner, Delhi. The pre-determined rate of land in this industrial area had been worked out to Rs. 22.50 per sq. yd. and it was also duly approved of by the Chief Commissioner."

The allotment in favour of the company had been made on 24th January, 1964. There are no guidelines regarding the excess area of the plot which could be allotted, at pre-determined rate, to a unit functioning in the non-

conforming area to enable it to shift to the conforming area.

The Scheme of Large Scale Acquisition (Development and Disposal) of land, as embodied in the Ministry of Home Affairs letter No. F. 37/16/60-Delhi (i) dated the 2nd May, 1961 also does not impose any ceiling on the area of the plot which could be allotted in the conforming area. As per paragraph 8(i) (b) and 8(ii) of the above letter, the entitlement to allotment at pre-determined rates is restricted to the area acquired or in possession of the industry at the old location. The balance of the area allotted is to be priced at the auction rate prevailing at the relevant time. It is, therefore, admitted that the area in excess of 4984 sq. yds. should have been priced at the auction rate then prevailing, the said rate being ascertained either from the result of auctions, which should have been held or derived by notional calculations.

It would not be out of place to mention that almost all cases of allotment of industrial plots in Delhi, by way of alternative allotment, have been dealt with on the basis of the actual area allotted being disproportionate to the area actually held in the old locations. In all these cases, it is only the pre-determined rate, which has been charged and not the auction rate. It would, therefore, appear that Britannia Biscuit Company's case has been dealt with as per the prevailing practice and has not been singled out for preferential treatment."

1.32. The Ministry have subsequently added in this regard:

"As stated in reply to the above paras in all cases allotments were made at pre-determined rate even for the area in excess of the area held as non-conforming site. The formula on the basis of which this was done is available at Annexure I. It has not been worked out as to how much more area has thus been allotted. The quantum of loss as compared to the market rate has not been worked out."

1.33. The Vice-Chairman, DDA stated during evidence in this connection:

"In the case of Britannia Biscuit Co. the allotment of land has been made on the basis of what the Land Allotment

Advisory Committee stated. I would read the relevant portions of the orders of the Government. If an industrial plot is to be allotted, the size may be determined with reference to the requirements of the industry to be set up provided that the setting up of such industry is in accordance with the master plan and the industrialists concerned have the capacity to establish and run such an industry and provided further the extent of land allotted at by pre-determined rate shall not exceed the area of the industry concerned. In other words, the area equivalent to the area held at the old site shall be given at the pre-determined rate and any area over and above this shall be given at auctioned rate. In the case of Britania Biscuit Co. and several others, it has not been followed at a pre-determined rate which is open to objection. The old site held by the Britania Biscuit Co. was sold by them to a private party. The sale ~~perse-~~ is permissible. The use to which the plot was put, i.e. warehousing, is itself open to objection."

1.34. Enquired about the action taken against those persons who had moved their industries to the new sites while keeping the old sites with them, the Vice-Chairman, DDA stated during evidence:

"There are 4800 plots which have been allotted to industries for shifting from non-conforming to conforming areas. Out of these 4800, 1800 have not been shifted. Action for cancellation of lease is underway and subsequent prosecution will also take place."

1.35. In reply to a question about the number of cases in which the notices had been issued by the DDA, the witness stated:

"900 notices have been prepared and 900 are under preparation."

1.36. When the Committee asked about the action taken against M/s. Britania Biscuit Co. which had not vacated the old site, the Vice-Chairman DDA stated:

"The old plot is not held by Britania Biscuit Co. any longer. It is held by a transport company and we are exploring the legal possibilities of seeing whether transfer itself is illegal or not."

1.37. The industrial plot was allotted to the above company in 1964 and the transport company was being run since 1977 in the old site. The Committee desired to know why action was not taken

against the Company between 1964 and 1977. They were of the view that the action was taken perhaps only when the Audit had pointed it out. This witness stated:

"In fact, after the Audit objection, it is not only in respect of this Company that we are taking action, but a systematic survey is in line. In taking action, it is not as if the Britannia Biscuit Factory alone can be prosecuted now. The Britannia Biscuit Factory was issued a show-cause notice in 1971. In reply, they said that they were using it for warehousing purposes. In our own Planning Department the legal position has been examined from two angles. The first is to see whether the transfer of property was legal or not. If the transfer is not legal, then action would be taken to cancel the transfer itself. Secondly, whether the rule regarding the use of the property for running a warehouse or for running a transport company is amendable by the Delhi Development Authority Act, is under consideration and we will take a decision on that shortly."

1.38. Enquired whether the practice of giving more area at pre-determined rates was not open to objection, the Ministry have stated as under:

"The practice of giving more area at pre-determined rates was followed until recently. Allotments were made on the report of assessment of land requirements by the Directorate of Industries, Delhi Administration and same were duly approved by the Land Allotment Advisory Committee. The Vice-Chairman DDA has sent certain proposals in this regard which will be considered further on receipt of the comments of Delhi Administration."

1.39. When the Committee desired to know the number of cases in which extra land had been allotted to various industrialists at pre-determined rates in contravention of the rules and orders on the subject and the action taken against the officials involved, the Ministry have stated:

"The DDA as also the Director of Industries, Delhi Administration have intimated that no extra land has been allotted by the Delhi Administration on pre-determined rates. The allotments were made on the recommendations of the Land Allotment Advisory Committee. There may be cases in which land allotted at pre-determined rates was

more than the area of land held in the non-conforming places. The Director of Industries and the D.D.A. will be asked to list out such cases and report to Government. The question whether any rules or orders were contravened in allotment of such land will also be examined by Government separately."

1.40. As the fact of the use of old premises at Ram Bagh Road as warehouse by this company came to the notice of the DDA in March 1971, the Committee enquired about the action taken by DDA for infringement of the Master Plan and terms of allotment at a new place. The Ministry have replied:

"As soon as it came to notice that the old premises at Ram Bagh Road were being used as warehouse by the Company, a show cause notice was issued in March, 1971 but it was explained by the unit that it had already constructed its factory at the new place and shifted its manufacturing activity to the new place. It was also mentioned that the old premises were only being used as warehouse. No action was taken thereafter.

In 1977, it was observed that the Transport Company was functioning at the old premises at Ram Bagh Road. The possibility of initiating action under law is being explored."

1.41. Enquired about the steps taken by the Government in cases where the persons had moved their industries from non-conforming areas to the new sites allotted by DDA/Delhi Administration at pre-determined rates while keeping the old sites with them or selling the sites to third parties for their industrial use, the Ministry of Works and Housing have replied:

"All that allottees are required to do is to stop the use of old premises for non-conforming activities. The unit is not required to vacate nor is debarred from selling the old premises. As already stated the Survey to identify the non-conforming use of old sites in lieu of which allotment has been made will be undertaken by the Directorate of Industries in due course."

1.42. Under the scheme of large-scale acquisition, development and disposal of land in Delhi, the Chief Commissioner, (not the Lt. Governor) has been authorised to allot, on the advice of the Land Allotment Advisory Committees, developed land at proper market

price to small scale industries (in addition to such of the industrialists who held or are granted in future, import manufacturing licences by Government), provided that setting up of the industry is in accordance with the Master Plan. The Audit has pointed out that the DDA under the above scheme, allotted (premium Rs. 6.78 lakhs) in December 1966 a plot of land measuring 4 acres to M/s. Tata Iron and Steel Co. (which was not a small scale industry) at the commercial rate of Rs. 35 per square yard for setting up a stock yard. A further request by the company in July 1974 for allotment of additional land nearby for the same purpose was, however, rejected by the DDA in September 1977 on the ground that allotment for such purpose could not be made in terms of the scheme. When allotment of additional land for the purpose came up for discussion, the Finance Member of the Authority in February 1975 had observed that "this unit is not strictly covered by the order but earlier allotment had been made on the basis thereof". The DDA stated in January 1978 that the land had been disposed of at auction/commercial rate and hence the question of loss did not arise. It was, however, seen in audit that the land had not been put to auction. The Committee, therefore, desired to know whether the Ministry of Works and Housing were satisfied that the allotment of land to the above company was covered under the orders of the Government. In a note, the Ministry have stated:

"Allotment of land to company (B) is not covered by the order governing the scheme for large scale acquisition, development and disposal of land in Delhi. The land was allotted for the establishment of a stock-yard and not for industrial purposes. It related neither to the shifting of an industry or trade from a non-conforming to a conforming area neither it related to allotment of land in lieu of land acquired. The Land Allotment Advisory Committee recommended the allotment to the Chief Commissioner on specific proposal of the Delhi Development Authority. Apparently, the allotment was made because the steel was in short supply and the establishment of a stock-yard in Delhi would have enabled steel to be supplied in reasonable quantities at controlled rates to the genuine users."

1.43. As the commercial rate is worked out by applying the pre-determined rate and adding 50 per cent thereto, the Committee enquired how the DDA satisfied itself that the commercial rate of

Rs. 35 per sq. yd. charged from the company was the proper market price without holding any auction particularly when no previous auction rate of land in the area was available. Clarifying the position the Ministry have stated:

"As per the orders regarding fixation of commercial rate, the only rate that could be fixed is the pre-determined rate plus 50 per cent. The pre-determined rate itself does not represent the genuine market value of land but covers cost of acquisition, development and necessary and permissible service charges and over-heads. Once it was decided that the pre-determined commercial rate is to be charged the question of DDA satisfying as to whether or not it represented the correct market rate did not arise as the orders in this behalf clearly prescribed the method of working out the commercial rate. As however, the allottee was not entitled to allotment at pre-determined rate, commercial or other-wise, and should have been allotted land at the auction rate worked out either on the basis of actual cost or on a notional premium based on what could have been fetched had the land been auctioned."

1.44. The Ministry of Works and Housing have, in this connection, added subsequently:

"Since the DDA has conducted its first auction only in 1968 and the allotment to M/s. Tata Iron and Steel Co. was made in the year 1964, there is no data available with the DDA for making a comparison with the market value. However, during 1968 auction the reserve auction rate was fixed at Rs. 35/- per sq. yd."

1.45. According to Audit, in April 1968, M/s. India Flour Mills Company consisting of 5 partners was allotted an area of 4,543.33 square yards at a concessional premium of Rs. 1.64 lakhs for shifting its industry from a non-conforming area. By October 1971, the number of partners in the concern had increased to 13 (as seen from a communication submitted by the concern to the DDA). According to the legal department of the DDA such reconstitution amounted to transfer. The addition of new partner to the firm and its implications were discussed by the legal section of the Authority time and again and it was held in June 1969 that "it is very easy to evade the terms of transfer by adding a new partner. It can be easily arranged to sell out the allotted plot to the new persons

while the actual allottees can slip out. Addition of a new partner certainly means transfer of the share of other partners to the new partner. The allotment should always be continued in the name of the partners who were in the partnership business at the time of the allotment, unless special permission to transfer is granted". Further, according to the terms and conditions of allotment, the DDA was entitled to realise (for credit to the Revolving Fund) 50 per cent of the unearned increase in the value of land in cases of transfer. However, in respect of this Company the DDA had not taken action to ascertain the unearned increase in the value of land to realise 50 per cent thereof. The DDA stated in January 1978 that inclusion of incoming partners was allowed as they were blood relations. The Committee, therefore, desired to know whether the Government was satisfied with the opinion of the DDA that the additional partners were blood relations and hence did not attract the provisions of the scheme for payment of 50 per cent share of unearned increase in the value of the land especially when the legal section of the DDA had advised otherwise. The Ministry of Works and Housing have stated:

"The opinion of the Law Department in the case of India Flour Mill Company does not raise the question of recovery of 50 per cent of the un-earned increase in the value of land as a result of the change in the Constitution of the firm.

Moreover, in the instant case, all the new partners are the blood relations of the original partners and hence their inclusion in the partnership is covered by the general guidelines laid down by the Lessor (LG) embodied in his U.O. No. F. 75 (773)/LGS/73-481 dated the 18th March, 1974.

It may, however, be mentioned that the changes in Constitution have been allowed in the past and are being allowed in a number of cases amongst blood relations without recovering 50 per cent of the unearned increase."

1.46. It is also noticed from the Audit paragraph that no lease deed was executed (December 1977) with M/s. India Flour Mills Company and the annual ground rent had not been covered since 1968. Asked about the reasons, the Ministry of Works and Housing have stated:

"M/s. India Flour Mills Company, which was functioning in a non-conforming area in Bela Estate was allotted alternative industrial land, measuring 4550 sq. yds. at Lawrence Road Industrial Area, for shifting the Flour Mill from the non-conforming area to the conforming area.

The allotment was made on 18-5-1968 by Secretary (L & B), Delhi Administration, on the basis of the assessment made by the Directorate of Industries, Delhi Administration, under his letter dated 16-4-1968. The formal possession of the plot was handed over to the unit on 31-5-1968.

It had been required to pay by 17-6-1968, a sum of Rs. 45,400/-, which represented 50 per cent of the total premium of Rs. 90,800/- at the rate of Rs. 80/- per sq. yard. Subsequently the total premium was calculated at Rs. 1,27,204/-.

The facility of making payment in instalments was presumably afforded because the unit had instituted legal proceedings against the DDA and had obtained stay orders, but it had been persuaded to shift to the new site and vacate the premises in the Bela Estate by August, 1968. The case was reviewed from time to time and the firm was allowed to pay the balance premium in 3 annual instalments on the ground that it had to incur heavy losses in the process of shifting. A representation was made by the firm requesting for further relief and the matter was examined by the Finance Member and the Vice-Chairman and it was observed that "since it is a demolition case, there should be no objection in granting the facility of paying the premium in 6 instalments but interest on the outstanding amount is necessarily to be paid."

As a result of these orders, though the last instalment was payable by 3-1-77 the total payment was made by 31-12-75. The interest aggregating to Rs. 34,661.50 was also recovered from the unit.

In the meantime, there was a change in the constitution of the firm. It was advised by the Chief Legal Adviser that in case the authorities had any doubt on the alleged assertion (of their being blood relations), the original partners mentioned in the application form for allotment may be asked to file affidavits, deposing that the new 6 partners are their

blood relations and also deposing their actual relationship with the said partners. The affidavits were duly filed by the original partners and the proposed change was, therefore, accepted by the Finance Member. But soon after making full payment of the premium, the Urban Lands (Ceiling & Regulations) Act, 1976 came into force w. e. f. 17-2-1976 and hence the lease deed could not be executed because the area was 4550 sq. yds."

1.47. When the Committee desired to know the action proposed to be taken for executing the lease deed in view of the Urban Lands (Ceiling and Regulations) Act 1976, the Ministry informed as under:

"The lease deed with M/s. India Flour Mill could not be executed as the change in constitution involved is still being examined by the Legal Branch."

1.48. Enquired about the total number of plots for which lease deeds have not been executed despite handing over of the possession of plots, the Ministry have replied:

"The position regarding the exact number of plots in which lease deed has not been executed is not readily available on account of incomplete property registers containing detailed information about the plots. Efforts are being made to complete these property registers in respect of the industrial schemes as early as possible."

1.49. In a subsequent note, the Ministry have stated that the records have since been completed.

1.50. In reply to a question whether non-execution of lease deed affected the recovery of ground rent in such cases, the Ministry have stated:

"Recovery of ground rent is rackoned from the date of possession of the plot and is recoverable, irrespective of execution of lease deed."

1.51. The Committee note from the Audit paragraph that to obviate further growth of industries in non-conforming area, the Delhi Administration had decided in June 1963 that municipal licences for running of industries in non-conforming areas should not be issued and that the licences of those industries which had been established in non-conforming areas before 1 September 1962 should be renewed on year to year basis. Despite this the Committee are concerned to find that the number of industries in non-conforming areas had increased from 9360 on 1 September, 1962 to 13360 on 31 December,

1966. Giving the latest position in this regard the Vice-Chairman, Delhi Development Authority informed the Committee during evidence in October 1978 that about 40,000 units were functioning in Delhi and of this only 23,000 had got municipal licences. The Ministry of Works & Housing have informed the Committee that the decision of 1963 of Delhi Administration was implemented till October 1967 when the policy was liberalised and units functioning in non-conforming areas on or before 30 November, 1967 were granted licences on ad hoc basis. Again, this policy was further liberalised in September 1975 and licences were granted to the units functioning in non-conforming areas on or before 21 October, 1975. Thus, the Delhi Administration had, instead of allotting the industrial plots on conforming areas to the then existing units in non-conforming areas and getting adequate number of industrial plots developed in the areas earmarked for the purpose, approved twice the liberalisation of the policy of granting licences in non-conforming areas. The Committee would like to know the specific circumstances which necessitated reviewing by the Delhi Administration of their earlier decision of June 1963 in this regard.

1.52. In spite of the sharp increase in the number of industries in non-conforming areas, the Committee are constrained to learn that the DDA have been able to develop only 7617 plots out of which 4685 plots have been allotted to industries in non-conforming areas and another 1836 plots disposed of by auction, thus leaving 1096 plots undisposed of. The reasons for non-disposal of these plots as advanced by the Ministry of Works & Housing are; (i) big size of plots, (ii) cases being under consideration of Land Allotment Advisory Committee, (iii) non-receipt of assessment of land requirement of units from the Directorate of Industries and (iv) unauthorised encroachments. Slow pace of development of industrial area of 2105.30 acres against an area of 4800 acres as envisaged in the Master Plan is also, in the view of the Committee, responsible for the increase in the number of industrial units in non-conforming areas.

1.53. In this context the Secretary, Ministry of Works & Housing stated during evidence that 'the industrial area in the Master Plan was in our view totally unrealistic and the attempt to shift non-conforming industries to other areas is bound to fail whether you make plots available or not. We are now engaged in an exercise to consider shifting hazardous industries only.' The Committee need

hardly emphasise that precise reasons for the slow development of industrial area plots by the DDA/Delhi Administration be identified so as to take appropriate measures to step up the development of industrial areas/plots. Alongside the steps that Government may take in this regard, there should be a time bound programme for development and re-location of industrial plots so that in the shortest possible time at least the noxious/hazardous industries operating in non-conforming areas are shifted.

1.54. From the reply furnished by the Ministry of Works & Housing, the Committee note that out of the 15,000 applications received in February 1976 for allotment of industrial plots, 14,581 applicants did not deposit the requisite amount of premium called for through an advertisement issued in newspapers in October 1976 and thus there were only 419 applicants left. There were another 700 claims earlier to these applications for allotment of industrial plots. The Committee urge that all these cases should be finalised expeditiously.

1.55. The Committee find that out of about 40,000 units functioning in Delhi, nearly 23,000 units have got municipal licences. Apart from the loss of revenue by way of municipal licence fee, sales tax, excise duty, etc., these unlicensed 17,000 units may be creating health hazard. The Committee therefore, recommend that a survey should be made immediately to identify such units so as to take strict measures against those units which are continuing unauthorisedly.

1.56. The Committee learn that 3000 plots allotted for industrial purposes, have not been utilised for the purpose for which the allotments were made. The Ministry of Works & Housing have informed the Committee that no list of such allottees who have misutilised the allotted plots has been compiled. However, in the course of surveys whenever such cases of misutilisation come to notice, necessary action under the terms and conditions of the lease deed is taken. The Committee feel that unless a proper check is kept on misutilisation of such plots, the very purpose of allotments of industrial plots to the units working in non-conforming area is defeated. They, therefore, recommend that there should be a proper machinery either in the DDA or in Delhi Administration which may bring all cases of misutilisation of plots earmarked for a particular purpose to their notice for taking suitable action against the defaulters.

1.57. The Committee learn from the Audit that allotment of alternative industrial plots at pre-determined rates was subject to

the conditions that the lessee would within a period of 2 years and 6 months from the date of taking possession of the plot, stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan and within a period of 2 years establish the industry in the plot allotted at predetermined rates. The Committee are surprised to find that the DDA had upto December 1977 no information regarding fulfilment of the above conditions by the allottees. However, a survey carried out by the DDA recently revealed that about 1800 plots had not been constructed upon within the period stipulated in the terms of allotment and notices have been/are being issued to these defaulting allottees to show cause why their allotment should not be cancelled. The Committee are of the view that the DDA had started taking action in these cases only when the Audit had pointed out and the Committee took up the paragraph on DDA for examination. The delay in taking action against the defaulting units is regrettable. The Committee hope that all these cases of violation of terms of allotment of industrial plots would be finalised expeditiously.

158. Further, the Committee are surprised to note that there is no procedure in vogue in DDA by which it may be known whether the allottees who had established their industries in new areas had actually vacated the existing premises in non-conforming areas or stopped their further use for the purpose for which these areas were being utilised etc.

159. The Ministry of Works and Housing have stated that a survey will be conducted shortly and details furnished to the Committee thereafter. The Committee urge upon the Government to evolve without any further delay some effective procedure by which it may be known that the allottees have fulfilled the above two conditions within the stipulated period. They feel that these two conditions should be included in the lease deed and the responsibility for intimating to the DDA about the fulfilment of these conditions be devolved on the allottees.

160. The Committee note that the scheme of Large Scale Acquisition (Development and Disposal) of land, as embodied in the Ministry of Home Affairs letter No. F.37/16/60-Delhi (i) dated 2 May, 1961 does not impose any ceiling on the area of the plot which could be allotted in conforming area. However, as per paragraph 8(i)(b) and 8(ii) of the above letter the entitlement to allotment at pre-determined rates is restricted to the area acquired or in possession of the industry at the old location and the area in excess of it.

is to be priced at the auction rate prevailing at the time in the neighbouring areas. In spite of these clear instructions the Committee are unable to understand how in gross contravention of these provisions M/s. Britannia Biscuit Factory Co. Ltd. were allotted land measuring 30,583.6 sq. yards at pre-determined rates in 1964 against an area of 4984 sq. yards possessed by the firm in a non-conforming area. What has disturbed the Committee most is the reply of the Ministry of Works and Housing that 'almost all cases of allotment of industrial plots in Delhi, by way of alternative allotment, have been dealt with on the basis of the actual area allotted being disproportionate to the area actually held in the old locations. In all these cases, it is only the pre-determined rate, which has been charged and not the auction rate.'

The Vice-Chairman, DDA had stated during evidence that he had sought clarification from the Government for re-opening all the old cases and the matter was pending before the Delhi Administration. The Committee need hardly urge that a thorough investigation may be held for all these lapses with a view to fix responsibility on the erring officials. The question of re-opening of these cases for re-fixing the premium with reference to the auction rate in respect of the area allotted in excess of that held in the non-conforming area should also be decided without further delay.

1.61. The Committee find that the above company, after shifting its industry to the new area continued to use till December 1977 the existing premises for a non-conforming purpose viz., a warehouse and thus did not fulfil one of the conditions of allotment i.e. to stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan in a period of 2½ years from the date of taking possession of plot. Strangely enough the premises in the non-conforming areas were transferred in 1977 by this company to a transport company. In this regard the Vice-Chairman, DDA stated during evidence that the DDA was examining whether the transfer was legal or not and whether the rule regarding the use of a property for running a warehouse or a transport company is amendable by the DDA Act and that they would take a decision on that shortly. The Committee deplore the laxity shown by the authorities in not taking expeditious action in this case and expect that the decision would be taken in the matter without further loss of time by Government.

1.62. The Committee also find that the then Chief Commissioner was authorised to allot, on the advice of the Land Allotment Advisory Committee, developed land at proper price to small scale industries (in addition to such of the industrialists who held or

were granted import manufacturing licences by Government), provided that setting up of the industry was in accordance with the Master Plan. The Committee have been informed by the Audit that the DDA under the above scheme allotted in December 1966 a plot of the land measuring 4 acres to M/s. Tata Iron and Steel Co. which is not a small scale industry at the commercial rate of Rs. 35/- per square yard for setting up a stock yard. However, a further request by the company in July 1974 for allotment of additional land nearby for the same purpose was rejected by the DDA in September 1977 on the ground that allotment for such purpose could not be made in terms of the scheme. The Finance Member of the Authority in February 1975 had observed that 'this unit is not strictly covered by this order. If this was so, the Committee are unable to understand how this company was allotted 4 acres of land in the first instance in 1966 for a purpose not covered under the scheme. The Committee, therefore, recommend that a detailed inquiry be made into this case so as to bring out full facts to surface.

1.63. In another case the Committee find that M/s. India Flour Mills Company consisting of 5 partners was allotted in April 1968 an area of 4543.33 square yards at a concessional premium of Rs. 1.64 lakhs for shifting its industry from a non-conforming area. By October 1971, the number of partners in the concern had increased to 13 and the DDA stated in January 1978 that inclusion of incoming partners was allowed as they were blood relations. The legal section of the Authority however, opined that addition of a new partner certainly means a transfer of the share of other partners to the new partners. It is very easy to evade the terms of transfer by adding a new partner and it can be easily arranged to sell out the allotted plot to the new persons while the actual allottees can slip out'. In this connection, the Committee note from Section 30(2) of the Indian Partnership Act, 1932 that a person who is introduced as a partner into a firm does not thereby become liable for any act of the firm done before he became a partner. In view of the above statutory provision, the Committee are at a loss to understand how the DDA is going to bind the new partners to the terms and conditions agreed to earlier. As lease deed has not yet been executed with this firm and annual ground rent not recovered since 1968, the Committee would stress upon the Government to ensure that all the new incoming partners are made bound to the terms and conditions of the lease and ground rent recovered without any further delay.

1.64. The Audit has also pointed out that according to the terms and conditions of allotment, the DDA was entitled to realise 50 per cent of the unearned increase in the value of the land in case of transfer. The Ministry of Works and Housing have informed the Committee that the changes in that constitution (of the firm) have been allowed in the past and are being allowed in a number of cases amongst blood relations without recovering 50 per cent of the unearned increase'. The Committee would like the Government to examine the existing provisions in this regard particularly in the light of the opinion expressed by the Legal Section of DDA.

1.65. The Committee are perturbed to note that the DDA was not maintaining the property registers properly till October 1978. The Ministry of Works and Housing have informed the Committee in 1979 that the records have since been completed. The Committee would now desire to know the number of plots for which lease deed has not been executed so far despite handing over possession of plots. The reasons for such irregularity may be explained in each case.

CHAPTER II

DISPOSAL OF PLOTS FOR INDUSTRIAL PURPOSES

Audit Para

2.1. Premia for residential plots at the rates* indicated above were recoverable according to the following pattern, as per orders of Government effective from February 1970:—

At the time of application	Nil
At the time of allotment	25 per cent of premium
When possession was given	50 per cent of premium
At the end of one year after possession was given or on completion of services if that happened to be later	25 per cent of premium

(Note : Prior to February 1970, the last instalment of premium was payable at the end of one year after possession or 60 days after water and electricity were made available, whichever was earlier).

2.2. The above pattern for recovery of premia was modified by the DDA with effect from August 1975, whereby 50 per cent of the premium was recoverable as deposit at the time of application and the balance (50 per cent) when possession was given. Though this represented a modification of the scheme, approval of Government thereto had not been obtained. The DDA stated (January 1978) that the revision of the pattern of payment was "relative to the circumstances then prevailing".

2.3. The DDA also deviated from the scheme in the matter of allotment of residential plots without obtaining approval of Government/Delhi Administration, as detailed below:

- (i) In 30 cases, the DDA leased out residential plots, the area of which was in excess of the prescribed maximum (800 square yards upto May 1973, and 400 square yards thereafter).

*Pre-determined rates.

- (ii) With effect from August 1975, the DDA raised the maximum income limit for low income group from Rs. 7,200 to Rs. 12,000 and the range for middle income group from Rs. 7,201—Rs. 18,000 to Rs. 12,001—Rs. 24,000. The DDA stated (January 1978) that the revision of income limits was "relative to the circumstances then prevailing."
- (iii) The pre-determined rates fixed by the Delhi Administration in April 1975 were revised upwards in respect of four colonies in August, 1975.

2.4. A test-check (January 1977) of the records of the DDA revealed that there had been several cases of delay ranging from 1 to 5 years in the allotment of residential plots after they were ready for disposal (i.e. date of handing over by development divisions to sales branch) and in handing over of possession of plots after allotment thereby delaying collection of premia, *vide* instances cited below.—

- (i) In 1640 cases relating to four colonies, there was delay in allotment of over a year after the plots were ready for disposal, thereby delaying correspondingly the realisation of premia to the extent of Rs. 325.16 lakhs. The break-up with reference to the period of delay was as follows:

	(Rs. in lakhs)
1 to 2 years	88.86
2 to 3 years	90.76
3 to 4 years	40.24
4 to 5 years	43.77
and over 5 years	61.53

- (ii) In 4180 cases relating to the four colonies, there was delay in handing over of possession of plots of over one year after the expiry of one year from the date of allotment, thereby delaying correspondingly the realisation of premia to the extent of Rs. 634.49 lakhs. The break-up with reference to the period of delay was as follows:

(Rs. in lakhs)

1 to 2 years	.	.	.	258.99
2 to 3 years	.			132.41
3 to 4 years	.			72.11
4 to 5 years	.	.	.	31.68
and over 5 years	.	.	.	139.30

These delays also resulted in loss of ground rent at 24 per cent of the premia amounts for the period of the delay in each case.

2.5. The DDA stated (January 1978) that a number of plots in the four colonies had been reserved for service personnel, for provision of alternative allotment to persons whose land had been acquired, etc. and allotments were made as and when recommendations were received from the Delhi Administration.

- the rates of premia had been revised and increased with the result that the DDA did not suffer loss of revenue, and
- the delays in handing over of possession were due to procedural formalities.

[PP 274—249 of Para 29 of the Advance Report of the C&AG of India, for the year 1976-77, Union Govt. (Civil)]

2.6. The Audit has pointed out that the pattern for recovery of premia for residential plots as per orders of Government effective from February, 1970 was modified by the DDA with effect from August, 1975, whereby 50 per cent of the premium was recoverable as deposit at the time of application and the balance 50 per cent when possession was given. The Committee, therefore, desired to know the circumstances then prevailing which prompted the DDA to revise the pattern for recovery of premium with effect from August, 1975 without the approval of the Government. The Ministry of Works and Housing have stated:

“Since the DDA was to embark upon major projects and needed substantial revenue, it was considered expedient by them to mobilise maximum resources and accordingly the pattern of payment of premium was revised to recovering 50 per cent of the cost at the time of submission of application and the remaining 50 per cent at the time of taking over possession as against the previous

practice of recovering 25 per cent at the time of allotment, 50 per cent at the time of handing over possession and 25 per cent at the end of year after possession was given or on completion of services if that happened to be later."

2.7. Enquired whether the Government had taken exception to this and whether the modification made by the DDA had since been approved, the Ministry have replied:

"This matter was not brought before the Central Government in the past. The Delhi Administration have been requested to look into the matter and if necessary to send a proposal for consideration of Central Government."

2.8. The Ministry have informed the Committee that the number of applicants who had paid 50 per cent of the premium under the modified pattern was 15083 and the amount recovered after August, 1975 was Rs. 583.53 lakhs.

2.9. It has been pointed out by Audit that in 30 cases, the DDA deviated from the scheme and leased out residential plots, the area of which was in excess of the prescribed maximum limit (800 sq. yds. upto May, 1973 and 400 sq. yds. thereafter) without obtaining approval of the Government/Delhi Administration. The Committee therefore wanted to know the specific reasons for the deviation in these cases in spite of clear instructions from the Government. The Ministry of Works and Housing have stated as under:

"Actually the number of such plots were 32... Though the practice in the DDA is to carve out plots of not more than 400 sq. yds. in some cases, marginal adjustment seemed necessary due to technical reasons. In the old lay out which were of more than 400 sq. yds. there were about 109 plots and the possibility of splitting them into small sizes was examined but it was found impracticable. Therefore, the approval of the Government was sought. The Government vide Ministry of Works and Housing's letter No. H-11016/25/73-UDI dt. 21-2-74 approved auctioning of plots, the area of which did not exceed 419.8 sq. yds. without bifurcation. It would be observed that except in five cases, the area has been restricted to the approved size. The five plots which were of larger size could not be bifurcated."

2.10. Subsequently in a note, the Ministry have further stated:

"Auctioning of the 5 plots without the specific approval of the Government is not in order. However, as the issue has

become a *fait accompli*, the question of Government's specific approval may not arise, particularly in view of the position explained by the DDA."

2.11. The DDA have stated (January, 1978) in this regard that previously there was no limit with regard to area of the residential plots. However, the Government of India intimated DDA *vide* letter No. 2051-D-JS(H)/73 dated 6-6-73 that no plot of more than 400 sq. yds. should be sold by DDA by auction to discourage luxury houses.

2.12. The Ministry have informed the Committee that out of the above 32 plots, houses have not been constructed in 18 cases. When the Committee desired to know whether any instance had come to the notice of the DDA regarding further division of these plots the Ministry have replied in the negative.

2.13. When the Committee desired to know the total number of residential plots developed by the DDA upto 31st March, 1978 and the number of plots lying undisposed of on that date, the Ministry of Works and Housing have stated:

"The total number of plots developed by the DDA and placed at the disposal of the Land Sales Branch upto 31st March, 1978 were 33,262 in various residential schemes and 29,164 plots were disposed of till that date. The balance plots for disposal are 4098."

2.14. Enquired as to what organisational failure had led to this time lag in disposal, the Ministry have stated:

"It is not failure on the part of the organisation in regard to the disposal of 4098 plots, but the DDA has to keep the plots in reserve for allotment to such persons whose land is acquired by the Delhi Administration from time to time, falling in the category of LIG/MIG or to the extent of land as recommended by the Delhi Administration.

Plots exceeding 200 sq. yd. are disposed of through open auction according to regular programmes. Moreover, the balance plots include such number of plots which were recently developed in the new schemes such as Shalimar Bagh, Pritampura, Haiderpuri, Yamunapuri and Paschim-puri and as such the question of delay does not arise."

2.15. The Committee also wanted to know the number of cases in which houses had not been constructed out of these 29164 plots

disposed of within the stipulated period. The Ministry of Works and Housing informed the Committee as under:

"It is difficult to say exactly out of 29164 plots which have disposed of, on how many plots, houses have not been constructed within the stipulated period. On the expiry of stipulated period for construction, however, show cause notices are issued to the lessees for delay in construction and suitable extension is allowed as per the guidelines on having received replies from the lessees in response to these notices."

2.16. As per the policy regarding grant of extensions, followed in DDA, normally 10 years period is allowed from the date of possession. Action for cancellation of the plots is initiated after the expiry of 10 years period from the date of handing over of possession.

2.17. As per the terms of the lease, the lessees are required to complete the construction within 2 years from the date of possession and one year period is given as grace period and after the expiry of 3 years, further extension is allowed on realisation of usual penalties, i.e. penalties at the rate of Rs. 2 per sq. mtr. are charged for the first year of belated construction and penalties at the rate of Rs. 3 per sq. mtr. are charged, for the second year and for subsequent year penalties at the rate of Rs. 6 per sq. mtr. are charged, but in old cases, in which the year of possession relates to 1969 to 1971, extension is given for 7 years without any penalties and the cases in which the possession was delivered in 1972-75 extension was given till 31st December, 1978 without penalties and after this date the penalties are realisable at usual rates. The Ministry have stated that the above guidelines are being followed uniformly and there was no element of discretion for the DDA officials in this respect.

2.18. Enquired whether any comprehensive survey of unbuilt plots of the residential Schemes being managed by the DDA had been carried out, the Ministry have, in a written reply, stated:

"So far as the plots in the residential schemes are concerned no comprehensive survey of unbuilt plots of the Residential Schemes being managed by the DDA has been carried

out. However, a survey of unbuilt plots of the Old Colonies has been conducted and the figures are given below:

Name of the Scheme	No. of vacant plots
i. Sunlight Colony	13
ii. Tagore Garden	21
iii. Paschimipuri	2090
iv. Janakpuri	992
v. Safdarjang	939
vi. East of Kailash	268
vii. Jhilmil Res. Scheme Phase I	428
viii. Jhilmil Res. Scheme Phase II	179
Total	4930

The DDA is taking action for issue of show cause and final show-cause notice and resuming the plots for reauction/allotment as per the policy guidelines of the Lt. Governor."

2.19. When the Committee desired to know whether all the allottees had been given possession of the plots, the Ministry have stated as under:—

"In about 300 cases, the possession had not been delivered till March, 1978 although in all such cases the possession letters had been issued but the allottees did not turn up for taking over the possession at site. In Shalimar Bagh Residential Scheme 150 persons were allotted residential plots against the allotment of Subzimandi shops but these persons have not made the payment of the constructed shops in New Subzimandi Azadpur. In some cases, the change in constitution is involved due to the dissolution of partnership deed. As per policy decision the possession of residential plots could be handed over only after these allottees have got clear title of built up shop plots."

2.20. Enquired whether there were any cases where the allotted land had not been utilised for the purpose for which it was given,

the Ministry have replied in affirmative and furnished the following information:

"We have launched the following prosecutions for misuse of land and premises:

Years	No. of prosecutions
1974-75	67
1975-76	290
1976-77	414
1977-78	181

Action is being taken for cancellation of these leases."

2.21. In reply to another question as to when the review was conducted and what was the position in respect of land allotted for other purposes such as housing and commercial, the Ministry have stated:

"The review was conducted in the month of April, 1978. So far as the plots in the residential schemes are concerned no comprehensive survey of unbuilt plots of the Residential Schemes being managed by the DDA has been carried out."

2.22. The Committee also wanted to know the plan for allotment of plots. The Vice-Chairman, DDA stated during evidence:

"We are going to develop 20,000 plots of which double Housing units would go in the private sector...The plots that we are referring to are measuring basically 42 sq. metre plots."

2.23. As regards the DDA's plan for the private sector, witness informed the Committee as under:

"Lands would be available for development of plots for residential purposes only under the Group Housing Scheme so that they can themselves construct the houses. The service programme that we have referred to is for developing about 20,000 sites every year on which housing unit

can be put up whether it be under the group housing scheme or double housing units. Approximately 30,000 to 40,000 additional units are to be added by the people out of their own savings in Delhi."

2.24. Enquired whether the DDA would derequisition the land and approve the lay out, the witness deposed:

"That would be the land which we acquire and make available to the people under the service programmes."

2.25. In a separate note the Ministry of Works and Housing have informed the Committee that "the 'Sites and Services' programme has been started in March, 1979."

2.26. Asked whether it was going to be an outright sale, the witness informed the Committee that it would be on hire purchase basis ranging over a period of 15 to 20 years.

2.27. The Committee had been informed that about 6900 plots had been auctioned by DDA, besides allotting 22264 plots of MIG, LIG and Janata categories by draw of lots. The Committee desired to know when disposal of plots of developed land to the highest bidder was against the objectives of DDA, why were 6900 plots auctioned and sold to the highest bidders. The Committee also desired to know the reasons for offering small number of plots at different intervals by auction. In reply, the Ministry have stated:

"In Delhi the DDA has to cater to the needs of all the sections of the Society from High Income Group to E.W.S. In residential colonies certain plots with area exceeding 168 sq. metres are carved out for the HIG people. These plots however do not exceed 5 per cent of the total plots developed by the Authority.

All plots exceeding 168 sq. metres in size are reserved for auction as per the order of the Government of India. These plots are released for auction systematically 3 to 4 times a month. Normally about 15 plots are being released per auction in order to have a control and regulated inflow of plots into the market so that there is no artificial rise/artificial fall in the land values."

2.28. The Committee* had analysed that 25 per cent of the plots were released by the Authority in 419 auctions over the last ten

*The Committee of Experts on Delhi Development Authority (1978) known as Baveja Committee.

years. The analysis indicated that on an average 19 plots were released at a time. This had resulted into land value in the same locality going up more than 10 times in 10 to 12 years. In some localities within a short span of one year the land prices had nearly doubled. Increases of the order of 400 to 500 per cent had also been noticed in most of the other localities in the span of 8 years. In certain localities it was found that in the recent past about 7 to 8 plots on an average per auction were released, thus pushing up land prices in a short span very significantly.

2.29. The Baveja Committee have, in their Report, also stated that the Authority was unable to check effectively the rise in prices of land in Delhi which was one of the two primary objectives for setting up the Authority. The ineffectiveness of the Authority in checking the rise in prices was partly the result of inadequate pace of development of residential plots compared to the demand for plots and partly the result of methods adopted by it. These consisted of releasing smaller plots for auction at a time, delay in disposing of the plots after they were fully developed, unauthorised modifications/departures in the schemes of disposal approved by the Government and adoption of irregular practices involving exercise of authority not delegated to it. The practices smack of profiteering which surely was not the intention of the Government. It has further been stated that increased adherence to a scheme of development which would be given wide publicity might allay apprehensions amongst prospective buyers that they might permanently miss the opportunity of obtaining a plot of land unless they quoted high in an auction. According to the report a well publicised plan of auction for plotted development of land would go a long way in reassuring the prospective buyers that they might not have to wait unduly long to get a plot. Prescribing quotas and enjoining the Authority to strict compliance therewith for plots to be sold by auction as well as those to be allotted by draw of lots and other methods would also seem necessary.

2.30. In this context the Baveja Committee have recommended that 'to achieve the objective of stabilisation of prices of land and quickening the pace of development, the Authority ought to—

- (i) accord to the development of land for residential purposes the first priority in its activities;
- (ii) allot land only after development and provision of infrastructure facilities so that construction could straightway commence there;

- (iii) allot a considerably larger proportion of land than at present to individuals in low income group adhering strictly to the orders regarding the computation of pre-determined rate;
- (iv) work out a realistic programme for the next five years for development of land for residential purposes keeping in view the need to cater to the low and middle income groups requirements.

2.31. Enquired whether the working of the DDA in the disposal of developed land to the highest bidder in small numbers at intervals had not been on the same pattern which led to the dissolution of the Delhi Improvement Trust, the Ministry have stated as under:

“DDA has so far allotted 22,264 plots of MIG, LIG and Janata categories by draw of lots. Under the J. J. R. Scheme, about 1,96,000 plots have been developed and allotted. DDA has allotted about 2105.31 acres of land for industrial use and about 656.67 acres of land for commercial purposes. As against this, DDA has auctioned about 6900 plots.

In its group housing schemes, DDA, has allotted approximately 33,000 flats upto 31st March, 1978 and approximately 17,000 flats are under construction.

From this it may be seen that the plots auctioned by DDA formed a small percentage of the total number of plots/flats developed over the years.”

2.32. As regards the present policy of the DDA for those who did not have a house, the Vice-Chairman, DDA stated during evidence:

“At present our policy is this. Apart from residential plots which may be very few in number in the pockets here and there which are over 100 sq. yds. which would be given in auction, bulk of the plots are very small plots which would be given for EWS, LIG group etc. and these are all at certain pre-determined rates. On the question of eligibility of allotment, as I said, so far as land is concerned, we are all governed by whatever instructions are given by the Government of India.....There is this condition. They should not own a plot or a house in Delhi. Their share in a place or house should not exceed 75 sq. yds. Regarding plots, it would not be correct to take objection

to a policy which DDA would not be capable of changing. And in those things we have to make the recommendations to the Government of India and to higher authorities."

2.33. It has been pointed out by Audit that with effect from August, 1975, the DDA raised the maximum income limit for low income group from Rs 7,200 to Rs. 12,000 and the range for middle income group from Rs. 7,201—Rs. 18,000 to Rs. 12,001—Rs. 24,000. The DDA stated (January, 1978) that the revision of income limits was "relative to the circumstances then prevailing". About the reasons for raising the maximum income limit for LIG and MIG, the Ministry of Works and Housing have stated as under:

"The maximum income limit for the LIG was fixed at Rs. 7,200/- per annum and the span for the MIG was fixed from Rs. 7,201/- to Rs. 18,000/- per annum in the year 1970. There had been increase in the income of the salaried group due to pay fixation under the principles approved by the Third Pay Commission. Therefore, it was considered equitable to ensure that the category of persons who were eligible in February, 1970 in the two categories of LIG and MIG should continue to be eligible even now in spite of their income rises due to the reasons mentioned above. The Secretary, Central Govt. Service, Grade-I Association, New Delhi had also represented that the previous ceiling of Rs. 18,000/- as the total emoluments of a person for being included in the MIG had lost much of its meaning because of the abnormal increase in the income of the Govt. Servants."

The second reason was that there was also an increase in the disposal prices of the flats."

2.34. Subsequently, the Ministry of Works and Housing have, in a separate note, stated:

"The question of change of income limit for low income group from Rs. 7,200 to Rs. 12,000 and the range of middle income group from Rs. 7,200 to Rs. 18,000 to Rs. 12,001 to Rs. 24,000 was referred to the Government of India for approval. This is still under consideration, in consultation with the Finance Division of this Ministry. The Baveja Committee, which studied the working of the DDA in depth also mentioned in their recommendation that in future re-categorisation of persons in different income brackets

should be done in consultation with the Government of India so that a uniform policy can be evolved keeping in view the population mix, housing needs and capacity of different income groups to pay for the dwelling units in relation to the prevailing construction costs. This recommendation of the Committee has been accepted by Government."

2.35. Under the Scheme, residential plots are allotted to the low and middle income groups at pre-determined rates fixed by the Delhi Administration. Pre-determined rates are worked out by the Delhi Administration after taking into account the elements of cost of acquisition of land and its development, additional charges ranging from Rs. 3—Rs. 8 per square yard (depending on the size of the plot), beautification charge of Re. 1. village redevelopment levy of Re. 0.50 and zonal roads levy of Re. 0.50 per square yard. The rates for plots sold to low income group are kept lower than the rates for the middle income group by amounts ranging from Rs. 10—Rs. 20 per square metre by corresponding increase in the latter rates. According to Audit the rates for the residential schemes of Paschim Puri, Shalimar Bagh, Gonda and Pritam Pura were revised upwardly.

2.36. The pre-determined rates fixed by the Delhi Administration in April, 1975 were revised upward in respect of the above four colonies in August, 1975. DDA had fixed and charged rates in August 1975 at Rs. 60, Rs. 70, Rs. 80, Rs. 100, Rs. 125, Rs. 150 and Rs. 175 per square yard for plots of 40, 80, 100, 150, 200, 250 and 400 square yards respectively in these residential schemes. The Committee desired to know about the basis on which different rates were fixed by the DDA in August 1975 for different sizes of plots and whether the revision of rates was in accordance with the scheme approved by the Government. The Ministry of Works and Housing have stated:

"The differential rates were fixed on the same pattern as of the special scheme for allotment of plots to allottees of New Sabzi Mandi. This was not in accordance with the scheme approved by the Government."

2.37. The Ministry of Works and Housing have, however, admitted that "it was not correct on the part of the DDA to have revised the pre-determined rates upward in August 1975 without recording any reason and without the approval of the Delhi Administration/Government of India".

2.38. The Committee also wanted to know the number of plots allotted in these colonies at the revised rates and the total excess amount so realised by charging rates above the approval rates of April 1975. In a note furnished to the Committee, the Ministry of Works and Housing have stated:

"The total number of plots allotted in the four residential schemes is 6,743. Out of these, two schemes, i.e., Shalimar and Pritampura were newly introduced schemes. The excess amount realised at the rates fixed in August 1975 could be assessed only in respect of the two old schemes, i.e., Paschimpuri and Vikaspuri and it amounts to Rs. 36,65,682.

With regard to the new schemes, i.e., Shalimar and Pritampura, the question of calculating the excess amount should not arise as there were no rates fixed in respect of these colonies prior to August 1975."

2.39. The Committee have been informed in this regard that in respect of the above allotted plots, possession has been delivered to all the 6743 persons.

2.40. Enquired whether the excess amount charged by the DDA had since been refunded to the allottees, the Ministry have stated:

"As the persons to whom these plots had been allotted had agreed to pay the premium at the revised rates, the question of granting refund does not arise."

2.41. The Audit has pointed out that there was delay of 1 to 5 years in allotment of plots in 1640 cases and in handing over of possession in another 4180 cases in the above four colonies thereby delaying the realisation of premia to the extent of Rs. 325.16 lakhs and Rs. 634.49 lakhs respectively. These delays also resulted in loss of ground rent at 2½% of the premia amounts for the period of the delay in each case. The Committee enquired whether the Government had looked into these cases of delay which resulted in belated realisation of premium on the one and loss of ground rent on the other. The Ministry of Works and Housing have stated:

"The DDA had suffered no loss on account of delay in allotment of 1640 plots as these plots were disposed of after the rates increased.

As regards investigation of delay in handing over possession of 4180 plots, the particulars of plots were not intimated and it became difficult to trace out the individual cases....

It is further stated that the DDA had adjusted about 2000 persons of Loni Road Residential Scheme in the regular residential schemes out of the remaining plots. Now, DDA have been left with insufficient number of plots and, therefore, the balance of plots would be released to the public after sufficient number of plots have been taken over and developed in new residential schemes which are expected to be introduced."

2.42. The Committee wanted to know whether there was any delay in allotment/handing over the possession of plots of colonies/ areas developed by the DDA other than the four mentioned in the Audit Paragraph and if so, the period of such delay, total number of plots involved, the amount of premia so delayed and the loss of ground rent on this account in those cases. In a note furnished to the Committee, the Ministry of Works and Housing have stated:

"There has been some delay in certain cases in other colonies also. A statement indicating the number of cases in which there has been delay could be compiled only after going through the record of each and every case and as it is a laborious and time consuming task, it has not been possible to compile the figures within the time available. In view of the replies given above the loss of ground rent on this account has not been worked out."

2.43. To a question whether the position regarding delays in allotment and handing over of possession etc. was analysed or reviewed by DDA at any time, the Ministry replied:

"No formal review of the position regarding delays in allotment and handing over of possession etc. has been undertaken."

2.44. In reply to another question whether DDA was obtaining any control returns from the Development Divisions and Sales Branches in this respect, the Ministry have stated:

"Though a procedure of submission of quarterly returns of receipt and disposal of developed plots had been prescribed in 1971, these returns were either not received or were received incomplete."

2.45. The DDA had informed the Audit in January, 1978 that the rates of premia had been revised and increased with the result that

it did not suffer loss of revenue. The Committee asked whether the Government was satisfied with the above reply of DDA. The Ministry have stated:

"The Delhi Administration is not in a position to say whether the upward revision increasing the rates of premia was justified or not in the context of circumstances then prevailing."

2.46. When the Committee enquired whether the rates of premia were revised to compensate the loss suffered by the DDA on account of delay in allotment or handing over of possession and delayed realisation of premia, the Ministry of Works and Housing have informed the Committee as under:

"The rates were not intentionally increased to compensate for the delay in allotment/possession and delayed realisation of premium. However, due to the revision, the loss of revenue, if any, to DDA has been offset."

2.47. The Audit have informed the Committee that the DDA had stated in January 1978 that a number of plots in the four colonies had been reserved for Service personnel for provision of alternative allotment to persons whose land had been acquired etc. and allotments were made as and when recommendations were received from the Delhi Administration. The Committee in this connection desired to know the total number of plots in each of the four colonies, plots reserved for service personnel and for alternative allotment to persons whose land had been acquired. The Ministry of Works and Housing have stated as under:

"Total number of plots in each of the four colonies, i.e., Paschim-puri, Vikaspuri, Shalimar Bagh, Pritampura were of the order of 2983, 3253, 4577 and 2352 respectively. There is no specific reservation for service personnel and for alternative allotment to persons whose lands have been acquired. It is deeply regretted that in January, 1978, DDA had indicated that there was such a reservation. The error was inadvertent and we respectfully and humbly apologise to the Honourable Committee. The facts are that there is a reservation for ex-servicemen which are included in the 15 p.c. reservation quota. It also covers war widows, handicapped persons etc. Regarding alternative allotment to persons whose land is acquired, there is no specific reservation in any particular scheme, but on a certificate obtained from the Delhi Administration,

the beneficiary is allotted alternative plot wherever it may be available."

2.48. Since according to the Audit Paragraph the DDA had also stated in January, 1978 that the delays in handing over of possession were due to procedural formalities, the Committee desired to know about the prescribed procedure and whether it was reviewed any time to eliminate delays. The Ministry of Works and Housing have stated:

"The prescribed procedure for allotment of plots, as it existed before August, 1975, was that applications would have been invited for allotment of plots alongwith an advance of Rs. 500/- in the case of persons falling under the L.I.G. category and Rs. 1000 in the case of persons falling under the MIG category. Thereafter, the applications would have been scrutinised, particularly, with regard to the income of the applicant, continued stay in Delhi for five years and the factum of his not owning any residential plot or house in Delhi. The plots would then have been allotted by draw of lots. No review of this procedure was carried out."

2.49. The Committee note that the pattern of recovery of premia for residential plots, as per orders of Government, effective from February 1970, was revised by the DDA in August 1975 without the approval of the Government, whereby 50 per cent of the premium was recoverable as deposit at the time of application and the balance 50 per cent when possession was given as against the previous practice of recovering 25 per cent at the time of allotment, 50 per cent while handing over possession and the balance 25 per cent at the end of one year after possession was given or on completion of services if that happened to be later. The Ministry of Works & Housing have stated in this regard that since the DDA was to embark upon major projects and needed substantial revenue, it was considered expedient by them to mobilise maximum resources and accordingly the pattern of payment of premium was revised. While the Committee appreciate the need for mobilisation of resources for development, they are of the view that the DDA should have obtained the approval of the Government before revising the pattern for recovery of premia for residential plots. The lapse on the part of the DDA is regrettable.

2.50. Again, the Committee note that the DDA, in August 1975, raised the maximum income limit for LIG from Rs. 7200 to Rs. 12000 and the range for MIG from Rs. 7201—Rs. 18000 to Rs. 12001—

Rs. 24000 without obtaining the approval of the Government. The Committee are unable to appreciate the haste shown by the DDA in revising income limits in respect of LIG and MIG categories without waiting for the decision of the Government. This needs to be explained satisfactorily.

2.51. The Committee also find that the DDA leased out 32 residential plots, the area of which was in excess of the prescribed maximum limit (400 sq. yards after May 1973). The Ministry of Works and Housing had approved auctioning of plots the area of which did not exceed 419.8 sq. yards without bifurcation vide their letter No. H.11016/25/73-UDI dated 21 February 1974. Only 27 out of the 32 plots were covered by the above order and the other 5 plots were of larger size. The Ministry of Works & Housing have admitted that 'the auctioning of the 5 plots without the specific approval of the Government is not in order: This lapse on the part of DDA, to say the least is deplorable. The Committee would like that responsibility be fixed for this lapse.

2.52. As per the terms of the lease the lessees are required to complete the construction within 3 years (including one year period of grace) from the date of possession and after the expiry of 3 years, further extensions are allowed on realisation of usual penalties. However, in old cases in which possession was given in 1969 to 1971 extension was given for 7 years without any penalties and the cases in which possession was delivered in 1972-75 extension was given upto 31 December, 1978 without any penalties and thereafter penalties were realisable at usual rates. Action for cancellation of the plots was to be initiated after the expiry of 10 years period from the date of handing over of possession. In view of the above terms of the lease, the Committee are surprised to note from the reply of the Ministry of Works and Housing that 'it is difficult to say exactly out of 29164 plots disposed of, on how many plots, houses have not been constructed within the stipulated period'. The Committee are unable to understand how without having such basic statistics the DDA was keeping a watch over the unbuilt plots and recovering penalties. They would like the DDA to streamline the procedure in this regard, so that timely action is taken by the competent authority in pursuance of the terms of the leases.

2.53. According to the orders of the Government of India all plots exceeding 168 sq. metres in size are reserved for auction and the DDA releases for auction about 15 plots per auction 3 to 4 times a

month. Giving reasons for offering small number of plots for auction the Ministry of Works & Housing have stated that it is done in order 'to have a control and regulated inflow of plots into the market so that there is no artificial rise/artificial fall in the land values'. However, the Baveja Committee has revealed that releasing small number of plots at intervals has resulted into land value in the same locality going upto 10 times in 10 to 12 years. In some localities within a short span of one year the land prices have nearly doubled. The Committee are of the view that the DDA has been unable to check effectively the rise in land prices which was one of the objectives of setting up the Authority in Delhi. They would suggest that the Government and the DDA should review the present procedure regarding auction of plots and devise ways and means so that DDA's auctions do not lead to abnormal rise in land prices.

2.54. It has also come to the notice of the Committee that the pre-determined rates fixed by the Delhi Administration in April 1975, were revised upward by the DDA in August 1975 and thus an excess amount of Rs. 36.66 lakhs was realised from the allottees of two colonies, namely Pashchimpuri and Vikaspuri. The Ministry of Works and Housing have admitted that "this was not in accordance with the scheme approved by the Government and that it was not correct on the part of the DDA to have revised the pre-determined rates upward in August 1975 without recording any reason and without the approval of the Delhi Administration/Government of India". The action on the part of the DDA is regrettable.

2.55. The Committee regret to find that there was delay ranging from 1 to 5 years in allotment of plots in 1840 cases and in handing over of possession in another 4180 cases in four colonies viz. Paschim-puri, Shalimar Bagh, Gonda and Pritampura thereby delaying the realisation of premia to the extent of Rs. 325.16 lakhs and Rs. 634.49 lakhs respectively, apart from the loss of ground rent at 2½ per cent of the premia amounts for the period of the delay in each case. The Ministry of Works and Housing have admitted that the delay in disposal of plots had resulted in blocking up of funds besides hardship to the applicants. The Committee are not satisfied with the explanation given by the Ministry of Works and Housing that since their disposal was after the rates of premia had been increased, the DDA had not suffered loss on account of delay in allotment of 1640 plots. This is an extraneous consideration and the loss on account of delay in handing over possession cannot be overlooked. Since there have been such delays in other colonies as admitted by Government, the Committee are of the view that the reasons for such delays should be identified and remedial measures taken in this regard

2.56. The Committee have been informed that although the Development Divisions and Sales Branches were required to submit quarterly returns of receipt and disposal of developed plots, these returns were 'either not received or were received incomplete'. The Committee are anxious to know the action taken by the DDA for obtaining timely and regularly these returns from the concerned branches. The Committee also desire that lapses on the part of the officials involved should be ascertained and suitable action taken...

CHAPTER III

CONSTRUCTION AND ALLOTMENT OF DWELLING UNITS

Audit Para:

3.1. The Master Plan for Delhi had envisaged that a housing programme in a big way would have to be launched by Government, public agencies, local bodies etc., to meet the growing demand for housing as well as some of the backlog. According to the DDA, though housing was not one of its obligatory functions, it was one of the statutory functions of the DDA to carry out building operations and since "housing was the crying need of the hour" it thought it necessary to enter into the field of housing.

3.2 In June 1962, the DDA approved in principle a scheme for construction and sale of houses and flats on hire-purchase basis to lower and middle income groups. In March 1963, it sanctioned two pilot projects for construction of 82 houses containing 164 dwelling units but disposed of 160 units in 1965-66 on cash-down basis. In December 1966, the DDA decided that housing schemes for low and middle income groups should be on group housing system and that flats might be constructed on 75 per cent of the plots earmarked for residential purposes (the balance of 25 per cent of plots being disposed in open auction) for disposal on hire-purchase basis.

3.3. The Authority also set up (March 1970) a housing committee to meet the administrative needs of housing construction activity including allotment of flats and delegated to it all the powers of the Authority in this regard.

3.4. The DDA obtained funds for its housing programme by raising loans from Government, the Life Insurance Corporation of India (LIC) and the Housing and Urban Development Corporation (HUDCO), issue of bonds, collecting registration deposits from

intending purchasers etc. The table below shows the extent to which funds were so raised by the DDA and the amount outstanding as on 31st March, 1976.

	To end of 1972-73	In 1973-74	In 1974-75	In 1975-76	Total	Amount outstand- ing as on 31st March 1976
(Figures in lakhs of Rs.)						
	1	2	3	4	5	6
Loans from Govern- ment	325.42	..			325.42	209.00
Loans from LIC	700.00	100.00			800.00	631.67
Loans from HUDCO	280.00	50.00	30.00	439.00	799.00	517.60
Issue of bonds	100.01	..	..	..	100.01	100.01
Deposits from intend- ing purchasers	1033.34	39.04	7.18	455.12	1534.68	807.73

3.5. The following table shows the budget and revised estimates and the actual expenditure incurred on housing construction during the 5 years ending 1975-76:

Year	Estimates		Actual expendi- ture	Variation between budget estimate and actual expenditure	Variation between revised estimate and actual expenditure	
	Budget	Revised				
				Excess(+)	Savings(—)	
(In lakhs of rupees)						
1971-72	. . .	1175.00	974.60	868.02	(—)306.98	(—)106.58
1972-73	. . .	1370.35	1072.00	949.84	(—)420.51	(—)122.16
1973-74	17.00	792.04	678.57	(—)1021.43	(—)113.47
1974-75	. . .	2350.00	593.80	618.71	(—)1731.29	(+)24.91
1975-76	1540.15	1268.81	958.11	(—)582.04	(—)310.70

3.6. The DDA had approved till 31st March, 1977 layout plans for construction of 75,637 dwelling units of which 33,007 units had been constructed by 31st March, 1977 as detailed below:

	Number approved				Number constructed					
	To end of 1973-74	In 1974-75	In 1975-76	In 1976-77	Total	To end of 1973-74	In 1974-75	In 1975-76	In 1976-77	Total
Middle Income Group (MIG)	12451	3758	..	9362	25571	8763	630	216	1938	11547
Low Income Group (LIG)	19755	1372	..	13248	28375	9865	1166	631	817	12499
Janata	6959	480	..	7124	14563	4789	602	353	2242	7986
Community Services Personnel (CSP)	1582	1538	..	1232	4352	975	..	..	..	975
Economically Weaker Sections	..	..	..	2776	2776	..	..	..	..	..
Total	34747	7148	..	33742	75697	24392	2398	1220	4997	33007

3.7. The DDA stated (January 1978) that—

- administrative approval and expenditure sanction had been issued for 62,490 units only upto 31st March, 1977,
- tentative administrative approval and expenditure sanction had been accorded for 11,486 units upto 31st March, 1977,
- normally a project takes about 3 years for completion, and
- delays in completion had occurred due to non-availability of land in time, funds, bulk municipal services and building materials.

3.8. Allotment of dwelling units is made on perpetual lease-hold basis, subject to the fulfilment of certain conditions, to persons who are registered with the DDA under its advance registration schemes. The first scheme of advance registration was started in December, 1969 and was followed by two similar schemes operated in 1972 and 1976. In addition, the DDA made special registrations in 1972 for public servants who were to retire between April 1972 and March 1975 and exclusively for Scheduled Castes/Tribes in 1973.

3.9. Prior to the registration scheme of 1976, allotments were being made on hire-purchase basis as well as on cash-down basis. With effect from the registration scheme of 1976, first preference is given to those who are prepared to pay the cost of the dwelling units in full on allotment. Persons who are prepared to pay 75 per cent, 50 per cent and 33 per cent of the cost of the dwelling units are given second, third and fourth preference respectively.

3.10. The following table shows the total number of persons registered, allotments made and number of persons awaiting allotment, category-wise, as on 31st March, 1977.

Category	Registration	Allotments/ cancellations	Awaiting allotment
M.I.G.	23,868	12,667	11,201
L.I.G.	20,866	10,458	10,408
Janata/Community Services Personnel (CSP) . .	19,273	[9,187	[10,086
Retired personnel	848	560	288
Total	64,855	32,872	31,983

3.11. Out of 33,007 dwelling units constructed till 31st March, 1977, 30,644 units were reported to have been disposed of by March, 1977 leaving a balance of 2,363 units awaiting allotment. In August 1977, the engineering wing of the DDA had reported to its housing wing that there were 2,803 units (Subsequently stated January, 1978 to be 2,040) awaiting final disposal by the allotment branch of the DDA. The DDA stated (January, 1978) that 651 (out of 2,040) units had since been disposed of and that the delays in allotment were due to—

- (i) reservation of units for evictees whose houses were demolished during demolition operations.
- (ii) cancellation of allotments due to non-payment or non-completion of formalities by the original allottees.
- (iii) reservation of units for allotment to the DDA's own staff, and
- (iv) poor response to advertisements for sale of tenements in the resettlement colonies.

3.12. The engineering wing had further reported (August 1977), that out of 180 (of 2,040) units, 38 were awaiting allotment for more than 4 years, 98 for 2 to 4 years, 34 for 1 to 2 years and 10 for less than a year. The DDA stated (January, 1978) that of these, 19 units stood allotted as per the records of the allotment branch that the position in respect of one case was to be checked and that 141 had since been allotted.

3.13. Non-allotment of a number of flats for considerable periods of time resulted not only in avoidable expenditure on maintenance and watch and ward but also delay in realisation of revenue.

3.14 A test-check (August 1977) also revealed that 5,999 dwelling units (MIG 942, LIG 4,903, Janata/CSP 154) had been allotted after introduction of the registration schemes to unregistered persons and organisations though a large number of registered persons were on the waiting list for allotment (31,983 as on 31 March 1977). The break-up was as below:

	Number of dwelling units allotted		
	MIG	LIG	Janata/CSP
On compassionate grounds . . . . .	..	222	25
On account of family planning drive	10	20	..
By invitation of fresh applications on account of poor response from registered applicants . . . . .	..	4900	..

	Number of dwelling units allotted		
	MIG	LIG	Janata/CSP
Considered as beyond the means of MIG group	100	...	..
To DDA's own employees	261	226	129
To organisations/departments such as LIC, International Airports Authority, State Bank of India, Income-tax Department Post & Telegraphs Department etc.	518	426	..
To employees of Minerals and Metals Trading Corporation	53	..	..
TOTAL	942	4,903	154

3.15. The disposal and hire-purchase prices of dwelling units were worked out by the DDA on the basis of a standard formula, which took into account the cost of land and the cost of construction (including internal development of the group housing area and departmental, administrative and interest charges at certain prescribed rates) and envisaged that these would be on 'no profit no loss' basis. After determining the prices as per this procedure, certain inter-floor adjustments were made to arrive at the price of each dwelling unit.

3.16. It was noticed, however, that in some cases, during the period March 1975 to March 1977, the prices of the dwelling units had been fixed higher than the prices worked out on the basis of the standard formula, mentioned above. Such higher fixation of prices of dwelling units as compared to those worked out under the standard formula in the case of group housing schemes in Prasad Nagar, Wazirpur residential scheme Phase III, Rajouri Garden, Lawrence Road and Kalkaji resulted in additional realisation of Rs. 196.20 lakhs to the DDA.

3.17. In certain other cases during the period November 1976 to April 1977, the prices were fixed below those worked out on the basis of the standard formula. Such lower fixation of prices in the case of group housing schemes in Pandunagar, Katwaria Sarai, Rajouri Garden, Munirka and Ber Sarai resulted in less realisation (as compared to the standard formula) of Rs. 85.96 lakhs.

3.18. The DDA had not prepared (December 1977), except for a few schemes, proforma accounts showing the financial results of the various schemes undertaken by it from time to time.

3.19. For the land utilised by the DDA for its various residential schemes, premia at pre-determined rates and ground rent were payable to the Delhi Administration for credit to the revolving fund

and as revenue respectively. The arrears on this account as on 31st March, 1977 amounted to Rs. 578.97 lakhs towards premium; the figure for ground rent was not available.

3.20. The following cases, wherein the DDA had to incur extra expenditure on works relating to construction of dwelling units, were noticed during test-check:—

- (i) The work "188 MIG and 188 LIG dwelling units in 3-storeyed blocks and internal development of 3.86 hectares at Ashok Vihar" was awarded to a Firm 'E', after call of tenders, at 52.64 per cent above the estimated cost of Rs. 41.03 lakhs, in September 1973, for completion in 15 months, i.e. by December 1974. The DDA had not prepared detailed estimates of the work when the tenders were invited. During execution of the work, there were disputes between the DDA and the contractor in the matter of the latter's liability to execute additional, altered and substituted work. The disputes were referred to arbitration in January 1976 and in April 1976 the contractor stopped work. The DDA rescinded the contract in Nov. 1976 and black-listed the firm 'E' in December 1976.

Tenders for the balance work (excluding 30 LIG and 36 MIG dwelling units and 66 scooter sheds), estimated originally to cost Rs. 15.60 lakhs, were invited in April 1977 at the risk and cost of firm 'E' and the work was awarded in September 1977, after negotiations, to the lowest tenderer (company 'F', the main shareholders of which were partners in firm 'E') at 118 per cent above the estimated cost, i.e. at Rs. 34.00 lakhs.

3.21. The DDA stated (January 1978) that—

- it was not clear from the record as to how and why the notice inviting tenders was prepared before preparing detailed estimates and drawings,
- it appeared that the notice inviting tenders was prepared on the basis of quantities in other LIG/MIG houses then under construction as the work was required to be taken up immediately,
- extra cost incurred on completion of the work was recoverable from firm 'E' and the arbitration award was awaited, and

— flats when completed would be sold at the actual cost and as such there would be no loss to the DDA.

- (ii) After calling tenders, a contractor 'G' was awarded (May 1970) the work of construction of 144 dwelling units in Wazirpur Phase I at 35 per cent above the estimated cost of Rs. 19.44 lakhs for completion by June 1971. In November 1970, the same contractor was awarded, without calling for tenders, the work of constructing 33 additional units at the same rates (as for the first work) for completion by September 1971. The progress of both the work was very slow and the contracts were rescinded in January 1973. Thereafter, 90 dwelling units, which were in advanced stages of construction, were completed departmentally and the other 87 dwelling units were got constructed at the risk and cost of contractor 'G' by April 1975 by another agency. The actual expenditure on construction was Rs. 5.42 lakhs more than the amount of the contract with contractor 'G'. The extra expenditure had not, however, been recovered from contractor 'G' who had asked for arbitration and the arbitration proceedings had not been finalised yet (December 1977). The DDA stated (January 1978) that since the contractor failed to attend the arbitration proceedings in spite of repeated notices issued to him by the arbitrator and as the time for award under the Arbitration Act had also expired, it was exploring legal steps to be taken for effecting recovering from the contractor.

[pp. 254—263 of paragraph 29 of the Advance Report of the C&AG for the year 1976-77, Union Govt. (Civil)].

3.22. It is seen from the Audit paragraph that in June, 1962, the DDA approved in principle a scheme for construction and sale of houses and flats on hire-purchase basis to lower and middle income groups. In March, 1963, it sanctioned 2 pilot projects for construction of 82 houses containing 164 dwelling units but disposed of 160 units in 1965-66 on cash-down basis. In December 1966, the DDA decided that housing schemes for low and middle income groups should be on group housing system and that flats might be constructed on 75 per cent of the plots earmarked for residential purposes (the balance of 25 per cent of plots being disposed of in open auction) for disposal on hire-purchase basis.

3.23. In February 1970, the Authority considered the question of stepping up of construction programme and, in order to meet the administrative needs of housing construction activity, considered it advisable to set up a Housing Committee. In a note placed by the Standing Committee before the Authority on 21 February, 1970, it was stated that the proposed Committee could enjoy all the powers of the Delhi Development Authority and in practice act independently of the main body, in respect of the housing schemes.

3.24. The proposal was considered by the Authority and the following resolution (No 60) was passed on 21 February, 1970:

"Resolved that the recommendations of the Standing Committee be approved and all the powers of the Delhi Development Authority be exercised by the Housing Committee, and the Chairman, Delhi Development Authority, authorised to constitute the said Committee, determine the organisational set-up, and take all other action necessary for implementing the housing and allied schemes."

3.25. Accordingly, the Housing Committee was constituted by the Chairman of the Authority on 9 March, 1970. Later, on 22 August, 1970, the following notification was issued by the DDA empowering the Chairman, DDA to constitute a Housing Committee:

"DELHI DEVELOPMENT AUTHORITY

No. F. 1 (20)/70. HD/DHC

Dt. 22nd August, 1970.

In exercise of the powers conferred on it by Sub-section 1 of section 52 of the Delhi Development Act (No. 61 of 1957), the Delhi Development Authority hereby empowers the Chairman, DDA to constitute the Housing Committee under Section 5A *ibid* and to determine the organisational set up and to take all other action necessary for implementing the Housing and allied schemes.

M. L. Mongia,

Secretary

Delhi Development Authority."

3.26. By another notification issued on the same date, the DDA delegated its powers to the Housing Committee. The notification is reproduced below:

"DELHI DEVELOPMENT AUTHORITY

No. M. 2(20)/70-HD/DHC

Dt. 22 August, 1970.

Notification

In exercise of the powers conferred on it by Sub-section 1 of Section 52 of the Delhi Development Act (No. 61 of 1957), the DDA hereby directs that all the powers exercisable by it under the said Act except the powers to make Regulations shall also be exercised by the Housing Committee of the Authority constituted under Section 5A *ibid*.

M. L. Mongia
Secretary

Delhi Development Authority."

3.27. Sub-section (1) of Section 52 of the Act under which powers were delegated by the Authority provides as follows:

"The Authority may, by notification in the Official Gazette, direct that any power exercisable by it under this Act except the power to make regulations may also be exercised by such officer or local authority or committee constituted under section 5A as may be mentioned therein, in such cases and subject to such conditions, if any, as may be specified therein."

3.28. Section 5A(1) which empowers the Authority to constitute committees reads as follows:

"The Authority may constitute as many committees consisting wholly of members or wholly of other persons or partly of members and partly of other persons and for such purpose or purposes as it may think fit."

3.29. Enquired whether it was in order for the DDA to have delegated all its powers to the Housing Committee, the Ministry of Works and Housing have replied:

"Under Section 5(A) read with Section 52 of the Delhi Development Act, 1957, the delegation of all these powers seems to be in order."

3.30 When proposal for reconstituting the Housing Committee was considered in May, 1977, the composition of the Committee was as follows:

Chairman, DDA	Chairman, Housing Committee,
Chief Executive Councillor	Member
Shri Brij Lal Goswami Member Metropolitan Council	"
Shri Jagmohan, V.C., DDA	"
Finance Member, DDA	"
Engineer Member, DDA	"

3.31. In para 10 of the note placed before the Authority on 9-6-1977, it was stated:

"The Resolution (No. 60 of 21-2-70) also seems to give an impression that the powers of the DDA could be exercised by the Housing Committee. Thus, it would appear from the note leading to the Resolution dated 21-2-1970 that it was conceived that—"the proposed Housing Committee would enjoy all the powers of the DDA and act in practice independently of the main body, in respect of the housing schemes."

3.32. The Authority considered the above matter at its meeting held on 9-6-1977 and passed the following Resolution (No. 155):—

"Resolved that in modification of Resolution No. 60 dated 21-2-70, the Housing Committee be reconstituted on housing and allied schemes.

Resolved further that the said committee be reconstituted by the Chairman, DDA and its Members named by him; and

that the powers to be delegated to the Committee be identified and spelt out in such a manner that while the Committee functions with full powers and authority in regard to matters connected with details relating to the housing programme, it functioned within the broad policies that might be framed by the Authority, and reported to the Authority periodically about its working and that a note in this regard be submitted to the Authority for decision. and until then, the existing powers delegated to the Housing Committee be continued."

3.33. In the note placed before the Authority on 9 June, 1977, it was also stated:

"9. The related files relating to the above reported composition of the Housing Committees are not yet available to decide on the status of this committee and proceed with calling a meeting of this Committee as reportedly existing. Efforts are being made to get a comprehensive picture of the working of the Committee so far."

3.34. Section 52(1) of the Delhi Development Act, 1957 provides that "The Authority may, by notification in the Official Gazette, direct that any power exercisable by it under this Act except the power to make regulations may also be exercised by such officer or local authority or committee constituted under Section 5A as may be mentioned therein, in such cases and subject to such conditions, if any, as may be specified therein." Section 5A(1) of the Act provides that "The Authority may constitute as many committees consisting wholly of members or wholly of other persons or partly of members and partly of other persons and for such purpose or purposes as it may think fit."

3.35. Section 5A of the Act empowers the Authority to constitute committees. It is, however, noticed that instead of the Authority constituting the Housing Committee, the Authority by its Resolution No. 60 dated 21 February, 1970 and by a later notification dated 22 August 1970 empowered the Chairman, DDA to constitute the Housing Committee under Section 5A.

3.36. Further, the first Housing Committee was constituted on 9 March, 1970 whereas the notification empowering the Chairman to constitute such Committee was issued more than five months later.

3.37. It is also seen that by the same Resolution dated 21 February, 1970 and another notification dated 22 August, 1970 the Authority had delegated to the Housing Committee all the powers exercisable by the Authority under the Act except the power to make regulations. The powers delegated to the Housing Committee had not been specified nor were regulations framed for conducting the business of the Housing Committee. The Housing Committee functioned for more than 7 years and it was only on 9 June, 1977 that the Authority passed a Resolution (No. 155) stating that the delegated powers of the Housing Committee should be identified and spelt out and its working should be reported to the Authority periodically.

3.38. The Committee would therefore suggest that the opinion of the Ministry of Law may be obtained as to whether the notifications

relating to the constitution of the Housing Committee and the delegation of "all the powers exercisable by it (DDA)" to that Committee are in order, particularly keeping in view the provision contained in Section 52 of the Delhi Development Act, 1957, which empowers the Authority to delegate "any power" and not "all the powers" to "such officer or local authority or committee constituted under Section 5A."

3.39. The Committee have been informed that the original file relating to the constitution of the first Housing Committee is not traceable. They would like to be informed whether this file has since been traced and if not, what action has been taken against the persons responsible for the proper custody of the file.

3.40. The Audit paragraph points out that allotment of dwelling units is made on perpetual leasehold basis, subject to the fulfilment of certain conditions, to persons who are registered with the DDA under its advance registration schemes. The first scheme of advance registration was started in December 1969 and was followed by two similar schemes operated in 1972 and 1976. In addition, the DDA made special registration in 1972 for public servants who were to retire between April 1972 and March 1975 and exclusively for scheduled castes/tribes in 1973.

3.41. Prior to the registration scheme of 1976, allotments were being made on hire-purchase basis as well as on cash down basis. With effect from the registration scheme of 1976, first preference is given to those who are prepared to pay the cost of the dwelling units in full on allotment. Persons who are prepared to pay 75 per cent, 50 per cent and 33 per cent of the cost of the dwelling units are given second, third and fourth preference respectively.

3.42. The reason for bringing about the changes in the policy of allotment of dwelling units as given by the Ministry was the need to plough back the investment made by the DDA in the absence of adequate resources, so that the construction of additional dwelling units could be taken up. Further changes made by the DDA in July 1977 in the scheme are as under:

1. "The allotment of flats is now being made on the basis of applicants seniority in registration determined from the date of deposit of registration amount at the rate of 50:50 on Cash Down and Hire purchase basis;
2. Persons getting allotment on hire-purchase basis have to pay 50 per cent of the cost of the flat (including amount paid at the time of registration) on allotment and the

interest, spread over a period of 7 & 10 years in respect of M.I.G. and L.I.G. flats respectively. In the case of Janata flats, 30 per cent of the cost of the flats would be payable at the time of allotment and the balance in instalments with usual interest spread over a period of 15 years. Community Services Personnel flats would continue to be allotted on instalments as at present."

3.43. The following table shows the total number of persons registered, allotments made and number of persons awaiting allotment, category-wise, as on 31st March 1977:

Category	Registrations	Allotments/ Cancellations	Awaiting allotment
M.I.G.	29,868	12,667	11,201
L.I.G.	20,866	10,458	10,405
Janata/Community Services Personnel (CSP)	19,273	9,187	10,085
Retired personnel	848	560	288
TOTAL	64,855	32,872	31,983

3.44. The Ministry of Works & Housing have informed the Committee that out of the 32872 allotments/cancellations the allotment was made to 21917 persons and in the 10955 cases the registration was cancelled. The main reasons for cancellation of the registration as stated by the Ministry are as follows:

- "(i) Primarily on the basis of withdrawal requested by the Registered persons; and
- (ii) In some cases due to the non-fulfilment of terms and conditions of registration/allotment including the failure to pay instalments due."

3.45. When the Committee enquired about the steps taken by the DDA to accelerate construction of houses to meet the heavy pending demand of 31,983 applicants, who were awaiting allotments, the Ministry of Works & Housing have stated:

"The figures of 64,855 persons as furnished upto 31.3.77 do not include the figure of 64 persons registered in view of their land acquired in the end of 1967 and in beginning

of 1977. As on 31.12.78, 21,543 persons including 194 persons registered under R.P.S. (Retired Public Servants) category were awaiting allotment. In the month of January, 1979 about 1125 flats have been allotted to registered persons. Thus, as on 18-1-1979 20,418 persons are awaiting allotments. It is stated that tentative plan for the Sixth Five Year Plan commencing from 1st April, 1978 to March, 1983 has already been prepared which envisages construction of houses as detailed below category-wise:

Year	MIG	LIG	JANATA	CSP	EWS	TOTAL
HOUSES						
1978-79	2608	3325	1332	628	3096	10989
SKELETON HOUSES						
	4478	4476	8164	2000	856	19974

It is proposed to construct about 20,000 houses in each of the following three years 1980-81, 1981-82 and 1982-83) as detailed below:

1980-81	1981-82	and	1982-83
Skeleton houses	.	.	5000
M.I.G.	.	.	3000
L.I.G.	.	.	3000
Janata	.	.	9000
20000 × 3 = 60,000"			

3.46. The following table shows the total number of persons registered originally, total registration after conversion from one category to another, flats allotted, registration cancelled and number of persons awaiting allotment as on 30 June, 1978 and the position of allotment of flats to Retiring Public Servants:

S.No.	Registration	Total No. of persons registered. originally			
		MIG	LIG	JANATA	TOTAL
1.	Ist Regn. 1969-70	3501	4747	2603	10851
2.	IInd Regn. 1971-72	9984	6203	4279	20466
3.	Spl. Regn. 1973 (SC & ST)	325	1050	4111	5486
4.	New Regn. 1976	10058	8866	8280	27204
TOTAL		23868	20866	19273	64007

Total Regn. after conversion from one to another & 64 persons regn. in lieu of acquisition of their land.

Total registration after conversion from one to another & 64 persons registration in lieu of acquisition of their land.

	MIG	LIG	Janata	Total
1. Ist Regn. 1969-70	4227	4200	2424	10851
2. IInd Regn. 1971-72	10636	5720	4110	20466
3. Spl. Regn. 1972 (SC & ST)	343	1040	4103	5486
4. New Regn. 1976	10103	8883	8282	27268
TOTAL	25309	19843	18919	64071

Allotment made

	MIG	LIG	Janata	Total
1. Ist Regn. 1969-70	2575	3397	1349	7321
2. IInd Regn. 1971-72	4749	4078	2291	11118
3. Spl. Regn. 1973 (SC & ST)	202	714	2073	2989
4. New Regn. 1976	906	400	1340	2646
TOTAL	8432	8589	7053	24074

Cancelled

	MIG	LIG	Janata	Total
1. Ist Regn. 1969-70	1224	583	903	2710
2. IInd Regn. 71-72	4456	890	1591	6937
3. Spl. Regn. 73	132	100	906	1138
4. New Regn. 76	2097	1448	2679	6224
TOTAL	7979	3021	6079	17009

Balance of persons awaiting allotments

	MIG	LIG	Janata	Total
1. Ist Regn. 1969-70	428	220	172	820
2. IInd Regn. 71-72	1431	752	228	2411
3. Spl. Regn. 73	9	226	1124	1359
4. New Regn. 76	7100	7035	4263	18398
TOTAL	8968	8233	5787	22988

	Total	Allotted	cancelled	Balance
Category 'A'	240	115	53	72
Category 'B'	243	83	111	49
Category 'C'	223	93	84	46
Category 'D'	142	23	68	51
TOTAL :	848	314	316	218

347. It is seen that out of 32872 dwelling units offered for allotment till 31 March, 1977 on the basis of registrations, 10955 registrations had been cancelled primarily because the applicants withdrew their registration or due to non-fulfilment of terms and conditions of allotment. In a note, the Ministry have stated that the following changes have been made in the procedure and conditions of allotment so as to reduce surrendering/cancellation of allotment:

"The earlier system of allotment by draw of lots has been substituted by allotment on the basis of applicants seniority in Registration. This is to subserve the principle of "first come first serve" and also to make a sizeable cut in the number of applications received for flats. This has helped in the scrutiny of applications and preparation of results etc.

The earlier policy to give preference in allotment to those who are able to pay in lump-sum basis has been substituted by allotment under cash down & hire purchase system of 50:50 basis. The period of Hire Purchase has also been increased. It is now 7 years (84 equated monthly instalments) in case of MIG, 10 years (120 monthly instalments) in case of LIG and 15 Years (180 monthly instalments) in case of Janata. In case of CSP (Community Services Personnel) flats all flats will be allotted on Hire purchase basis, the cost to be recovered over 180 equated monthly instalments.

The shift in policy will reduce the number of surrender/cancellation of allotment. Previously with their anxiety to secure allotment people used to apply under Cash Down

system but as in many cases they were unable to arrange funds the allotments were surrendered/cancelled. A change in the mode of payment shall bring down the number of cancellation/surrender.

Earlier the allottees were, irrespective of merit of each case, very much pressed to make payments within the scheduled time. By Government servants the allotments were secured under Cash Down system with a view to pay cost by obtaining House Building advance from their respective offices. But the sanctioning of loan took some time. A large number of allotments had therefore to be cancelled or allottees themselves withdrew. Taking into account these difficulties, the DDA is now giving all possible extension for payment especially in cases of Government servants, in case they are able to produce a certificate from their employer that they are entitled for HBA and would be in a position to get it soon. It has also produced good results and the number of surrenders/cancellations is expected to come down.

Formerly for allotments of flats two different draws were held:—One to decide as to who shall get allotment and the other for determining the specific number of flats. Now, this system has been discontinued and has been replaced by the system of only one draw, thereby streamlining the procedure of allotment and cutting short the time taken in completing it.

Formerly, no option for floor was exercisable by allottees. In many cases after allotment the allottees made representations for change of floor on grounds of health etc. and continued to pursue their cases for change and in that process would avoid completing formalities about payment etc. The whole problem was examined by the Housing Committee recently and the following new policy has been evolved. This will avoid delays in the finalisation of payments etc. and the number of surrender/cancellation will also reduce considerably:

“No preference for pocket, block or type can be exercised and no request for change of pocket, block or type will be entertained. Mutual exchange will however be permitted subject to the two allottees paying the cost of the flats and undertaking not to seek cancellation of allotments. However, if any applicant wants to apply

for specific floor, he may indicate the same in the application form and the offer of allotments will be confined to that floor, if he succeeds in the draw of lots for such a floor. No allotment will be made if a flat on different floor is drawn in the lots."

3.48. It is seen from the Audit Paragraph that a test check carried out in August 1977 had revealed that 5999 dwelling units (MIG 942, LIG 4903, Janata/CSP 154) had been allotted after introduction of the registration schemes to unregistered persons and organisations though a large number of registered persons were on the waiting list for allotment (31,983 as on 31 March 1977). The Committee desired to know as to why these allotments could not be made to the registered persons. The Ministry have stated:

"These allotments have been made to the unregistered persons and organisations as per following details:

- (i) On compassionate grounds.
- (ii) On account of family planning drive.
- (iii) By invitation of fresh applications on account of poor response from the registered applicants.
- (iv) Considered as beyond the means of MIG Group.
- (v) To DDA's own employees.
- (vi) To organisations/Govt. of India Deptt.
- (vii) To employees of Minerals and Metals Trading Corporation.

It could be said that allotments which have been made by invitation of fresh applications on account of poor response from the registered persons, could not be allotted to the registered persons. The following table makes it clear that the response from the registered persons for 4602 LIG flats constructed in Lawrence Road has been far from adequate:

Date of Draw	Flats released	Flats allotted	Cancelled after allotment	Net allotment
10-1-72	272	249	70	179
15-6-72	168	43	9	13
8-7-72	264	122	18	104

3.49. After July 1972, the flats were released to the registered as well as unregistered persons. The earnest money demanded from non-registered persons in the first instance was Rs. 3000/- and when the response was poor, this was reduced to Rs. 500/-. The following table will explain position:

Date of Draw	Flats released	Flats allotted	Cancelled after allotment	Net allotment
10-8-72	900	290	62	228
16-11-72	13	13		13
6-12-72	600	123		123
27-1-73	530	530		530
21-2-73	1020	1020		1020
9-8-73	189	189		189
29-10-73	1560	1560		1500

"Regarding out of turn allotment to unregistered persons, the same could have been made to the waiting list persons/registered persons."

3.50. Enquired whether the policy of out-of-turn allotment was got approved by the Housing Committee, the Ministry of Works and Housing have stated:

"The Housing Committee while considering the case of out of turn allotment *vide* its Resolution No. 9 dated 8-5-70 had resolved that in case of extreme hardships and of immediate nature, the Chairman, Housing Committee may take suitable decision. However, later on the Vice-Chairman began exercising these powers on the basis of a note recorded by him that the Lt. Governor/Chairman, Housing Committee had decided that the individual cases should be decided by the Vice-Chairman in the light of principles/precedents indicated by the Lt. Governor. He wanted that special attention should be given to the cases of widows and dependents of defence personnel.

While considering the case of allotment on family planning and foreign exchange, the Housing Committee *vide* its Resolution No. 343 dated 28-1-77, *inter-alia*, was informed

that allotments are being made by the Vice-Chairman on compassionate grounds. This can be construed as decision of the Housing Committee authorising V. C. to make out-of-turn allotments in deserving cases."

3.51. The Committee also wanted to know the orders and authority under which these out-of-turn allotments were made. The Ministry of Works and Housing have informed as follows:

"In the beginning, out-of-turn allotments were used to be made under the orders of the then Lt. Governor/Chairman, D.D.A. Later on, as the number of cases were increasing and it was not possible to refer each and every case to the Lt. Governor, the Vice-Chairman started passing orders to make such allotments. But, during the period from September 1973 to December, 1974 a number of out-of-turn allotments were made by the Commissioner (Housing.)"

3.52. It is seen from the Audit paragraph that 4000 LIG dwelling units were allotted to unregistered persons as there had been poor response from the registered persons. When the Committee desired to know the reasons for this poor response from the registered applicants, the Ministry of Works and Housing, in a written note, stated:

"No survey has been conducted by DDA to ascertain the reasons for poor response from registered applicants for (4000) LIG houses allotted in Lawrence Road Residential Scheme to unregistered persons including some institutions/organisations, like State Bank of India, Life Insurance Corporation of India and DDA Staff Quarters. However, the DDA has adduced the following reasons:

The flats at Lawrence Road were constructed as Industrial Tenements comprising one living room and one multipurpose room, subsequently converted into LIG flats.

Generally, the accommodation provided in LIG flats consist of two rooms, kitchen bath, W.C., Balcony etc. but these flats comprised only one room, one multipurpose room, W.C. and bath. No separate kitchen was provided in these flats.

Lack of adequate civic amenities like Schools, Dispensary, Bus services, Post Office, Bank and Market etc. at initial stages discouraged registered persons.

This area is situated at a distance of about 15 kms and considered far from Connaught Place, which is considered the Central Place of the city.

In initial stages, teething troubles in the new colony were observed in respect of services and basic amenities which were focussed through the news media and in Parliament Questions in a big way, thus discouraged the registered persons from applying for allotment of flats in Lawrence Road."

3.53. In accordance with Resolution No. 262 passed by the Authority on 17 August, 1968 five per cent of the flats in MIG/LIG and Janata categories are reserved for DDA staff. The allotments are made on the basis of the seniority of the applicants in service. The Resolution does not apply to those employees of the Authority who have come on deputation from different organisations. Till 27 February, 1978, 642 (261 MIG; 226 LIG; 129 Janata and 20 (CSP) flats had been allotted to DDA employees. In accordance with the Housing Committee's Resolution No. 408 dated 27 February 1978, flats are now allotted to DDA employees in line with other members of the public on 50 per cent cash down and 50 per cent hire purchase basis. Till October, 1978, 124 more flats (35 on cash down and 89 on hire purchase basis) had been allotted.

3.54. As regards allotments made to Government departments, public undertakings etc. the Ministry have furnished the following information:

- “(1) 52 MIG flats were allotted to P&T Department in Janak Puri for the purpose of allotment as staff quarters. The payment was made by the P&T Department in lump sum.
- (2) 178 LIG flats in Kalkaji, 40 MIG flats in Parshad Nagar and 72 MIG flats in Rajouri Garden have been allotted to the Income-tax Department for providing residential accommodation to their officers and staff. The payment was received in lump sum from the department.
- (3) 308 MIG flats in Pankha Road, 66 LIG flats on Lawrence Road and 24 MIG flats in East of Kailash were allotted to Life Insurance Corporation of India for its employees. The payment has been made or is to be made by the LIG.
- (4) 132 LIG flats have been allotted at Lawrence Road to the State Bank of India for use by their staff. The payment was made in lump sum by the State Bank of India.

- (5) 28 MIG flats in Pankha Road and 28 MIG flats at Wazirpur were allotted to Minerals and Metals Trading Corporation of India. The payment was made by the M.M.T.C.
- (6) 50 LIG flats in Pankha Road have been allotted to the International Airport Authority for staff quarters, the payment for which were received from them.
- (7) 16 flats were allotted to the Young Women's Association on the recommendations of the Standing Committee and approved by the Authority vide Resolution No. 697 dated 16-10-67 for establishing a women hostel."

3.55. It is seen from the Audit Paragraph that 222 LIG and 25 Janata/Community Services Personal (CSP) flats were allotted by the DDA on compassionate grounds. Initially, the allotments were made by the Chairman, DDA (who was also the Chairman of Housing Committee) on the basis of Resolution No. 9 dated 8 May, 1970, passed by the Housing Committee authorising the Chairman to take decisions in such cases. Later, it appears that the Chairman authorised the Vice-Chairman to decide individual cases in the light of principles/precedents indicated by the Chairman. The Committee are informed that a number of out-of-turn allotments were made by the Commissioner (Housing) also.

3.56. The Committee are not satisfied with the procedure being followed by the DDA in making allotments out-of-turn on compassionate grounds. Such allotments can be made only by ignoring the claims of persons who have registered their names with the DDA in the ordinary course. The Committee are therefore of the view that the system of out of turn allotment on compassionate grounds should be dispensed with. However, if it is considered necessary to retain this system as a policy, the Committee would like that a firm criterion for entertaining such applications should be laid down.

3.57. The Committee have been informed that about 4000 LIG flats were allotted to unregistered persons as there had been poor response from the registered persons. It is, however, seen that there was a large backlog of persons on the waiting list of registered persons, and yet, instead of offering flats to persons on the waiting list, the DDA chose to allot flats to unregistered persons.. It is difficult to comprehend how the DDA could obtain fresh applications, ignoring the claims of registered persons, and make allotments to unregistered persons numbering over 4000. The Committee deprecate such irregular action on the part of the authorities concerned.

They recommend that the scheme regarding registration and allotment of flats should be scrupulously followed and no deviations as have been noticed in the aforesaid cases should be allowed to recur.

3.58. The staff strength of DDA is about 5,300, excluding work-charged staff. Till October 1978, 766 DDA employees had been allotted flats by the DDA out of the reserved quota of five per cent. Some employees may already have been allotted plots for construction of houses while some others may not be interested in purchasing flats for lack of resources or any other reason. Considering the above facts as also the unsatisfied demand of the general public for flats, the Committee recommend that Resolution No. 262 dated 17 August, 1968 reserving five per cent of the flats for DDA employees should be reviewed to see whether there is any justification for continuing such reservation.

3.59. The DDA floated registration schemes in 1969, 1972 and 1976. Special registration scheme for retiring public servants was started in 1972 and for scheduled castes/tribes in 1973. As on 18 January, '79 the number of registered persons awaiting allotments was 20,418. In spite, of a backlog of registered persons awaiting allotment, the DDA allotted flats to Government Departments and autonomous organisations, such as P&T Department, Life Insurance Corporation of India, State Bank of India, Minerals and Metals Trading Corporation of India and International Airport Authority for their employees. There is no policy decision taken by the DDA regarding allotment of flats to Government departments or autonomous bodies or private organisations. The aforesaid allotments were evidently made on the basis of ad hoc decisions. This is regrettable. The Committee recommend that the policy regarding allotment of flats to Government departments and autonomous bodies should be reviewed and if it is considered necessary to continue such allotments in future, detailed procedure regarding eligibility and terms and conditions of allotment should be firmly laid down.

3.60. It is seen from the Audit paragraph that the disposal and hire-purchase price of dwelling units were worked out by the DDA on the basis of a standard formula, which took into account the cost of land and the cost of construction (including internal development of the group housing area and departmental, administrative and interest charges at certain prescribed rates) and envisaged that these would be on "no profit no loss" basis. After determining the prices as per this procedure, certain inter-floor adjustments were made to arrive at the price of each dwelling unit. It was noticed, however, that in some cases, during the period March, 1975 to March, 1977 the prices of the dwelling units had been fixed higher than the

prices worked out on the basis standard formula mentioned above. Such fixation of prices of dwelling units as compared to those worked out under the standard formula, in the case of group housing schemes in Prasad Nagar, Wazirpur residential scheme Phase III, Rajouri Garden, Lawrence Road and Kalkaji resulted in additional realisation of Rs. 196.20 lakhs to the DDA. (According to a note furnished by the Ministry, the allottees in Kalkaji were charged as per standard formula).

3.61. The Committee have been informed that the disposal cost of flats is determined in the following manner.

- (1) *Cost of land:* Previously, while working out the disposal cost of the flats, cost of land at the reserve rate for 75 per cent of the Group Housing pocket was included and the same was apportioned on the number of dwelling units constructed in that pocket on plinth area basis. On the recommendation of the expert Committee headed by Shri R. Gopalaswamy in 1974-75, this percentage was reduced to 50. Recently, it has been decided to charge uniformly for the land in all areas at the following rates: MIG—Rs. 45 per sq. yard LIG—Rs. 30 per sq. Yard; Janata—Rs. 20 per sq. yard.
- (2) *Cost of construction:* This cost (including cost on water, electricity and sanitary installations) is worked out on the basis of actual or expected expenditure.
- (3) *Cost of overheads:* Previously departmental charges were levied at 15 per cent for MIG and LIG flats and 11 per cent for Janata flats. No charges are recovered in respect of CSP (Community Services Personnel) flats. These charges were reduced in December, 1977 from 15 per cent and from 11 per cent in the case of Janata to 8 per cent. These charges as also interest and administration charges

have been further changed recently. The cost of overheads is now as follows:

Item	As per old pricing policy	As per new pricing policy
Departmental charges	10% for MIG & LIG 8% for Janata	10% for MIG and LIG 6.5% for Janata/EWS
Interest charges	7½% per annum for a period of 9½ years	Interest charges are now charged for a period of months only at the following rates : MIG-9% p.a. LIG-7½% p.a. Janata/ EWS-6% p.a.
Administration charges	2% per annum for a period of 1½ years	1% for period of one year in the case of MIG/LIG No such charges for Janata/EWS.

3.62. The Committee desired to know whether there was any justification for charging at rates higher than the rates fixed as per standard formula (approved by the Housing Committee *vide* its Resolution No. 209 dated 26 November, 1974) from the allottees of group housing schemes in Prasad Nagar, Wazirpur, Rajouri Garden and Lawrence Road. To this, Ministry have, in a note, stated:

“Apparently this was done for the following reasons:

- (i) On ground of popularity and location of the colonies.
- (ii) To even out the fluctuations in the cost of construction in different areas.
- (iii) To subsidise the dwelling units constructed for weaker sections of the society.”

3.63. During evidence, the Secretary, Ministry of Works and Housing gave the following justification for charging at higher rates:

“.....it is not entirely wrong for a public authority to add certain margin to the prices of industrial land and commercial land with which it can subsidise its disposal of land for residential purposes.... The finance thus raised would enable other schemes to be undertaken and also subsidise low income-group housing schemes.”

3.64. When attention of the witness was drawn to the fact that 188 LIG flats in Wazirpur were disposed of by charging Rs. 500 per flat as an additional amount, he stated:

"There were 3 or 4 categories of housing, viz. high income, middle income and LIG. The fourth category called Janata, roughly corresponds to what we in the Ministry and elsewhere call EWS (Economically Weaker Section). For this last category, there is a subsidy. In fact, you are quite right: what is technically called LIG had to pay an additional charge of Rs. 500/-; but if the lowest category is being subsidised, I think it is creditable."

3.65. On the question of subsidy, the Vice-Chairman, during evidence stated:

"I would like to make a confession on behalf of DDA, that we have really had no clear-cut policy of cross-subsidies. A number of housing boards e.g. Madhya Pradesh Housing Board had very specifically a system of cross-subsidies. The Maharashtra and Tamil Nadu Housing Boards, more than anybody else, had it. They have worked out a scheme whereby the upper class of housing will be nearer the market value and the surplus generated thereby will be taken into account in fixing the price or the rate of interest while allotting EWS Houses. In DDA we had no such policy, but we had taken *ad hoc* decisions from time to time. Quite frankly, the defence of *ad hoc* decisions or the submission of a rationale for the *ad hoc* decisions becomes an extremely difficult proposition. We have in fact tried to review this and to work out a specific fund which is distinct from the normal kind of General Development Fund into which these additional amounts thus generated are fed and from which we can clearly account for any cross-subsidies given. At present, such a fund has got Rs. 29 lakhs fed into it out of which Rs. 13 lakhs have been applied systematically for giving a cross-subsidy to EWS category of housing. But this is a very recent development in which the funds are accounted for separately under separate sub-heads. Thereby at any moment we can read off from those accounts. When we make a plea before you about cross-subsidies or the levies made on a particular type of housing, I myself have very strong reservations on this, because decisions were *ad hoc*."

3.66. Asked whether LIG was also not a weaker section, the Secretary, Ministry of Works & Housing stated:

"It is not only in 1977 that they had taken to subsidising Janata houses. In 1974, the DDA had taken a decision to subsidise Janata houses by reducing the departmental charges levied on Janata flats by 4 per cent of the total cost.

Coming to the other question, EWS (Economically Weaker Section) or in this case Janata Group is the group of people whose household income does not exceed Rs. 350/- a month. If my recollection is correct, in the urban areas in our country—and probably it includes Delhi also—there is something like 60 per cent or 70 per cent of people who fall into this group. LIG is a comparatively well-off group, even though they have this label. Its household income ranges between Rs. 350/- and Rs. 600/- a month. They are roughly about 15 per cent, if I remember correctly, of the total number of people. In the circumstances, our endeavour has been to concentrate whatever subsidies are possible on the lowest category viz. EWS. We are not denying that LIG is also a comparatively less-privileged group, when EWS is so under-privileged that our endeavour would be to concentrate any subsidy on them. This has been our endeavour."

3.67. On enquiring whether the DDA had charged anything extra from the allottees of MIG flats to subsidise the weaker sections of the society, the Vice-Chairman, DDA replied:

"We do not have any policy on that. The departmental rates are charged systematically from the lowest category. There is an impost which ranges from as much as Rs. 1000 to Rs. 20,000. In the case of certain categories, this may be a part of an overall policy to provide some sort of cross subsidy. But according to me, this might just do, because the policy that is laid down is that for every category of MIG, the particular amount would be the impost and as a result of this, we would expect an accrual of approximately this amount of money into the subsidy amount, and therefore the total amount of subsidy that could be passed on to LIG housing would be such and such. We do not have that kind of planning where all the subsidy could be passed on to the lowest category. From MIG

category, we have been charging this. Then again, this *ad hoc* payment ranges from Rs. 1000 to Rs. 20,000."

3.68. In reply to a question whether there was a need for reviewing this policy, the witness stated:

"We have carried out precisely this kind of review, and therefore, both in the case of houses and in the case of commercial property, we have worked out a totally new system of pricing which specifically lays down inbuilt impost and the inbuilt subsidy by way of reduction in supervision charges, administrative charges, rate of interest, cost of land, cost of development, etc. It is hoped that this particular pricing policy will help us."

3.69. It is seen that the Housing Committee vide its Resolution No. 209 dated 26 November, 1974 approved the standard formula followed in pricing of the flats constructed by the DDA. However, during the period March, 1975 to March, 1977 the DDA charged higher rates than the rates as per standard formula from the allottees of flats in Prasad Nagar, Wazirpur, Rajouri Garden, Lawrence Road and Kal-kaji schemes resulting in additional realisation of Rs. 196.20 lakhs. The approval of the Housing Committee was not obtained for charging higher rates. According to the Ministry, higher rates were charged "apparently" on the ground of popularity and location of the colonies to even out the fluctuations in the cost of construction in different areas and to subsidise the dwelling units constructed for weaker sections of the society.

3.70. The Committee are deeply distressed to note that the DDA charged higher rates than the approved rates in fixing prices of flats in the aforesaid cases. When the pricing formula was approved by the Housing Committee, the DDA officers concerned should have scrupulously followed it and any deviation from the approved pricing formula should have first been brought before the Housing Committee and a conscious decision taken. The grounds on which higher rates were "apparently" charged, as stated by the Ministry, are unconvincing and are evidently an after-thought. This is also proved from the subsequent reduction in rates for other colonies. As regards subsidising dwelling units for weaker sections of the society, the Committee find that in the pricing formula higher rates are already charged from the MIG and LIG categories in working out the cost of land, departmental charges, interest and administration charges. Therefore, the question of charging higher rates from the allottees of the aforesaid colonies on the ground of subsidy did not arise. The Committee feel that this was a clear case of DDA taking advantage of its monopolistic position and demanding money from

allottees at rates decided in an ad hoc manner and on untenable considerations. This is regrettable. The Committee would like the Government and the DDA to review the present procedure regarding fixation of prices of flats and issue necessary instructions so that such instances do not recur.

3.71 The Committee find that the charge towards cost of over-heads taken into account in fixing the disposal price of flats have been revised a number of times. In the cost of over-heads, the MIG and LIG categories have to share a higher rate as compared to the Janata and EWS (Economically Weaker Section) categories. Evidently, the intention is to subsidise the latter category out of the receipts from the MIG/LIG categories. As LIG category also deserves some relief from the already higher cost of LIG flats, the Committee would like the Government to examine whether the element of subsidy to the residential scheme of the DDA could appropriately be met from out of the receipts from the land and houses sold for industrial or commercial purposes or from a separate fund which may be created for the purpose.

3.72 The procedure for management and disposal of housing estates is governed by the Delhi Development (Management and Disposal of Housing Estates) Regulations, 1968 which were approved by the Authority vide its Resolution No. 631 dated 18 September, 1967. These Regulations were later approved by the Lt. Governor (Administrator) (exercising his delegated powers of Central Government) and notified on 27 April, 1968.

Regulation 6 provides as follows:

The hire-purchase price or the disposal price as the case may be shall be such price as may be determined by the Authority."

Regulation 60 makes the following provision:

"The Authority may delegate all or any of its powers under these regulations to the Vice-Chairman or to a whole-time member."

3.73. A proposal was placed before the Authority that for speedy disposal of flats, the power to fix the disposal and the hire-purchase price may be delegated to the Vice-Chairman, DDA. This proposal was approved by the Authority vide its Resolution No. 200 dated 15 June, 1968.

3.74 The Committee find that Regulation 6 provides that the disposal price or the hire-purchase price of flats shall be fixed by the Authority. However, the Authority by its Resolution No. 200 passed on 18 June 1968 delegated its power to fix prices of flats to the Vice-Chairman. The Committee would like the Government to examine, in consultation with the Ministry of Law, whether the above delegation of powers to the Vice-Chairman, DDA, through Regulation 60 of the Delhi Development (Management and Disposal of Housing Estates) Regulations, 1968, is within the framework of the parent Act and the Rules made thereunder and does not tantamount to excessive delegation.

3.75 It is seen from the Audit Paragraph that the work on "188 MIG and 188 LIG dwelling units in 3-storeyed blocks and internal development of 3.86 hectares at Ashok Vihar" was awarded to a firm "E" (M/s. Uppal Engineering Construction Company), after call of tenders, at 52.64 per cent above the estimated cost of Rs. 41.03 lakhs, in September, 1973, for completion in 15 months, i.e. by December, 1974. The DDA had not prepared detailed estimates of the work when the tenders were invited. During execution of the work, there were disputes between the DDA and the contractor in the matter of the latter's liability to execute additional, altered and substituted work. The disputes were referred to arbitration in January, 1976 and in April, 1976 the contractor stopped work. The DDA rescinded the contract in November, 1976 and black-listed the firm in December, 1976.

3.76. The tenders for the balance work estimated originally to cost Rs. 15.60 lakhs, were invited in April 1977 at the risk and cost of firm 'E' and the work was awarded in September, 1977, after negotiations, to the lowest tenderer (Company 'F', the main shareholders of which were partners in firm 'E') at 118% above the estimated cost, i.e. at Rs. 34.00 lakhs.

3.77. As regards inviting tenders before preparing detailed estimates, the DDA had, stated to Audit that it was not clear from the records as to how and why the notice inviting tenders was prepared before preparing detailed estimates and drawings...it appeared that the notice inviting tenders was prepared on the basis of quantities in the other LIG/MIG, houses then under construction as the work was required to be taken up immediately.

3.78 Elaborating the point, the Ministry have, in a note stated:

"Schedule of quantities for preparation of detailed estimates and Notice Inviting Tenders were completed on the basis of detailed estimates for various MIG/LIG houses cons-

tructed in the past prior to 1973 with modifications based on drawings for construction of 188 MIG and 188 LIG houses of Wazirpur Phase III. Probably such compilation of detailed estimates was considered feasible at that time in view of paucity of time for inviting tenders....."

3.79 The contract with the firm 'E' was rescinded in November, 1976 and the firm was black-listed in December, 1976. The Committee wanted to know how contract for the balance work was awarded to firm 'F' (the main shareholders of which were partners in the black-listed firm 'E') at 118 per cent above the estimated cost (original estimate Rs. 15.60 lakhs; tendered cost: Rs. 34.00 lakhs).

To this, the Ministry have, in a note, stated:

* "The estimate for the work was prepared based on 1967 Delhi Schedule of Rates for works in Delhi as prepared by CPWD. The work was awarded in the first instance in 1978 at 52.64 per cent above the estimated cost referred to above. The contract was rescinded in November, 1976 and tenders were recalled in April 1977 when this remaining work was awarded at 118 per cent above the rate of 1967 Delhi Schedule of Rates. It would be seen that there has been a gap of about 4 years in the award of work in the first instance and for the remaining work, and there has been a difference of 63.36 per cent above. The tender was scrutinised to compare the cost of the work with the rates of D.S.R. 1974 as prevalent at that stage. The cost of work equivalent to D.S.R. 1967 was found to be justified at 122 per cent above based on fair wages of labour and prevalent market rates, against the quoted percentage of 133 per cent above. Negotiations were conducted with the contractor and he agreed to bring down the rate to 118 per cent above which was considered reasonable by the N.A.B. and approved by them."

3.80 The Committee have been informed that the disputes between the firm 'E' (M/s Uppal Engineering Construction Company) and DDA in respect of the work awarded in September, 1973 were referred to arbitration in January, 1976. The arbitrator gave his award on 20 June, 1977 for Rs. 86220 against the claim of the contractor amounting to Rs. 6.29 lakhs. The arbitrator, however, failed to give reasons in the case of certain claims awarded by him in favour of the contractor. The arbitration award has therefore been challenged by the department and the case is now pending before the High Court of Delhi.

3.81 Asked whether any action has been taken by the DDA against the persons responsible in this case, the Ministry have informed that departmental action had been ordered against the then Engineer Member, Shri..... the then Chief Engineer, Shri..... and Shri the then Superintending Engineer. The first two officers have been placed under suspension and charge-sheets have been served on all the three officers.

3.82. As the disputes between M/s Uppal Engineering Construction Company and DDA over the execution of work relating to 188 MIG and 188 LIG dwelling units at Ashok Vihar are pending before the High Court and in view of the fact that departmental action against the officers responsible in this case has been ordered, the Committee do not wish to make any observation at this stage on the issues involved. They would, however, like to be informed of the outcome of the above court proceedings and the departmental enquiry.

3.83 It is seen from the Adit Paragraph that the work of construction of 144 dwelling units in Wazirpur Phase I was awarded in May, 1970 to a contractor 'G' at 35 per cent above the estimated cost of Rs. 19.44 lakhs for completion by June, 1971. In November, 1970, the same contractor was awarded, without calling for tenders the work of constructing 33 additional units at the same rates (as per the first work) for completion by September 1971. The progress of both the works was very slow and the contracts were rescinded in January, 1973. Therefore, the balance work was completed by April, 1975 partly departmentally and partly through another agency at the risk and cost of contractor 'G'. The actual expenditure on Construction was Rs. 5.42 lakhs more than the amount of the Contract with contractor "G".

3.84 The Committee have been informed that the case regarding recovery of Rs. 5.42 lakhs on account of extra cost from contractor 'G' for his failure to complete the construction of the aforesaid 177 houses is pending before the Arbitrator.

3.85. As the dispute regarding construction of 177 houses in Wazirpur Phase I is pending before the Arbitrator, the Committee do not wish to make any observation at this stage. They would like to be informed of the outcome of the arbitration proceedings and of the position regarding recovery of the amount due from the contractor.

CHAPTER IV

DISPOSAL OF CINEMA SITES

Audit Paragraph

4.1. On 24th December 1970, the Authority approved a proposal to dispose of commercial plots on annual rental basis also instead of on perpetual lease only. A cinema site was thereafter let out on annual rental basis on 28th December 1970. On 26th April 1972 the Authority was informed that after its decision of 24th December 1970 five cinema sites had been disposed of on rental basis. Three of the cinema sites were located on land developed under the scheme of large scale acquisition, development and disposal of land which provided that, as a general policy, developed land should be disposed of by auction at the premium determined by the highest bid. Rental was, however, not received regularly in any of the five cases, the lessees having withheld payment on one ground or other. Two of the lessees had also filed writ petitions in the Delhi High Court and obtained stay orders. The Authority noted (April 1972) that this tendency not only resulted in delay in making recoveries and locking up of capital but also in considerable avoidable work in litigation and correspondence and resolved in April 1972 to revert to the system of out-right sale of cinema sites in future. It was seen from the records of the DDA that in the case of the five cinema sites let out on rental basis, a sum of Rs. 74.77 lakhs due as on 30th September, 1977 was yet to be recovered (December 1977).

[Para 29 of the advance Report of C&AG for the year 1976-77,
Union Government (Civil)]

4.2. It is seen from the Audit Paragraph that the Authority approved a proposal at its meeting held on 24 December, 1970 to dispose of commercial plots on annual rental basis instead of on perpetual lease only. Asked who were present at the meeting when a decision for a change in the policy was taken. The Ministry of Works & Housing have in a note stated that following Members were present at the meeting of the Authority held on 24 December, 1970 under the Chairmanship of the then Lt. Governor, Delhi.

1. Shri Aditya Nath Jha, Lt. Governor, Delhi.
2. Shri S. G. Bose Mullick, Vice-Chairman, DDA.
3. Shri V. K. Malhotra, C.E.C., Delhi.

4. Shri Shiv Charan Gupta, Member Metropolitan Council.
5. Shri K. N. Sahni, Chairman, Standing Committee, MCD.
6. Shri Kishore Lal, Member, MCD.
7. Shri Ram Babu Maheswari, Member, MCD.
8. Shri C. S. Gupta, Chief Planner, T&CPO.
9. Shri B. S. Manchanda, Commissioner, MCD.
10. Shri K. C. Mathur, Engr. Member, DDA.
11. Shri J. D. Sud, Finance Member, DDA.

43. When enquired whether there was any discussion on this revised procedure, the Ministry of Works and Housing stated:

"The relevant proceedings of the meeting of the Standing Committee and the Authority show that the detailed comments of the members were not recorded in the minutes. In fact, there is no practice in vogue to record such individual comments. Only dissenting notes are separately recorded. Apparently, the resolutions were passed by both the Standing Committee and the DDA unanimously."

44. Relevant extracts from the note placed before the Authority are reproduced below:

"In the matter of disposal of commercial plots, it is possible to adopt one of two methods (i) obtain bids in auction for a lump sum premium, after which the highest bidder would pay ground rent at $2\frac{1}{2}\%$ per annum and (ii) obtain bids in auction for only the payment of an annual sum, without a lump sum premium. In either case, it would be possible to provide for an increase, at a fixed rate, of the annual payment every thirty years.

2. An example is given below of the comparative returns under the two methods, over a period of years:—

1. Suppose the premium paid for a cinema plot is Rs. 15 lakhs.	
Interest on Rs. 15 lakhs @6%	Rs. 90,000/
Ground rent $2\frac{1}{2}\%$	Rs. 37,500/
<hr/>	
Total p.a.	Rs. 1,27,500/-
<hr/>	
The return over a period of 100 years	Rs. 15 lakhs plus Rs. 1.275 lakhs 100-Rs. 142.5 lakhs
<hr/>	
2. Suppose no premium is paid, but an annual payment of Rs. 2 lakhs	
The return over a period of 100 years;	Rs. 200 lakhs

Actually, in the experiment we tried with the Cinema Site in Jhandewalan, the highest bid for annual payment without premium was Rs. 3.40 lakhs. Indications, therefore, are that by this method we shall be able to get a better return. If a number of commercial plots are thus disposed of on this basis, we shall get a better return on the whole, and a steady annual income.

The two main reasons why various parties are able to offer a higher sum by way of annual payment are (i) to the extent that premium does not have to be paid in lump-sum, they do not have to raise that sum by a loan at high rates of interest and (ii) while the capital payment of premium does not qualify for rebate of income-tax, annual payments would form part of working expenses and go to reduce the quantum of income tax payable".

4.5. The Committee have learnt from the Audit that:

"When approval of the main body to the proposed procedure was sought on 24 December 1970, the DDA had already sold on annual rental basis 4 cinema sites on 25-11-1968, 26-9-1969, 15-5-1970 and 10-8-1970."

4.6. Ministry of Works and Housing have, at the instance of the Committee, furnished the following details of the four cinema sites sold on annual rental basis before 24 December 1970.

Payal Cinema

Auction of cinema plot in the community centre, Naraina Industrial Area was held on 10-9-1970 and a bid of Rs. 2,26,400/- as annual rent given by Sardar Amir Singh Pahwa, Director (Anjala Exhibitors (Pvt.) Limited, M-60, Greater Kailash, New Delhi, was accepted. The relevant clause of the conditions of auction pertaining to the payment of annual rent is re-produced below:—

"The bid shall be for the amount which the bidders are ready, willing and prepared to pay every year, as rent, for grant of the perpetual lease-hold rights, in the said plot. The highest bidder shall, at the fall of the hammer, pay to the Delhi Development Authority through the officer conducting the auction, 50 per cent of the bid money towards earnest money in cash, or in the form of a bank draft drawn in favour of the Delhi Development Authority on a scheduled bank. No other mode of payment will be accepted. The highest bidder shall pay the balance

amount of fifty per cent towards one year's rent on 1st January, 1971. 50 per cent of the next annual rent will be payable on 1st June, 1971 and the balance 50 per cent on 1st January, 1972. From 1st June, 1972 however, the entire annual rental will be payable in the lump sum every year, i.e. on 1st June, 1973 onwards. In the event of his failure to pay annual rent as indicated above, initial payment of earnest money shall be forfeited."

Since the auction purchaser defaulted in making the payment of annual rent, a writ of demand under Section 68 of Punjab Land Revenue Act, 1887 for a total sum of Rs. 4,87,185.50p was issued against the Directors of Anjala Exhibitors Pvt. Limited on 9-8-73.

Against this writ of demand, the auction purchaser filed a writ in the Hon'ble High Court of Delhi. The Hon'ble High Court had ordered that the Plaintiff should furnish security before the Court pending decision regarding Writ Petition. The auction purchaser furnished the surety bond to the Dy. Registrar of the Delhi High Court. The DDA filed some objections against the acceptance of the surety bond. But the surety bond was accepted for a limited period i.e. upto 6-1-1975. Thereafter, no substantial progress appears to have taken place in this case and the Writ Petition is still pending for disposal in the High Court. The matter regarding recovery of annual rent is, therefore, *sub-judice*.

Deep Cinema at Wazirpur Industrial Area: (DEEP)

A cinema plot measuring 2,00.66 sq. yds. was auctioned at Wazirpur Industrial Area, Phase-I (Community Centre) on 15-5-70 on annual rental basis to Sarvshri Kuldip Singh, Kulwant Singh. Being the highest bid of Rs. 2,31,000 per annum, the bid was accepted by the Vice-Chairman.

The lessee did not pay the rent. Steps were taken to recover the arrears of rent amounting to Rs. 2,36,696/- plus a sum of Rs. 19,677/- as interest through a writ of demand issued by the Assistant Collector under section 68 of Punjab Land Revenue Act 1887. The lessee went to the High Court against this demand and obtained a conditional stay order to the effect that the respondent is restrained from recovering rent on the condition that the petitioner/plaintiff shall furnish bank guarantee amounting to Rs. 4,87,373 being the arrears or rent due upto 30-6-1973 and also continue to

furnish the bank guarantee for the rent that becomes due after this period till the disposal of the writ petition. The lessee, however, did file a bank guarantee for Rs. 4,87,373/- which was accepted by the Registrar on 9-8-73. So far as we know, the lessee has, however, not furnished further bank guarantee as per the condition of the order of the High Court. The decision of the High Court is awaited and matter is therefore, *sub judice*.

Cinema site at Karampura (known as Milan Cinema)

The land under this cinema does not form part of such land, which is being developed and disposed of under the scheme of Large Scale Acquisition & Development and Disposal of land in Delhi, sanctioned by the Govt. in 1961 but forms part of the land acquired by the DDA of its own. This site was disposed of by tender opened on 26-9-69 on annual rental basis in accordance with Vice-Chairman's orders dated 30-4-69. The ground rent has been received upto 30-6-73. The lessees of the plot were asked to pay a sum of Rs. 2,32,545.15.

On this they filed a suit against DDA and the same is still pending. In accordance with the orders of the High Court, the lessee have furnished bank guarantee for payment of the above amount and ground rent w.e.f. 1-7-1974.

Cinema site at Block 'C' Jhandewalan

This land does not form a part of the land being developed and disposed of under the scheme of Large Scale Acquisition, Development & Disposal of land in Delhi sanctioned by the Government in 1961 but forms part of the land placed at the disposal of the Delhi Development Authority under Nazul Agreement, 1937. This cinema site was disposed of by auction on 25-11-68. The auction purchaser deposited a sum of Rs. 1,70,000/- towards 50 per cent of the annual rental. The possession of the plot could not be handed over owing to the suit. The suit was decided in favour of the DDA in 1973. A demand notice, demanding a sum of Rs. 15.30 lakhs along with interest charges for the period ending 1973, was sent to the auction purchaser. Since the auction purchaser failed to pay the demand amount the bid had been cancelled by the Vice-Chairman on 18-6-76. The amount deposited by the party has also been forfeited. Subsequently, it was decided on 13-2-78 to

allot this area to the Director of Industries, Delhi Administration for construction of flatted factories."

4.7. During evidence, the Committee desired to know about the usual procedure followed for disposing of the commercial plots. The Vice-Chairman, DDA stated in reply that:—

"As per the order of the Government of India (Ministry of Home Affairs) dated 22-5-61, all properties of a commercial nature, except under the circumstances mentioned in para 8, are to be sold by auction of the premium. But in the case of Payal, Milan, Jhandewalan and Vasant Vihar, we deviated from this policy in that, instead of auctioning the lump-sum premium, two-and-a-half per cent being the ground rent, we obtained the ground rent. In this connection, a resolution was placed before the Authority on 24-12-70 (Resolution No. 304). A note was placed before the Authority saying that by adopting this changed method of auctioning the ground rent rather than the premium over a period of 100 years the Authority, by a Resolution, accepted this. However this Resolution was not implemented except in the case of these four cinemas. In fact, it was subsequently rescinded by another Authority resolution dated 26-4-72."

4.8. The Committee then desired to know why there was deviation from normal procedure in the case of these four cinema sites. To this, the witness stated:

"I am not in agreement with the method adopted. Government's orders were clear that we should auction the premium and ground-rent is by no means premium. So, whatever exercise we might do, we should have obtained the prior approval of the Government. But in this particular deviation, neither the prior approval nor *post-facto* approval was obtained. In the note we have submitted to the Committee there is a Resolution dated 24-12-70 in which certain figures have been given by which certain conclusions have been arrived at. But these figures are questionable. The first question I can raise is, why assume the premium to be 15 lakhs, why not 10 lakhs or 3 lakhs. This is material because it is from this assumption of premium that you can arrive at the income you will derive. Secondly, why should it be 6 per cent rate of interest over a period of 100 years? The assumption of rate of interest itself is questionable. Thirdly, why should it be simple interest and not compound interest? If all these factors are taken into consideration, it would

indicate that this particular method of disposal of plots was ill-advised. One of the results of this deviation was that, even with the enhanced ground-rent, we are lakhs of rupees in arrears—Rs. 73 lakhs approximately. We are greatly hampered in the recovery of the arrears because, for example, the Payal cinema case is *sub judice*, the Milan cinema case is *sub judice* and the Wazirpur matter is also *sub judice*. It is only in the case of Jhandewala that we were in a position to cancel the lease straightaway. Now, I have really no defence to offer in this case."

4.9. When enquired whether the deviation in the procedure was a deliberate attempt, the witness stated:

"We have seen the files. They indicate that this is an experiment conducted by the DDA."

4.10. In reply to a question as to who mooted this experiment, the Ministry of Works & Housing in a note furnished to the Committee have stated:

"The following officers were concerned with the matter:—

- (i) Shri M. L. Mongia, the then Secretary, DDA.
- (ii) Shri S. G. Bose Mullick, the then Vice-Chairman, DDA
- (iii) Shri R. S. Krishnan, the then F.M., DDA.
- (iv) Shri B. S. Dashrathi, the then Dy. Commissioner, Implementation, DDA.
- (v) Shri Jagmohan, the then Commissioner, Implementation DDA.
- (vi) Shri J. D. Sood, the then Finance Member, DDA.

The proposal was initiated by Shri M.L. Mongia, the then Secy., DDA on 13-9-68. This was subsequently submitted to the then VC, Shri S.G. Bose Mullick, who wanted the then F.M., Shri R. S. Krishnan to discuss. Shri Krishnan discussed the matter with the then VC and thereafter, further action to auction the cinema plot on annual rental basis instead of lump-sum payment of premium at a time, was taken, with the approval of the VC, DDA."

4.11. When enquired whether the approval of Vice-Chairman was adequate to change the policy from perpetual lease to annual rental, the Ministry stated:

"It seems that the Vice-Chairman, DDA was competent to approve this change. Moreover, this has subsequently been ratified by the Authority."

4.12. The Committee desired to know the consideration on which four cinema sites were sold on rental basis with the approval of Vive-Chairman prior to 24 December 1970 instead of an outright auction sale basis. The Ministry have, in a note furnished to the Committee, stated:

"From the minutes recorded by the then Finance Member on 21-11-70 it would appear that he was of the view that it would be more beneficial to dispose of the cinema sites on annual rental basis instead of selling those on premium basis."

4.13. It is seen that the then Commissioner, Implementation, DDA had pointed out on 12 November, 1970 that:

"So far as cinema site is concerned, I would recommend it should be disposed of on 'premium basis' so that we could get our returns immediately."

4.14. At the instance of Committee the Ministry of Work and Housing have furnished the following note indicating the details of the advertisements issued in the newspapers for auctioning the cinema sites:—

Name of the cinema site	Name of the newspaper	Date of Insertion
Jhandewalan Site	1. Times of India, Delhi, Bomabay and Ahme- dabad	21-10-68
	2. Indian Express, Delhi	20-10-68
	3. National Herald, New Delhi	20-10-68
	4. Patriot, New Delhi	20-10-68
	5. Statesman, Delhi, Calcutta	21-10-68
	6. Hindustan, New Delhi	23-10-68
	7. Milap, Delhi	20-10-68
	8. Tej, Delhi	20-10-68
	9. Pratap and Vir Arjun, Delhi	20-10-68
	10. Hindustan Times, New Delhi	20-10-68
	11. Nav Bharat Times, New Delhi, Bombay	20-10-68
Karampura Site (Milan Cinema)	1. Times of India	28th and 29th May, 1969
	2. Nav Bharat Times	
	3. Pratap (Urdu)	
Wazirpur Site (Deep Cinema)	1. Hindustan Times	18th April, 1970 and 7th May, 1970
	2. Indian Express, New Delhi, Bombay and Madras	
	3. National Herald	
	4. Times of India, Delhi, Bombay	
	5. Patriot	
	6. Statesman, Delh, Calcutta	
	7. Nav Bharat Times	
	8. Hindustan (Hindi)	
	9. Milap	
	10. Daily Tej	
Naraina Site (Payal Cinema)	The relevant file is being traced and as such it is not possible to supply the requisite informaion immediately.	

4.15. Since the 4 cinema sites were disposed of before December 1970, on annual rental basis, the Committee asked whether it was not appropriate that the approval of the Authority should have been taken prior to renting them on an experimental basis. The Vice-Chairman, DDA replied:

"I am in agreement with you on this issue."

4.16. The Committee desired to know whether these 4 cases were brought to the notice of the Authority while seeking its approval to the revised procedure in December 1970. The Ministry of Works and Housing have stated:

"Only the case of Jhandewalan was brought to the notice of the DDA as an example while seeking approval for the policy of auctioning of commercial plots on annual basis."

4.17. Audit para points out that in the case of the five cinema sites let out on annual rental basis, a sum of Rs. 74.77 lakhs due as on 30 September 1977 was yet to be recovered (December 1977). The Ministry of Works and Housing have informed the Committee that the arrears of rent arose because the parties went to the Court and the matter is *sub-judice*. The amount of arrears at present is Rs. 50.43 lakhs.

4.18. As regards the action taken or proposed to be taken to recover arrears, the Vice-Chairman, DDA stated during evidence:

"I would like to say that recently the legal branch of the DDA has been reorganised and the hon'ble High Court has been kind enough to place a senior officer to look after our legal Branch. We are doing systematic review of all cases of litigation. These cases particularly as they involve huge sums of money and it is in this context that we have taken the case about Jhandewalan cinema to cancel the lease. We would pursue this."

4.19. Under the orders of the Government of India (Ministry of Home Affairs) dated 2 May, 1961, commercial plots are to be sold by auction of the premium. On 20-9-1968, the then Finance Member, DDA after discussion with the then Vice-Chairman, DDA proposed that the cinema site at Jhandewalan may be disposed of on the basis of annual ground rent, without premium. On 25-11-1968 the plot was disposed of by auction on an annual rent of Rs. 3.40 lakhs. Subsequently, the cinema sites at Karampura (Milan Cinema), Kazirpur (Deep Cinema) and Nariana (Payal Cinema) were also disposed of

by auction on annual rental basis on 26-9-1969, 15-5-1970 and 10-9-1970 respectively. The matter regarding change in procedure i.e. from perpetual lease basis to annual rental basis was placed before the Standing Committee of the DDA in March, 1969, April, 1969 and June 1969 but no decision was taken. At the meetings held on 4 and 5 December, 1969, the Standing Committee considered the matter and agreed with the proposal. Thereafter the Authority at its meeting held on 24-12-1970 passed a resolution that commercial plots may be disposed of by auction on annual payment of rent. The Committee find that in spite of the orders of the Government of India that commercial plots are to be sold by auction of the premium, the DDA officials chose to dispose of these plots on annual rental basis without obtaining the approval of the Government for change in the policy regarding disposal of commercial plots. Further, even when the matter was placed before the Authority on 24-12-1970, mention was made about the disposal of Jhandewalan site on 25-11-1968 but the fact that three more sites had also been disposed of by that date on annual rental basis, was concealed from the Authority. Again, while obtaining the approval of the Authority, no one seems to have cared to examine whether the Authority was competent to approve the proposal for change in the procedure, namely, from perpetual lease basis to annual rental basis.

4.20. Deviation from the normal procedure of disposal of commercial plots from perpetual lease to annual rental basis is stated to have been carried out as an experiment and the move in this direction was initiated by the then Secretary, DDA on 13-9-1968. Four cinema sites were thereafter disposed of by auction till 10-9-1970. On 12-11-1970, the then Commissioner, Implementation, DDA expressed the opinion that "so far as cinema site is concerned, I would recommend it should be disposed of on 'premium basis' so that we could get our returns immediately". However, the then Finance Member, DDA expressed contrary opinion and, in his note dated 21-11-1970, stated that: "I have examined the economics of the proposal and find that it would be more beneficial to dispose of the cinema site on annual rental basis instead of selling it on premium basis." The new procedure was then approved by the Authority at its meeting held on 24-12-1970. The Committee find that this new procedure suffered from several lacunae. The Cice-Chairman, DDA conceded during evidence that the assumption of premium, as also of rate of simple interest over a period of 100 years, as placed before the Authority on 24-12-1970 were indefensible and that this particular method of dis-

posal of plots was ill advised. Further, it had resulted in heavy arrears of rent and litigation due to non-payment of rent by the purchasers.

4.21. The Committee are surprised as to how a hypothetical example based on inappropriate figures, also concealing vital information, was deliberately placed before the Authority pleading for deviation in the normal procedure to get post facto approval of the Authority to the four cinema sites already disposed of under the changed procedure. The Committee would also like the Government to fix responsibility for disposing of these cinema sites without prior approval of the competent authority. They expect that the Ministry of Works and Housing will also devise some procedure to ensure that DDA obtains prior approval of Government wherever such approval is required under the relevant statute, rules, orders etc., and does not exceed the powers vested in it.

4.22. The Committee find that the Jhandewalan site auctioned on 25-11-1968 was cancelled on 18-6-1976 for non-payment of the rental charges due from the purchaser that the amount of Rs. 1.70 lakhs deposited by the party has been forfeited. In respect of the other three cinema sites (Payal, Deep and Milan Cinema), arrears of rent amounting to Rs. 50.43 lakhs are outstanding. Recovery of rent is stated to have been delayed because the parties have gone to the court. The Committee would like to be informed of the outcome of the court proceedings and the present position regarding recovery of arrears of rent.

CHAPTER V

DEVELOPMENT OF KALKAJI DISTRICT CENTRE AUDIT PARAGRAPH

5.1. In September 1968, the Delhi Administration approved a proposal for transfer of a commercial area of about 30 acres in Kalkaji District Centre to the DDA on payment at the rate of Rs. 350 per square yard to the revolving fund. The proposal was examined further by the DDA and it was found that according to the latest layout plan of the Kalkaji District Centre the saleable area for commercial purposes was 16.6 acres only. The DDA also felt on the basis of the auction rate (Rs. 206 per square yard) of commercial plots in a nearby area (Safdarjung) that the land would not fetch more than Rs. 150 per square yard. After obtaining the approval of the Delhi Administration to this modification, a sum of Rs. 1.20 crores was paid (October 1968) to the revolving fund from the General Development Account of the DDA. In January 1969, the Authority approved the terms and conditions of the transaction, as mutually settled, which, *inter alia*, provided that—

- The DDA would be the 'exclusive and perpetual owner of this land having right to sell the whole or any portion thereof either as it is or after construction of buildings on such terms and conditions as may be decided by the Authority',
- such sale proceeds would exclusively be of the DDA and
- the ground rent for the whole area or any portion thereof would become payable by the DDA only after the DDA in turn had made allotment to a third party/parties.

5.2. The question of executing a lease deed between the Delhi Administration and the DDA for giving effect to the transfer was considered by the Delhi Administration in October 1969 and it was decided that lease should be executed for 66.4 acres of gross area (of which 16.6 acres represented the area of permissible ground coverage). It was also decided that for the first three years from the date of execution of lease the ground rent would be nominal (Re. 1 per annum for the entire 66.4 acres and thereafter it would be 2-1/2 per cent of the premium which remained unaltered at Rs. 1.20 crores.

5.3. No lease deed had been entered into so far and no ground rent had also been paid by the DDA (December 1977).

5.4. The DDA divided the area of 16.6 acres into 98 plots. Nine plots were sold in November 1969 at Rs. 200.58 per square yard. Eighty plots in all had been sold upto October 1977 at an average rate of Rs. 2,704.00 per square yard (the highest rate realised being Rs. 17,316.00 per square yard). The DDA had realised (October 1977) a sum of Rs. 11.20 crores from the sale of these plots, the net unearned increase in land value being Rs. 10 crores. As the land was part of the scheme of large scale acquisition, development and disposal of land, 50 per cent of the unearned increase in the value of land (Rs. 5 crores) was creditable to Government (revolving fund). No payment had, however, been made by the DDA in this regard (December 1977). On this being pointed out by Audit, the DDA stated (January 1978) that necessary action for payment of unearned increase in the value of land and of ground rent would be taken in terms of the lease deed when executed.

(Paragraph 29 of Advance Report of C&AG for the year 1976-77, Union Government (Civil—pp. 252 to 253).

5.5. Having learnt from Audit that the total land acquired under the scheme of Large Scale Acquisition, Development and Disposal of land for the District Centre at Kalkaji was 174 acres, the Committee desired to know from the Government about the amount spent by DDA on the acquisition and development of the land out of Nazul Account II. In a note furnished to the Committee the Ministry of Works and Housing have stated:

“The land in question was acquired for the planned development of Delhi and not specifically for the District Centre at Kalkaji. Out of this land Delhi Administration transferred only 66.4 acres of land for District Centre Kalkaji to DDA, Compensation has been assessed at Rs. 7,91,671.41. This does not include enhancement for which cases are pending in the Court. The cost of development as per account is Rs. 1.20 crores.”

5.6. The Ministry have further stated:

“The expenditure on internal development of land so far incurred by the DDA is Rs. 1.20 crores (approx.). The total expenditure on the internal development of land would, however, be of the order of Rs. 1.71 crores. The expenditure on internal development was met from the General Development Account.”

5.7. According to the Government the agreed terms for the sale of 66.4 acres of land to the DDA in Kalkaji District Centre, as approved by the Lt. Governor, Delhi were as under:

- (i) The area earmarked for civil buildings and zonal municipal/offices and cultural buildings will have to be allotted by the DDA on normal terms and conditions approved by the Government.
- (ii) Lease should be entered into with the DDA for the gross area of 66.4 acres.
- (iii) DDA should pay to the Government (Revolving Fund) for the permissible ground coverage, which is 16.6 acres at the rate of Rs. 150 per sq. yd.
- (iv) For the first three years from the date of execution of lease with the DDA the ground rent will be nominal i.e. Rs. 1 per annum for the entire chunk of 66.4 acres and thereafter at the rate of 2½ per cent per annum of the premium subject to revision after every 30 years.
- (v) The responsibility for the maintenance of the entire area of 66.4 acres will devolve on the DDA.

5.8. In reply to a query the Ministry of Works and Housing informed the Committee that the proposed terms of lease of the land sold to the DDA were not in conformity with the general terms and conditions of lease prescribed under the large scale acquisition scheme. Asked about the reasons, the Ministry, in a note have stated:

"The Delhi Administration have reported that the late Lt. Governor (Shri A. N. Jha) had approved the proposal of the Financial Adviser (Shri R. S. Krishnan) in this regard. The Administration are unable to offer any further comments."

5.9. In a note furnished at the instance of the Committee, the Ministry of Works and Housing have stated that "the lease agreement has not so far been executed due to certain legal issues involved which are being sorted out. The lease agreement will be signed soon after the legal issues are settled."

5.10. It is seen from the Audit para that the DDA divided the permissible area of 16.6 acres for ground coverage into 98 plots. The Committee desired to know whether the entire land was resold by the DDA as land itself. The Ministry, in reply, have stated that land sold was 507557 sq. metres. When asked on how many plots,

the buildings were constructed by the DDA, the Ministry of Works and Housing in a note have stated:

"The area under building constructed by DDA is 3344.40 sq. metres on all plots. The building on 9 plots has been completed and the total floor space in the building is 97105 sq. ft. out of which 44768 sq. ft. space has been allotted to the Rural Electrification Corporation on a monthly rent of Rs. 1,45,496. One shop measuring 1327 sq. ft. has been allotted at a monthly rent of Rs. 8000. Thus, the floor space measuring 51010 sq. ft. is still available. The floor space which would be available in the building under construction on two plots is 34940 sq. ft. The attempts were made to dispose of the available floor space but the response was not encouraging. Now it has been decided to allot the space on outright sales basis and the reserve price is being worked out."

5.11. The Committee desired to know whether the disposal of land to the DDA for sale in the form of land itself was covered under the Scheme of Large Scale Acquisition, Development and Disposal of Land. The Ministry of Works and Housing replied in the negative.

5.12. According to the Audit para, 80 plots in all (out of total 98) had been sold upto October, 1977 at an average rate of Rs. 2,704.00 per sq. yard (the highest rate realised being Rs. 17,316.00 per square yard). As regards the high rates at which plots were sold by the DDA, the Vice-Chairman of DDA stated during evidence:

"It is a fact that plots were sold at very high rates but in commercial centres of pressure DDA is required to carry out certain social objectives including development."

5.13. The witness added:

"If we are to give plots for commercial purposes in a big centre-like District Centre at a lower price than the market rate, it means we are encouraging profit making by the intermediaries. I would with great respect submit for the Committee's consideration as to whether in these very large commercially developed places we should give plots by any method other than auction."

5.14. In the same context, the witness further stated:

"Actually speaking DDA has lands for a large number of commercial centres so called districts centres and sub-district centres and community level centres. DDA has

been remiss in developing these. So far we developed two district centres. We should have done development in 12. At community level also we have not developed that much which may enable people to get plots of their choice for commercial purposes and it would certainly have an effect on the general price level of commercial plots in Delhi. It is but natural, if you selectively release a few plots, scarcity factor adds to the value of the plot and increases the rate and to that extent DDA has been remiss. There would be no harm in admitting this fact."

5.15. When asked about the pricing policy, especially in the neighbourhood shopping centres, to which small traders and shop-keeper go, the Vice-Chairman of DDA stated during evidence:

5.14A. In a subsequent note dated 23 April 1981, the Ministry of Works and Housing have furnished the following information regarding the Kalkaji District Centre:

- "(i) Price paid to the land-owners per sq. yrd.—The compensation assessed subject to revision in pending court cases works out to Rs. 2.50 per sq. yrd.
- (ii) Cost of development of and per sq. yd.—Cost of general development of the total area of 66.4 acres is Rs. 25.70 per sq. yd. Cost of internal development has been worked out at Rs. 1.75 crores for the permissible ground coverage of 80,222 sq. yds. Total cost of general development as well as internal development of the entire area of 66.4 acres works out to Rs. 2.50 per sq. yd.
- (iii) Price at which it is sold (minimum, maximum and average price): DDA has indicated that out of the permissible ground coverage of 80,222 sq. yds. it has sold in auction a total area of 62,700 sq. yds. from 1969-70 to 1980-81 at an aggregate amount of Rs. 23,34,74,000/-. It will be difficult to indicate the minimum, maximum and average price per sq. yd. on a comparable basis, as the lots sold in auction have different Floor Area Ratios prescribed and were sold at different time. However, projecting the aggregate amounts received for 62,700 sq. yd. of ground coverage to the total permissible ground coverage of 80,222 sq. yds. an average return on the total area of 66.4 acres covering the Kalkaji District Centre works out to 23,34,74,000 \times 80,222 = 929.50 per sq. yd."

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5.15. When asked about the pricing policy, especially in the neighbourhood shopping centres, to which small trader and shop-keeper go, the Vice-Chairman of DDA stated during evidence:

"There we have tried to adopt a new policy by which people can get built-up shops or plots at reasonable price at the level at which they actually serve the needs of the community at the lowest possible level. We are making an attempt to develop a large number of these larger commercial centres, so that hopefully in the next year or two, when we are in a position to offer instead of 5 or 10 plots, about 500 or 700 plots for auction simultaneously, the price structure may get stabilised and there may be a downward trend."

5.16. The Ministry have, in this connection, stated that:

"As per clause 4(iv) of the terms and conditions the lessee is not entitled to sell, transfer, or assign or part with the possession of the whole or a part of the plot or the building that may be constructed thereon without the prior permission of the Authority. If such permission is granted, an amount equivalent to 50 per cent of the unearned increase in the value of the plot i.e. the difference between the premium paid and the market value at the time of transfer, shall be paid by the lessee to the DDA. Such permission is, however, generally not given before the expiry of ten years from the commencement of the lease. There has been no such violation of the above terms and conditions of lease by the lessee."

5.17. In reply to a question whether the DDA has executed lease deeds with the parties to whom eighty plots were sold, the Ministry of Works and Housing have stated:

"In some of the cases, the lease has been executed. In the remaining cases the execution of the lease deed has been held up in view of the adverse judgement given by the Hon'ble High Court in case of M/s. Vishal Builders Vs. DDA."

5.18. It is seen from the Audit paragraph that the DDA had realised a sum of Rs. 11.20 crores from the sale of these 80 plots. The net unearned increase in land value in this case was Rs. 10 crores of which 50 per cent was creditable to Government (Revolving Fund). No payment had, however, been made by the DDA in

this regard till December, 1977. The Committee desired to know as to how this amount of Rs. 10 crores had been utilised by the DDA and why the Government share of this gain was not realised. To this the Ministry of Works and Housing, have stated in a note:

"As regards the payment of unearned increase, it may be mentioned that the land was purchased from the Delhi Administration from the funds of the General Development Account and it has been developed out of the funds of the General Development Account. The expenditure on development so far incurred on the development of land is Rs. 1.20 crores (approx) and the total expenditure expected to be incurred on the development of land will be of the order of Rs. 1.71 crores. The expenditure on development, therefore, will be required to be reduced from the sum of Rs. 11.20 crores realised from the sale of plots to arrive at the net sales proceeds. However, the question of payment of unearned increase to Delhi Administration will be finally decided in terms of lease agreement, when executed."

5.19. In this connection, Audit have informed the Committee that:

"The Urban Art Commission in their meeting held on 23rd October, 1974 (wherein the planner and Architect of the Authority was present) scrutinised the plan and a rough model of the district centre complex. On 29th October, 1974, the members of the Commission accompanied by the Secretary and the Architect Planner of the Authority inspected the premises and buildings under construction in the district centre. Their findings were that "no project report or a comprehensive programme seems to have been prepared for a scheme of this magnitude and complexity....., the present concept, plans and the architectural details are most unsatisfactory and if the construction of this complex is allowed to proceed based on the present concept and plans it is not difficult to predict that the result will be a major failure both functionally and aesthetically."

When asked whether any project report was prepared for this complex, the Ministry of Works and Housing, in a note, have stated:

'In the year 1963-64, the work on the District Centre Kalkaji was started and a detailed project report in the frame work of Master Plan with defining the total area of the scheme, detailed layout, service structure and Architectu-

ral Control of individual building were worked out. From time to time according to the requirement and problems the scheme was modified. The urban form of this Complex was studied with series of achitectural models."

5.21. In reply to another question whether the plans for this complex were examined by the Urban Arts Commission, the Ministry have stated:

The initial work on this scheme was started in 1963-64 whereas the Delhi Urban Arts Commission came into existence in 1974-75. By that time, major part of the buildings of this project as per the approved scheme were implemented and the work was in progress. Further this scheme was submitted to DDA and the project is being modified on the basis of the Commissioner's recommendations."

5.22. The Committee note that out of the total 174 acres of land acquired under the Scheme of large scale acquisition, development and disposal of land for the district centre at Kalkaji 66.4 acres of land was transferred to DDA by the Delhi Administration for District Centre, Kalkaji and for that a sum of Rs. 1.20 crores was paid in October, 1968 to the Revolving Fund from the General Development Account of the DDA. The proposed terms of lease of the land sold to the DDA by the Delhi Administration were not in conformity with the general terms and conditions of lease prescribed under the large scale acquisition Scheme. The reply of the Ministry of Works and Housing that the then Lt. Governor had approved the proposal of the Financial Adviser and that the Delhi Administration were unable to offer any further comments, is not at all convincing. The correct position and the circumstances which led to a deviation from the normal procedure in this regard need to be explained to the Committee by the Government.

5.23. The Committee are constrained to point out that the lease deed between Delhi Administration and the DDA has not been executed so far although the question of executing the lease deed for giving effect to the transfer of the land was considered by the Delhi Administration as early as in October, 1969 when it was decided that lease would be executed for 66.4 acres of gross area (of which 16.6 acres represented the area of permissible ground coverage). The Committee are informed that lease agreement has not been executed due to certain legal issues involved which are being sorted out. It is surprising that even after a period of 10 years, the legal issues are still to be resolved.

5.24. It is pertinent to note in this regard that it was decided that for the first three years from the date of execution of lease between the Delhi Administration and the DDA, the ground rent would be nominal (Rs. 1 per annum) or the entire 66.4 acres and thereafter it would be 2½ per cent of the premium which remained unaltered at Rs. 1.20 crores. The DDA had, however, sold this land for Rs. 11.20 crores after demarcating it into plots. Taking into account the amount of Rs. 1.20 crores paid to Government and Rs. 1.71 crores incurred or likely to be incurred towards development charges by DDA, the net unearned increase in land value is of the order of Rs. 8.29 crores of which Rs. 4.15 crores should have been paid by the DDA to the Delhi Administration as the land was part of the Scheme of large scale acquisition, development and disposal of land and 50 per cent of the unearned increase in the value of land was creditable to Government (revolving fund). The Committee are led to the inescapable conclusion that because of this inordinate delay in the execution of the lease deed, no ground rent has become payable to Government and also Rs. 4.15 crores, payable to Government by DDA being Government's share of unearned income has been held up. The Committee would urge upon the Government to take suitable steps to expedite the early execution of lease deed if not already done by now so as to avoid the delay in payment of the amount due to the Delhi Administration by the DDA.

5.25. The Committee note that out of the 98 plots carved out by the DDA from an area of 16.6 acres of land 80 plots had been sold up to October 1977 at an average rate of Rs. 2,704.00 per sq. yard (the highest rate realised being Rs. 17,316.00 per sq. yard). One of the primary objectives for which the DDA was set up was to check rise in prices of land in Delhi. It is beyond the comprehension of the Committee as to how this objective could be fulfilled if sale of land in Delhi fetches as much as Rs. 17,316.00 per sq. yard. The Vice Chairman of DDA conceded during evidence that "it is a fact that plots were sold at very high rates" but added that "if we are to give plots for commercial purposes in a big centre like District Centre at a lower price than the market rate, it means we are encouraging profit making by the intermediaries". The Committee feel that sale of land at such high prices to the traders in particular compels them to extract the maximum profit from their customers to neutralise the high price paid by the traders and contributes in no small measures to the general rise in prices. The Committee recommend that the present arrangements regarding auctioning of commercial plots should be re-examined in depth to see how best the price of land sold by the DDA could be kept within reasonable limits.

5.26. The Committee note that in October 1974 the members of Urban Art Commission accompanied by the Secretary and the Architect Planner of the Authority inspected the premises and building under construction in the Kalkaji district centre. The Commission inter alia found that 'no project report or a comprehensive programme seems to have been prepared for a scheme of this magnitude and complexity....., the present concept plans and the architectural details are most unsatisfactory and if the construction of this complex is allowed to proceed based on the present concept and plans it is not difficult to predict that the result will be a major failure both functionally and aesthetically.'

5.27. The Committee are constrained to note that the planning and designing of the District Centre was done unsatisfactorily as has been pointed out by the Urban Art Commission. The Committee have been informed that the project is being modified on the basis of the Commission's recommendations. They would like to be informed of the further progress made in the matter.

CONCLUSION

528. The DDA was set up under the Delhi Development Act, 1957 with a view to "promote and secure the development of Delhi according to plan". For this purpose, the DDA was empowered, inter alia, to acquire, hold, manage and dispose of land and carry out other operations for purposes of such development. One of the objectives of setting up DDA in place of the Delhi Improvement Trust was the disposal of developed plots of land at a reasonable price. The Committee have, after examining the various aspects of the functioning of the DDA, come to the conclusion that the DDA has become mainly a profit making organisation and has contributed to the exorbitant rise in prices of land as well as of residential and commercial flats and buildings. It has also failed to provide accommodation to the needy persons... This was surely not the intention of the Government.

529. It is well-known fact that the DDA acquires land from the land owners at a very low rate and after development sells it at exorbitant rates, thereby earning huge profits... A glaring example of this is that in Kalkaji District Centre, the price paid by way of compensation to the land owners was Rs. 2.50 per sq. yard and the average cost of development (both general and internal) of the entire area of 66.4 acres worked out to Rs. 80.15 per sq. yard. Against this, plots were sold at an average rate of Rs. 2704 per sq. yard, the highest rate being Rs. 17316 per sq. yard. This amounts to nothing short of "loot". Even where land is acquired for a public purpose, a reasonable compensation is paid. But in cases where land is acquired and later sold by auction or for commercial purposes, as has happened in most cases, the Committee feel that the land owners/farmers should not be compelled to part with their holdings at throw away prices. They therefore, recommend that the land Acquisition Act may be suitably amended so that the interests of the farmers are properly safeguarded.

530. The Committee feel that the present system of allotment of plots as well as built houses by draw of lots/auctioning does not take into consideration the actual need of the people which should have been the criteria. The Committee strongly recommend that the Government should review the present system of allotment of plots/flats and lay down precise criteria so that the economically weaker sections, low income group and middle-income group people are able to get plots/houses from the DDA at no profit no loss basis.

5.31. In this Report the Committee have drawn attention to several shortcomings and irregularities that have come to their notice in the functioning of DDA. In particular, mention may be made of the following:

- .. (i) Failure to implement the policy regarding shifting of industrial units from non-conforming areas to conforming areas; continued use of land for industrial purposes in non-conforming areas by allottees even after allotment of land in conforming areas, non-recovery of ground rent; survey of industrial units operating in non-conforming areas not carried out; failure to take action against persons who were allotted lands for industrial purposes but did not utilise the same for the purpose for which these were allotted; noxious/hazardous industries not shifted from non-conforming to conforming areas resulting in air pollution; allotment of lands at rates lower than that prescribed under orders of the Government; property registers not maintained up-to-date; non-availability of information regarding cases where lease deeds have not been executed.
- (ii) Revision of pre-determined rates without obtaining the approval of the Government; revision of pattern for recovery of premia without obtaining the approval of the Government; revision of income limits for purposes of allotment of plots without approval of the Government; leasing out residential plots the area of which was in excess of the prescribed ceiling; delay in handing over developed plots; absence of records to indicate the number of plots which have been allotted but on which houses have not been constructed within the stipulated period; failure to take action against defaulters; periodical returns giving complete details of receipts and disposal of developed plots not obtained in time; policy of releasing small number of plots at a time for auction thereby resulting in skyrocketing prices of land;
- .. (iii) Delegation of powers by the Authority to the Chairman of the Authority for constitution of Housing Committee in violation of the provisions of Section 5A of the Delhi Development Act, 1957; constitution of Housing Committee five months before the notification empowering Chairman to constitute such Committee was issued; excessive delegation of powers by the Authority to the Housing Committee;

unpardonable delay of seven years in rectifying the omission; files relating to the constitution of the first Housing Committee not traceable.

- (iv) Excessive delegation of powers to the Vice-Chairman, DDA in the matter of fixation of disposal price or the hire-purchase price of flats; allotment of dwelling units to a large number of unregistered persons although there was a long waiting list of registered persons; allotment of out-of-turn allotments of flats on compassionate grounds without obtaining approval of the Housing Committee; lack of civic amenities in residential colonies when built flats are initially allotted; absence of set policy regarding allotment of flats to Government departments, autonomous bodies or private organisations; fixation of prices at higher rates than that worked out on the basis of standard formula in the case of group housing schemes in certain colonies; and
- (v) Disposal of cinema plots on annual rental basis without obtaining the prior approval of the Government for change in the policy regarding disposal of commercial plots by auction; omission to place full facts before the Authority regarding cinema plots disposed of on annual rental basis; failure to collect arrears of rent from the owners of cinema houses to whom plots had been sold.

5.32. The Committee recommend that a high level body-independent of DDA, with senior officers drawn from the Ministry of Works and Housing, Ministry of Finance and Delhi Administration should be constituted to go into all aspects of the working of DDA and, in particular, the shortcomings and irregularities pointed out by the Committee in this Report, and suggest improvements in its system and working.

CHANDRAJIT YADAV,

Chairman,

Public Accounts Committee.

NEW DELHI;

April 26, 1981.

Vaisakha 6, 1903 (S).

APPENDIX

Statement of observations and recommendations

Sl. No.	Para No.	Ministry/ Deptt. Concerned	Recommendations and observations
1	2	3	4

1.	1.51	Ministry of Works & Housing	<p>The Committee note from the Audit paragraph that to obviate further growth of industries in non-conforming area, the Delhi Administration had decided in June 1963 that municipal licences for running of industries in non-conforming areas should not be issued and that the licences of those industries which had been established in non-conforming areas before 1 September 1962 should be renewed on year to year basis. Despite this the Committee are concerned to find that the number of industries in non-conforming areas had increased from 9360 on 1 September 1962 to 13360 on 31 December, 1966. Giving the latest position in this regard the Vice-Chairman, Delhi Development Authority informed the Committee during evidence in October 1978 that about 40,000 units were functioning in Delhi and of this only 23,000 had got municipal licences. The Ministry of Works & Housing have informed the Committee that the decision of 1963 of Delhi Administration was implemented till October 1967 when the policy was liberalised and units functioning in non-conforming areas on or before 30 November 1967 were granted licences on <i>ad hoc</i> basis. Again, this policy was further liberalised in September</p>
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ber 1975 and licences were granted to the units functioning in non-conforming areas on or before 21 October, 1975. Thus, the Delhi Administration had, instead of allotting the industrial plots in conforming areas to the then existing units in non-conforming areas and getting adequate number of industrial plots developed in the areas earmarked for the purpose, approved twice the liberalisation of the policy of granting licences in non-conforming areas. The Committee would like to know the specific circumstances which necessitated reviewing by the Delhi Administration of their earlier decision of June 1963 in this regard.

In spite of the sharp increase in the number of industries in non-conforming areas, the Committee are constrained to learn that the DDA have been able to develop only 7317 plots out of which 4685 plots have been allotted to industries in non-conforming areas and another 1836 plots disposed of by auction, thus leaving 1096 plots undisposed of. The reasons for non-disposal of these plots as advanced by the Ministry of Works & Housing are; (i) big size of plots, (ii) cases being under consideration of Land Allotment Advisory Committee, (iii) non-receipt of assessment of land requirement of units from the Directorate of Industries and (iv) unauthorised encroachments. Slow pace of development of industrial area of 2105.30 acres against an area of 4800 acres as envisaged in the Master Plan is also, in the view of the Committee, responsible for the increase in the number of industrial units in non-conforming areas.

Ministry of
Works & Housing

I. 53

In this context the Secretary, Ministry of Works & Housing stated during evidence that 'the industrial area in the Master Plan was in our view totally unrealistic and the attempt to shift non-conforming industries to other areas is bound to fail whether you make plots available or not. We are now engaged in an exercise to consider shifting hazardous industries only.' The Committee need hardly emphasise that precise reasons for the slow development of industrial area/plots by the DDA/Delhi Administration be identified so as to take appropriate measures to step up the development of industrial areas/plots. Alongside the steps that Government may take in this regard, there should be a time bound programme for development and re-location of industrial plots so that in the shortest possible time at least the noxious/hazardous industries operating in non-conforming areas are shifted.

I. 54

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From the reply furnished by the Ministry of Works & Housing, the Committee note that out of the 15,000 applications received in February 1976 for allotment of industrial plots, 14,581 applicants did not deposit the requisite amount of premium called for through an advertisement issued in newspapers in October 1976 and thus there were only 419 applicants left. There were another 700 claims earlier to these applications for allotment of industrial plots. The Committee urge that all these cases should be finalised expeditiously.

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The Committee find that out of about 40,000 units functioning in Delhi, nearly 23000 units have got municipal licences. Apart from the loss of revenue by way of municipal licence fee, sales tax, excise duty etc., these unlicensed 17,000 units may be creating health hazard. The Committee therefore, recommend that a survey should be made immediately to identify such units so as to take strict measures against those units which are continuing unauthorisedly.

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The Committee learnt that 3000 plots allotted for industrial purposes, have not been utilised for the purpose for which the allotments were made. The Ministry of Works & Housing have informed the Committee that no list of such allottees who have misutilised the allotted plots has been compiled. However, in the course of surveys whenever such cases of misutilisation come to notice, necessary action under the terms and conditions of the lease deed is taken. The Committee feel that unless a proper check is kept on misutilisation of such plots, the very purpose of allotments of industrial plots to the units working in non-conforming area is defeated. They, therefore, recommend that there should be a proper machinery either in the DDA or in Delhi Administration which may bring all cases of misutilisation of plots earmarked for a particular purpose to their notice for taking suitable action against the defaulters.

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The Committee learn from the Audit that allotment of alternative industrial plots at pre-determined rates was subject to the conditions that the lessee would within a period of 2 years and 6

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months from the date of taking possession of the plot, stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan and within a period of 2 years establish the industry in the plot allotted at pre-determined rates. The Committee are surprised to find that the DDA had upto December 1977 no information regarding fulfilment of the above conditions by the allottees. However, a survey carried out by the DDA recently revealed that about 1800 plots had not been constructed upon within the period stipulated in the terms of allotment and 'notices have been/are being issued to these defaulting allottees to show cause why their allotment should not be cancelled'. The Committee are of the view that the DDA had started taking action in these cases only when the Audit had pointed out and the Committee took up the paragraph on DDA for examination. The delay in taking action against the defaulting units is regrettable. The Committee hope that all these cases of violation of terms of allotment of industrial plots would be finalised expeditiously.

8 1.58

Ministry of
Works and Housing

Further, the Committee are surprised to note that there is no procedure in vogue in DDA by which it may be known whether the allottees who had established their industries in new areas had actually vacated the existing premises in non-conforming areas or stopped their further use for the purpose for which these areas were being utilised etc.

The Ministry of Works and Housing have stated that 'a survey will be conducted shortly' and details furnished to the Committee thereafter. The Committee urge upon the Government to evolve without any further delay some effective procedure by which it may be known that the allottees have fulfilled the above two conditions within the stipulated period. They feel that these two conditions should be included in the lease deed and the responsibility for intimating to the DDA about the fulfilment of these conditions be devolved on the allottees.

The Committee note that the scheme of Large Scale Acquisition (Development and Disposal) of land, as embodied in the Ministry of Home Affairs letter No. F.37/16/60-Delhi (i) dated 2 May 1961 does not impose any ceiling on the area of the plot which could be allotted in conforming area. However, as per paragraph 8(i)(b) and 8(ii) of the above letter the entitlement to allotment at pre-determined rates is restricted to the area acquired or in possession of the industry at the old location and the area in excess of it is to be priced at the auction rate prevailing at the time in the neighbouring areas. In spite of these clear instructions the Committee are unable to understand how in gross contravention of these provisions M/s. Britania Biscuit Factory Co. Ltd. were allotted land measuring 30,583.6 sq. yards at pre-determined rates in 1964 against an area of 4984 sq. yards possessed by the firm in a non-conforming area. What has disturbed the Committee most is the reply

of the Ministry of Works and Housing that 'almost all cases of allotment of industrial plots in Delhi, by way of alternative allotment, have been dealt with on the basis of the actual area allotted being disproportionate to the area actually held in the old locations. In all these cases, it is only the pre-determined rate, which has been charged and not the auction rate.

The Vice-Chairman, DDA had stated during evidence that he had sought clarification from the Government for re-opening all the old cases and the matter was pending before the Delhi Administration. The Committee need hardly urge that a thorough investigation may be held for all these lapses with a view to fix responsibility on the erring officials. The question of re-opening of these cases for re-fixing the premium with reference to the auction rate in respect of the area allotted in excess of that held in the non-conforming area should also be decided without further delay.

The Committee find that the above company, after shifting its industry to the new area continued to use till December 1977 the existing premises for a non-conforming purpose viz., a warehouse and thus did not fulfil one of the conditions of allotment i.e. to stop the use of the existing premises in non-conforming areas for a purpose not permitted in the master/zonal plan in a period of 2½ years from the date of taking possession of plot. Strangely enough the premises in the non-conforming areas were transferred in 1977 by

this company to a transport company. In this regard the Vice-Chairman, DDA stated during evidence that the DDA was examining whether the transfer was legal or not and whether the rule regarding the use of a property for running a warehouse or a transport company is amendable by the DDA Act and that they would take a decision on that shortly. The Committee deplore the laxity shown by the authorities in not taking expeditious action in this case and expect that the decision would be taken in the matter without further loss of time by Government.

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The Committee also find that the then Chief Commissioner was authorised to allot, on the advice of the Land Allotment Advisory Committee, developed land at proper price to small scale industries (in addition to such of the industrialists who held or were granted import manufacturing licences by Government), provided that setting up of the industry was in accordance with the Master Plan. The Committee have been informed by the Audit that the DDA under the above scheme allotted in December 1966 a plot of the land measuring 4 acres to M/s. Tata Iron and Steel Co. which is not a small scale industry at the commercial rate of Rs. 35/- per square yard for setting up a stock yard. However, a further request by the company in July 1974 for allotment of additional land nearby for the same purpose was rejected by the DDA in September 1977 on the ground that allotment for such purpose could not be made in terms of the scheme. The Finance Member of the Authority in February 1975 had observed that 'this unit is not strictly

covered by this order'. If this was so, the Committee are unable to understand how this company was allotted 4 acres of land in the first instance in 1966 for a purpose not covered under the scheme. The Committee, therefore, recommend that a detailed inquiry be made into this case so as to bring out full facts to surface.

13 1.63 Ministry of Works
and Housing

In another case the Committee find that M/s. India Flour Mills Company consisting of 5 partners was allotted in April 1968 an area of 4543.33 square yards at a concessional premium of Rs. 1.64 lakhs for shifting its industry from a non-conforming area. By October 1971, the number of partners in the concern had increased to 13 and the DDA stated in January 1978 that inclusion of incoming partners was allowed as they were blood relations. The legal section of the Authority, however, opined that 'addition of a new partner certainly means a transfer of the share of other partners to the new partners. It is very easy to evade the terms of transfer by adding a new partner and it can be easily arranged to sell out the allotted plot to the new persons while the actual allottees can slip out'. In this connection, the Committee note from Section 30(2) of the Indian Partnership Act, 1932 that 'a person who is introduced as a partner into a firm does not thereby become liable for any act of the firm done before he became a partner'. In view of the above statutory provision, the Committee are at a loss to understand how the DDA is going to bind the new partners to the terms and conditions agreed to earlier. As lease deed has not yet been executed

with this firm and annual ground rent not recovered since 1968, the Committee would stress upon the Government to ensure that all the new incoming partners are made bound to the terms and conditions of the lease and ground rent recovered without any further delay.

14 1.64 -do-

The Audit has also pointed out that according to the terms and conditions of allotment, the DDA was entitled to realise 50 per cent of the unearned increase in the value of land in case of transfer. The Ministry of Works and Housing have informed the Committee that 'the changes in the constitution (of the firm) have been allowed in the past and are being allowed in a number of cases amongst blood relations without recovering 50 per cent of the unearned increase'. The Committee would like the Government to examine the existing provisions in this regard particularly in the light of the opinion expressed by the Legal Section of DDA.

15 1.65 -do-

The Committee are perturbed to note that the DDA was not maintaining the property registers properly till October 1978. The Ministry of Works and Housing have informed the Committee in 1979 that the records have since been completed. The Committee would now desire to know the number of plots for which lease deed has not been executed so far despite handing over possession of plots. The reasons for such irregularity may be explained in each case.

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Ministry of
Works & Housing

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The Committee note that the pattern of recovery of premia for residential plots, as per orders of Government effective from February 1970, was revised by the DDA in August 1975 without the approval of the Government, whereby 50 per cent of the premium was recoverable as deposit at the time of application and the balance 50 per cent when possession was given as against the previous practice of recovering 25 per cent at the time of allotment, 50 per cent while handing over possession and the balance 25 per cent at the end of one year after possession was given or on completion of services if that happened to be later. The Ministry of Works & Housing have stated in this regard that since the DDA was to embark upon major projects and needed substantial revenue, it was considered expedient by them to mobilise maximum resources and accordingly the pattern of payment of premium was revised. While the Committee appreciate the need for mobilisation of resources for development, they are of the view that the DDA should have obtained the approval of the Government before revising the pattern for recovery of premia for residential plots. The lapse on the part of the DDA is regrettable.

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Again, the Committee note that the DDA, in August 1975, raised the maximum income limit for LIG from Rs. 7200 to Rs. 12000 and the range for MIG from 7201, Rs. 18000 to Rs. 12001, Rs. 24000 without obtaining the approval of the Government. The

Committee are unable to appreciate the haste shown by the DDA in revising the income limits in respect of LIG and MIG categories which not exceed 419.8 sq. yards without bifurcation *vide* their letter No. explained satisfactorily.

The Committee also find that the DDA leased out 32 residential plots, the area of which was in excess of the prescribed maximum limit (400 sq. yards after May 1973). The Ministry of Works and Housing had approved auctioning of plots the area of which did not exceed 419.8 sq. yards without bifurcation *vide* their letter No. H-11016/25/73-UDI dated 21 February, 1974. Only 27 out of the 32 plots were covered by the above order and the other 5 plots were of larger size. The Ministry of Works & Housing have admitted that 'the auctioning of the 5 plots without the specific approval of the Government is not in order.' This lapse on the part of DDA, to say the least is deplorable. The Committee would like that responsibility be fixed for this lapse.

As per the terms of the lease the lessees are required to complete the construction within 3 years (including one year period of grace) from the date of possession and after the expiry of 3 years, further extensions are allowed on realisation of usual penalties. However, in old cases in which possession was given in 1969 to 1971 extension was given for 7 years without any penalties and the cases in which possession was delivered in 1972-75 extension was given upto 31 December, 1978 without any penalties and thereafter penalties

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were realisable at usual rates. Action for cancellation of the plots was to be initiated after the expiry of 10 years period from the date of handing over of possession. In view of the above terms of the lease, the Committee are surprised to note from the reply of the Ministry of Works and Housing that 'it is difficult to say exactly out of 29164 plots disposed of, on how many plots houses have not been constructed within the stipulated period'. The Committee are unable to understand how without having such basic statistics the DDA was keeping a watch over the unbuilt plots and recovering penalties. They would like the DDA to streamline the procedure in this regard, so that timely action is taken by the competent authority in pursuance of the terms of the leases.

According to the orders of the Government of India all plots exceeding 168 sq. metres in size are reserved for auction and the DDA releases for auction, about 15 plots per auction 3 to 4 times a month. Giving reasons for offering small number of plots for auction the Ministry of Works & Housing have stated that it is done in order 'to have a control and regulated inflow of plots into the market so that there is no artificial rise/artificial fall in the land values'. However, the Baveja Committee has revealed that releasing small number of plots at intervals has resulted into land value in the same locality going upto 10 times in 10 to 12 years. In some locali-

ties within a short span of one year the land prices have nearly doubled. The Committee are of the view that the DDA has been unable to check effectively the rise in land prices which was one of the objectives of setting up the Authority in Delhi. They would suggest that the Government and the DDA should review the present procedure regarding auction of plots and devise ways and means so that DDA's auctions do not lead to abnormal rise in land price.

It has also come to the notice of the Committee that the pre-determined rates fixed by the Delhi Administration in April 1975, were revised upward by the DDA in August 1975 and thus an excess amount of Rs. 36.66 lakhs was realised from the allottees of two colonies, namely Pashchimpuri and Vikaspuri. The Ministry of Works and Housing have admitted that "this was not in accordance with the scheme approved by the Government" and that it was not correct on the part of the DDA to have revised the pre-determined rates upward in August 1975 without recording any reason and without the approval of the Delhi Administration/Government of India". The actions on the part of the DDA is regrettable.

The Committee regret to find that there was delay ranging from 1 to 5 years in allotment of plots in 1640 cases and in handing over of possession in another 4180 cases in four colonies viz. Pashchimpuri, Shalimar Bagh, Gonda and Pritampura thereby delaying the realisation of premia to the extent of Rs. 325.16 lakhs and Rs. 634.49 lakhs respectively, apart from the loss of ground rent at 2½ per cent of the premia amounts for the period of the delay in each case. The

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Ministry of Works and Housing have admitted that the delay in disposal of plots had resulted in blocking up of funds besides hardship to the applicants. The Committee are not satisfied with the explanation given by the Ministry of Works and Housing that since their disposal was after the rates of premia had been increased, the DDA had not suffered loss on account of delay in allotment of 1640 plots. This is an extraneous consideration and the loss on account of delay in handing over possession cannot be overlooked. Since there have been such delays in other colonies as admitted by Government, the Committee are of the view that the reasons for such delays should be identified and remedial measures taken in this regard.

23 Ministry of Works
and Housing

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The Committee have been informed that although the Development Divisions and Sales Branches were required to submit quarterly returns of receipt and disposal of developed plots, these returns were 'either not received or were received incomplete'. The Committee are anxious to know the action taken by the DDA for obtaining timely and regularly these returns from the concerned branches. The Committee also desire that lapses on the part of the officials involved should be ascertained and suitable action taken.

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Section 52(1) of the Delhi Development Act, 1957 provides that "The Authority may, by notification in the Official Gazette, direct that any power exercisable by it under this Act except the power to make regulations may also be exercised by such officer or

local authority or committee constituted under Section 5A as may be mentioned therein, in such cases and subject to such conditions, if any, as may be specified therein." Section 5A(1) of the Act provides that "The Authority may constitute as many committees consisting wholly of members or wholly of other persons or partly of members and partly of other persons and for such purpose or purposes as it may think fit."

Section 5A of the Act empowers the Authority to constitute Committees. It is, however, noticed that instead of the Authority constituting the Housing Committee, the Authority by its Resolution No. 60 dated 21 February, 1970 and by a later notification dated 22 August 1970 empowered the Chairman, DDA to constitute the Housing Committee under Section 5A....

Further, the first Housing Committee was constituted on 9 March, 1970 whereas the notification empowering the Chairman to constitute such Committee was issued more than five months later.

It is also seen that by the same Resolution dated 21 February, 1970 and another notification dated 22 August, 1970 the Authority had delegated to the Housing Committee all the powers exercisable by the Authority under the Act except the power to make regulations. The powers delegated to the Housing Committee had not been specified nor were regulations framed for conducting the business of the Housing Committee. The Housing Committee functioned for more than 7 years and it was only on 9 June, 1977 that the Authority passed a Resolution (No. 155) stating that the dele-

gated powers of the Housing Committee should be identified and spelt out and its working should be reported to the Authority periodically.

The Committee would therefore suggest that the opinion of the Ministry of Law may be obtained as to whether the notifications relating to the constitution of the Housing Committee and the delegation of "all the powers exercisable by it (DDA)" to that Committee are in order, particularly keeping in view the provision contained in Section 52 of the Delhi Development Act, 1957, which empowers the Authority to delegate "any power" and not "all the powers" to "such officer or local authority or committee constituted under Section 5A."

The Committee have been informed that the original file relating to the constitution of the first Housing Committee is not traceable. They would like to be informed whether this file has since been traced and if not, what action has been taken against the persons responsible for the proper custody of the file.

It is seen from the Audit Paragraph that 222 L/G and 25 Janata/Community Services Personal (CSP) flats were allotted by the DDA on compassionate grounds. Initially, the allotments were made by the Chairman, DDA (who was also the Chairman of Housing Committee) on the basis of Resolution No. 9 dated 8 May, 1970, passed by the Housing Committee authorising the Chairman to take decisions in such cases. Later, it appears that the Chairman authorised the Vice-Chairman to decide individual cases in the light of

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principles/precedents indicated by the Chairman. The Committee are informed that a number of out-of-turn allotments were made by the Commissioner (Housing) also.

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The Committee are not satisfied with the procedure being followed by the DDA in making allotments out of turn on compassionate grounds. Such allotments can be made only by ignoring the claims of persons who have registered their names with the DDA in the ordinary course. The Committee are therefore of the view that the system of out of turn allotment on compassionate grounds should be dispensed with. However, if it is considered necessary to retain this system as a policy, the Committee would like that a firm criterion for entertaining such applications should be laid down.

32 3.57 —do—

The Committee have been informed that about 4000 LIG flats were allotted to unregistered persons as there had been poor response from the registered persons. It is, however, seen that there was a large backlog of persons on the waiting list of registered persons, and yet, instead of offering flats to persons on the waiting list, the DDA chose to allot flats to unregistered persons. It is difficult to comprehend how the DDA could obtain fresh applications, ignoring the claims of registered persons, and make allotments to unregistered persons numbering over 4000. The Committee deprecate such irregular action on the part of the authorities concerned. They recommend that the scheme regarding registration and allotment of flats should be scrupulously followed and no deviations as have been noticed in the afore-said cases should be allowed to recur.

Ministry of
Works & Housing

33 3.58 The staff strength of DDA is about 5,300 excluding work-charged staff. Till October 1978, 766 DDA employees had been allotted flats by the DDA out of the reserved quota of five per cent. Some employees may already have been allotted plots for construction of houses while some others may not be interested in purchasing flats for lack of resources or any other reason. Considering the above facts as also the unsatisfied demand of the general public for flats, the Committee recommend that Resolution No. 262 dated 17 August, 1968 reserving five per cent of the flats for DDA employees should be reviewed to see whether there is any justification for continuing such reservation.

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34 3.59 The DDA floated registration schemes in 1969, 1972 and 1976. Special registration scheme for retiring public servants was started in 1972 and for scheduled castes/tribes in 1973. As on 18 January 1979 the number of registered persons awaiting allotments was 20,418. In spite of a backlog of registered persons awaiting allotment, the DDA allotted flats to Government Departments and autonomous organisations, such as P&T Department, Life Insurance Corporation of India, State Bank of India, Minerals and Metals Trading Corporation of India and International Airport Authority for their employees. There is no policy decision taken by the DDA regarding allotment of flats to Government departments or autonomous bodies or private organisations. The aforesaid allotments were evidently

made on the basis of ad hoc decisions. This is regrettable. The Committee recommend that the policy regarding allotment of flats to Government departments and autonomous bodies should be reviewed and if it is considered necessary to continue such allotments in future, detailed procedure regarding eligibility and terms and conditions of allotment should be firmly laid down.

It is seen that the Housing Committee vide its Resolution No. 209 dated 26 November, 1974 approved the standard formula followed in pricing of the flats constructed by the DDA. However, during the period March, 1975 to March, 1977 the DDA charged higher rates than the rates as per standard formula from the allottees of flats in Prasad Nagar, Wazirpur, Rajouri Garden, Lawrence Road and Kalkaji schemes resulting in additional realisation of Rs. 196.20 lakhs. The approval of the Housing Committee was not obtained for charging higher rates. According to the Ministry, higher rates were charged "apparently" on the ground of popularity and location of the colonies to even out the fluctuations in the cost of construction in different areas and to subsidise the dwelling units constructed for weaker sections of the society.

The Committee are deeply distressed to note that the DDA charged higher rates than the approved rates in fixing prices of flats in the aforesaid cases. When the pricing formula was approved by the Housing Committee, the DDA officers concerned should have scrupulously followed it and any deviation from the approved pricing formula should have first been brought before the Housing Committee.

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tee and a conscious decision taken. The grounds on which higher rates were "apparently" charged, as stated by the Ministry, are unconvincing and are evidently an after-thought. This is also proved from the subsequent reduction in rates for other colonies. As regards subsidising dwelling units for weaker sections of the society, the Committee find that in the pricing formula higher rates are already charged from the MIG and LIG categories in working out the cost of land, departmental charges, interest and administration charges. Therefore, the question of charging higher rates from the allottees of the aforesaid colonies on the ground of subsidy did not arise. The Committee feel that this was a clear case of DDA taking advantage of its monopolistic position and demanding money from allottees at rates decided in an ad hoc manner and on untenable considerations. This is regrettable. The Committee would like the Government and the DDA to review the present procedure regarding fixation of prices of flats and issue necessary instructions so that such instances do not recur.

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The Committee find that the charges towards cost of over-heads taken into account in fixing the disposal price of flats have been revised a number of times. In the cost of over-heads, the MIG and LIG categories have to share a higher rate as compared to the Janata and EWS (Economically Weaker Section) categories. Evidently, the intention is to subsidise the latter category out of the receipts

from the MIG/LIG categories. As LIG category also deserves some relief from the already higher cost of LIG flats, the Committee would like the Government to examine whether the element of subsidy to the residential scheme of the DDA could appropriately be met from out of the receipts from the land and houses sold for industrial or commercial purposes or from a separate fund which may be created for the purpose.

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The Committee find that Regulation 6 provides that the disposal price or the hire-purchase price of flats shall be fixed by the Authority. However, the Authority by its Resolution No. 200 passed on 18 June 1968 delegated its power to fix prices of flats to the Vice-Chairman. The Committee would like the Government to examine, in consultation with the Ministry of Law, whether the above delegation of powers to the Vice-Chairman, DDA, through Regulation 60 of the Delhi Development (Management and Disposal of Housing Estates) Regulations, 1968, is within the frame-work of the parent Act and the Rules made thereunder and does not tantamount to excessive delegation.

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As the disputes between M/s Uppal Engineering Construction Company and DDA over the execution of work relating to 188 MIG and 188 LIG dwelling units at Ashok Vihar are pending before the High Court and in view of the fact that departmental action against the officers responsible in this case has been ordered, the Committee do not wish to make any observation at this stage on the issues involved. They would, however, like to be informed of the outcome of the above court proceedings and the departmental enquiry.

As the dispute regarding construction of 177 houses in Wazirpur Phase I is pending before the Arbitrator, the Committee do not wish to make any observation at this stage. They would like to be informed of the outcome of the arbitration proceedings and of the position regarding recovery of the amount due from the contractor.

Under the orders of the Government of India (Ministry of Home Affairs) dated 2 May, 1961, commercial plots are to be sold by auction of the premium. On 20-9-1968, the then Finance Member, DDA after discussion with the then Vice-Chairman, DDA proposed that the cinema site at Jhandewalan may be disposed of on the basis of annual ground rent, without premium. On 25-11-1968 the plot was disposed of by auction on an annual rent of Rs. 3.40 lakhs. Subsequently, the cinema sites at Karampura (Milan Cinema), Wazirpur (Deep Cinema) and Naraina (Payal Cinema) were also disposed of by auction on annual rental basis on 26-9-1969, 15-5-1970 and 10-9-1970 respectively. The matter regarding change in procedure i.e. from perpetual lease basis to annual rental basis was placed before the Standing Committee of the DDA in March, 1969, April, 1969 and June 1969 but no decision was taken. At the meetings held on 4 and 5 December, 1969, the Standing Committee considered the matter

and agreed with the proposal. Thereafter the Authority at its meeting held on 24-12-1970 passed a resolution that commercial plots may be disposed of by auction on annual payment of rent. The Committee find that in spite of the orders of the Government of India that commercial plots are to be sold by auction of the premium, the DDA officials chose to dispose of these plots on annual rental basis without obtaining the approval of the Government for change in the policy regarding disposal of commercial plots. Further, even when the matter was placed before the Authority on 24-12-1970, mention was made about the disposal of Jhandewalan site on 25-11-1968 but the fact that three more sites had also been disposed of by that date on annual rental basis, was concealed from the Authority. Again, while obtaining the approval of the Authority, no one seems to have cared to examine whether the Authority was competent to approve the proposal for change in the procedure, namely, from perpetual lease basis to annual rental basis.

Deviation from the normal procedure of disposal of commercial plots from perpetual lease to annual rental basis is stated to have been carried out as an experiment and the move in this direction was initiated by the then Secretary, DDA on 13-9-1968. Four cinema sites were thereafter disposed of by auction till 10-9-1970. On 12-11-1970, the then Commissioner, Implementation, DDA expressed the opinion that "so far as cinema site is concerned, I would recommend it should be disposed of on 'premium basis' so that we could get out returns immediately". However, the then Finance Member,

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DDA expressed contrary opinion and, in his note dated 21-11-1970, stated that: "I have examined the economics of the proposal and find that it would be more beneficial to dispose of the cinema site on annual rental basis instead of selling it on premium basis." The new procedure was then approved by the Authority at its meeting held on 24-12-1970. The Committee find that this new procedure suffered from several lacunae. The Vice-Chairman, DDA conceded during evidence that the assumption of premium, as also of rate of simple interest over a period of 100 years, as placed before the Authority on 24-12-1970 were indefensible and that this particular method of disposal of plots was illadvised. Further, it had resulted in heavy arrears of rent and litigation due to non-payment of rent by the purchasers.

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The Committee are surprised as to how a hypothetical example based on inappropriate figures, also concealing vital information, was deliberately placed before the Authority pleading for deviation in the normal procedure to get *post facto* approval of the Authority to the four cinema sites already disposed of under the changed procedure. The Committee would also like the Government to fix responsibility for disposing of these cinema sites without prior approval of the competent authority. They expect that the Ministry of Works and Housing will also devise some procedure to ensure

that DDA obtains prior approval of Government wherever such approval is required under the relevant statute, rules, orders etc., and does not exceed the powers vested in it.

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The Committee find that the Jhandewalan site auctioned on 25-11-1968 was cancelled on 18-6-1976 for non-payment of the rental charges due from the purchaser and that the amount of Rs. 1.70 lakhs deposited by the party has been forfeited. In respect of the other three cinema sites (Payal, Deep and Milan Cinema), arrears of rent amounting to Rs. 50.43 lakhs are outstanding. Recovery of rent is stated to have been delayed because the parties have gone to the court. The Committee would like to be informed of the outcome of the court proceedings and the present position regarding recovery of arrears of rent.

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The Committee note that out of the total 174 acres of land acquired under the Scheme of large scale acquisition, development and disposal of land for the district centre at Kalkaji 66.4 acres of land was transferred to DDA by the Delhi Administration for District Centre, Kalkaji and for that a sum of Rs. 1.20 crores was paid in October, 1968 to the Revolving Fund from the General Development Account of the DDA. The proposed terms of lease of the land sold to the DDA by the Delhi Administration were not in conformity with the general terms and conditions of lease prescribed under the large scale acquisition Scheme. The reply of the Ministry of Works and Housing that the then Lt. Governor had approved the proposal of the Financial Adviser and that the

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Delhi Administration were unable to offer any further comments, is not at all convincing. The correct position and the circumstances which led to a deviation from the normal procedure in this regard need to be explained to the Committee by the Government.

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The Committee are constrained to point out that the lease deed between Delhi Administration and the DDA has not been executed so far although the question of executing the lease deed for giving effect to the transfer of the land was considered by the Delhi Administration as early as in October, 1969 when it was decided that lease would be executed for 66.4 acres of gross area (of which 16.6 acres represented the area of permissible ground coverage). The Committee are informed that lease agreement has not been executed due to certain legal issues involved which are being sorted out. It is surprising that even after a period of 10 years, the legal issues are still to be resolved.

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It is pertinent to note in this regard that it was decided that for the first three years from the date of execution of lease between the Delhi Administration and the DDA, the ground rent would be nominal (Rs. 1 per annum) for the entire 66.4 acres and thereafter it would be 2½ percent of the premium which remained unaltered at Rs. 1.20 crores. The DDA had, however, sold this land for Rs. 11.20 crores after demarcating it into plots. Taking into account the amount of Rs. 1.20 crores paid to Government and

Rs. 1.71 crores incurred or likely to be incurred towards development charges by DDA, the net unearned increase in land value is of the order of Rs. 8.29 crores of which Rs. 4.15 crores should have been paid by the DDA to the Delhi Administration as the land was part of the Scheme of large scale acquisition, development and disposal of land and 50 percent of the unearned increase in the value of land was creditable to Government (revolving fund). The Committee are led to the inescapable conclusion that because of this inordinate delay in the execution of the lease deed, no ground rent has become payable to Government and also Rs. 4.15 crores, payable to Government by DDA being Government's share of unearned income has been held up. The Committee would urge upon the Government to take suitable steps to expedite the early execution of lease deed if not already done by now so as to avoid the delay in payment of the amount due to the Delhi Administration by the DDA.

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The Committee note that out of the 98 plots carved out by the DDA from an area of 16.6 acres of land 80 plots had been sold upto October, 1977 at an average rate of Rs. 2,704.00 per sq. yard (the highest rate realised being Rs. 17,316.00 per sq. yard). One of the primary objectives for which the DDA was set up was to check rise

in prices of land in Delhi. It is beyond the comprehension of the Committee as to how this objective could be fulfilled if sale of land in Delhi fetches as much as Rs. 17,316.00 per sq. yard. The Vice Chairman of DDA conceded during evidence that "it is a fact that plots were sold at very high rates" but added that "if we are to give plots for commercial purposes in a big centre like District Centre at a lower price than the market rate, it means we are encouraging profit making by the intermediaries". The Committee feel that sale of land at such high prices to the traders in particular compels them to extract the maximum profit from their customers to neutralise the high price paid by the traders and contributes in no small measure to the general rise in prices. The Committee recommend that the present arrangements regarding auctioning of commercial plots should be re-examined in depth to see how best the price of land sold by the DDA could be kept within reasonable limits.

The Committee note that in October, 1974 the members of Urban Art Commission accompanied by the Secretary and the Architect Planner of the Authority inspected the premises and building under construction in the Kalkaji district centre. The Commission *inter alia* found that 'no project report or a comprehensive programme seems to have been prepared for a scheme of this magnitude and complexity....., the present concept, plans and the architectural details are most unsatisfactory and if the construction of this

complex is allowed to proceed based on the present concept and plans it is not difficult to predict that the result will be a major failure both functionally and aesthetically.

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The Committee are constrained to note that the planning and designing of the District Centre was done unsatisfactorily as has been pointed out by the Urban Art Commission. The Committee have been informed that the project is being modified on the basis of the Commission's recommendations. They would like to be informed of the further progress made in the matter.

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The DDA was set up under the Delhi Development Act, 1957 with a view to "promote and secure the development of Delhi according to plan". For this purpose, the DDA was empowered, *inter alia*, to acquire, hold, manage and dispose of land and carry out other operations for purposes of such development. One of the objectives of setting up DDA in place of the Delhi Improvement Trust was the disposal of developed plots of land at a reasonable price. The Committee have, after examining the various aspects of the functioning of the DDA, come to the conclusion that the DDA has become mainly a profit making organisation and has contributed to the exorbitant rise in prices of land as well as of residential and commercial flats and buildings. It has also failed to provide accommodation to the needy persons. This was surely not the intention of the Government.

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It is well-known fact that the DDA acquires land from the land owners at a very low rate and after development sells it at exorbitant rates, thereby earning huge profits. A glaring example

of this is that in Kalkaji District Centre, the price paid by way of compensation to the land owners was Rs. 2.50 per sq. yard and the average cost of development (both general and internal) of the entire area of 66.4 acres worked out to Rs. 80.15 per sq. yard. Against this, plots were sold at an average rate of Rs. 2704 per sq. yard, the highest rate being 17316 per sq. yard. This amounts to nothing short of "loot". Even where land is acquired for a public purpose, a reasonable compensation is paid. But in cases where land is acquired and later sold by auction or for commercial purposes, as has happened in most cases, the Committee feel that the land owners/farmers should not be compelled to part with their holdings at a throw away prices. They therefore, recommend that the Land Acquisition Act may be suitably amended so that the interests of the farmers are properly safeguarded.

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The Committee feel that the present system of allotment of plots as well as built houses by draw of lots/auctioning does not take into consideration the actual need of the people which should have been the criteria. The Committee strongly recommend that the Government should review the present system of allotment of plots/flats and lay down precise criteria so that the economically weaker sections, low income group and middle-income group people are able to get plots/houses from the DDA at no profit no loss basis,

In this Report the Committee have drawn attention to several shortcomings and irregularities that have come to their notice in the functioning of DDA. In particular, mention may be made of the following:

- (i) Failure to implement the policy regarding shifting of industrial units from non-conforming areas to conforming areas; continued use of land for industrial purposes in non-conforming areas by allottees even after allotment of land in conforming areas, non-recovery of ground rent; survey of industrial units operating in non-conforming areas not carried out; failure to take action against persons who were allotted lands for industrial purposes but did not utilise the same for the purpose for which these were allotted; noxious/hazardous industries not shifted from non-conforming to conforming areas resulting in air pollution; allotment of lands at rates lower than that prescribed under orders of the Government; property registers not maintained up-to-date; non-availability of information regarding cases where lease deeds have not been executed.
- (ii) Revision of pre-determined rates without obtaining the approval of the Government; revision of pattern for recovery of premia without obtaining the approval of the Government; revision of income limits for purposes of allotment of plots without approval of the Governments

leasing out residential plots the area of which was in excess of the prescribed ceiling; delay in handing over developed plots; absence of records to indicate the number of plots which have been allotted but on which houses have not been constructed within the stipulated period; failure to take action against defaulters; periodical returns giving complete details of receipts and disposal of developed plots not obtained in time; policy of releasing small number of plots at a time for auction thereby resulting in sky-rocketing prices of land;

(iii) Delegation of powers by the Authority to the Chairman of the Authority for constitution of Housing Committee in violation of the provisions of Section 5A of the Delhi Development Act, 1957; constitution of Housing Committee five months before the notification empowering Chairman to constitute such Committee was issued; excessive delegation of powers by the Authority to the Housing Committee; unpardonable delay of seven years in rectifying the omission; files relating to the constitution of the first Housing Committee not traceable.

(iv) Excessive delegation of powers to the Vice-Chairman, DDA in the matter of fixation of disposal price or the hire-purchase price of flats; allotment of dwelling units to a

large number of unregistered persons although there was a long waiting list of registered persons; allotment of out-of-turn allotments of flats on compassionate grounds without obtaining approval of the Housing Committee; lack of civic amenities in residential colonies when built flats are initially allotted; absence of set policy regarding allotment of flats to Government departments, autonomous bodies or private organisations; fixation of prices at higher rates than that worked out on the basis of standard formula in the case of group housing schemes in certain colonies; and

- (v) Disposal of cinema plots on annual rental basis without obtaining the prior approval of the Government for change in the policy regarding disposal of commercial plots by auction; omission to place full facts before the Authority regarding cinema plots disposed of on annual rental basis; failure to collect arrears of rent from the owners of cinema houses to whom plots had been sold.

The Committee recommend that a high level body-independent of DDA, with senior officers drawn from the Ministry of Works and Housing, Ministry of Finance and Delhi Administration should be constituted to go into all aspects of the working of DDA and, in particular, the shortcomings and irregularities pointed out by the Committee in this Report, and suggest improvements in its system and working.

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