

*80492121*

87

**PURCHASE OF PROPERTIES BY  
THE CENTRAL GOVERNMENT**

**MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

**PUBLIC ACCOUNTS  
COMMITTEE  
1994-95**

**TENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**PUBLIC ACCOUNTS COMMITTEE**  
**(1994-95)**

## PURCHASE OF PROPERTIES BY THE CENTRAL GOVERNMENT

MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)



सन्ध्यसेव जयन्त

***Presented to Lok Sabha on 14.3.1995***  
***Laid in Rajya Sabha on 14.3.1995***

**LOK SABHA SECRETARIAT  
NEW DELHI**

February, 1995/Phalguna, 1916 (Saka)

PAC No. 1463

PARLIAMENT LIBRARY

Central Govt. Publications

Acc. No. PC.916.56(1)

Date.....

Price: Rs. 11.00

W  
351.7231R  
N4.87;6

© 1995 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by the Manager, P.L. Unit, Govt. of India Press, Minto Road, New Delhi.

# CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE(1994-95) ..	(iii)
INTRODUCTION . . . . .	(v)
CHAPTER I      Report . . . . .	1
CHAPTER II      Recommendations/Observations which have been accepted by Government . . . . .	6
CHAPTER III      Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from Government . . . . .	12
CHAPTER IV      Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration . . . . .	16
CHAPTER V      Recommendations/Observations in respect of which Government have furnished interim replies . . . . .	17
APPENDIX      Conclusions and Recommendations. . . . .	24
PART II	
Minutes of the sitting of Public Accounts Committee (1994-95) held on 20.2.1995 . . . . .	26

**PUBLIC ACCOUNTS COMMITTEE**  
(1994-95)

**Shri Bhagwan Shankar Rawat—Chairman**

**MEMBERS**

***Lok Sabha***

2. Shri Bandaru Dattatraya
3. Shri Anil Basu
4. Shri Dileep Singh Bhuria
5. Sqn. Ldr. Kamal Chaudhry
6. Dr. K.V.R. Chowdary
7. Shri Sharad Dighe
8. Shri Jagat Veer Singh Drona
9. Smt. Krishnendra Kaur (Decpa)
10. Smt. Geeta Mukherjee
11. Shri Mrutyunjaya Nayak
12. Shri V. Krishna Rao
13. Shri Magunta Subbarama Reddy
14. Shri Mohan Singh
15. Shri S.B. Thorat

***Rajya Sabha***

16. Shri S.S. Ahluwalia
17. Shri Somappa R. Bommai
18. Shri Triloki Nath Chaturvedi
19. Miss Saroj Khaparde
20. Shri Murasoli Maran
21. Smt. Jayanthi Natarajan
22. Shri G.G. Swell

**SECRETARIAT**

- |                       |                          |
|-----------------------|--------------------------|
| 1. Shri Murari Lal    | — <i>Joint Secretary</i> |
| 2. Smt. P.K. Sandhu   | — <i>Director</i>        |
| 3. Shri P. Sreedharan | — <i>Under Secretary</i> |

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-Seventh Report on action taken by the Government on the recommendations of the Public Accounts Committee contained in their Fifty-Second Report (Tenth Lok Sabha) on Purchase of Properties by the Central Government.

2. In their earlier Report, the Committee while reviewing the scheme of purchase of properties by Government under the Direct-Tax laws had, in the light of the shortcomings observed by them, made several specific recommendations in order to make the scheme effective in countering evasion of tax through under-statement of the value of the immovable properties in the transfer deeds and checking the proliferation of black money. In this report the Committee have observed that in response to their specific recommendations the Ministry of Finance have in their Action Taken Notes merely stated that the matter is under "active consideration". These included extension of the scheme to the entire country, plugging of loopholes in the scheme such as deliberately keeping the stated consideration below the prescribed limit, sub-dividing the property and selling a part for less than Rs. 10 lakhs, initiating adequate remedial steps necessitated by the Supreme Court judgement, amendment of the Law so as to bring power of attorney within the ambit of the scheme, reviewing the scheme etc. The Committee have expressed their surprise that even after the lapse of a period of two years since presentation of their original Report, no concrete action has been taken by Government. The Committee have deplored the casual approach of the Ministry in the matter and desired that the recommendations be expeditiously examined and conclusive action taken thereon to make the scheme more effective in countering tax evasion and checking proliferation of black money.

3. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 20 February, 1995. Minutes of the sitting from Part-II of the Report.

4. For facility of reference and convenience, the 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.

5. The Committee 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;  
24 February, 1995  
3 Phalgun, 1916 (Saka)

BHAGWAN SHANKAR RAWAT,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by the Government on the Committee's recommendations and observations contained in their 52nd Report (Tenth Lok Sabha) on Paragraph 2.01 of the Report of Comptroller and Auditor General of India for the year ended 31 March, 1991 (No. 5 of 1992), Union Government (Revenue Receipts—Direct Taxes) on Purchase of Properties by the Central Government.

2. The 52nd Report which was presented to Lok Sabha on 30th April, 1993 contained 15 recommendations. Action Taken Notes have been received in respect of all the recommendations/observations and these have been categorised as follows:—

- (i) Recommendations/Observations which have been accepted by Government:

Sl. Nos. 1, 4, 6, 7, 11 and 13

- (ii) Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from Government:

Sl. Nos. 10, 12, and 14

- (iii) Recommendations/Observations replies to which have not been accepted by the Committee and which required reiteration:

—Nil—

- (iv) Recommendations/Observations in respect of which Government have furnished interim replies:

Sl. Nos. 2, 3, 5, 8, 9, and 15

3. The Committee desire that the final action taken notes on all the recommendations in respect of which Government have submitted interim replies only so far should be furnished expeditiously after getting them duly vetted by Audit.

4. In the succeeding paragraphs the Committee will deal with the action taken on some of their recommendations and observations:

*Streamlining of the scheme of acquisition of immovable properties*

5. In order to check evasion of tax and curb proliferation of the unaccounted money, a number of anti-tax evasion/avoidance measures had been undertaken by the Government from time to time by incorporating

suitable provisions in the Direct Tax Laws. Legislations for this purpose has been introduced in the Direct Tax Statute from time to time starting from 1964. In November, 1972, the Central Government was empowered to acquire immovable properties of value above Rs. 25,000 in respect of which consideration for the transaction was under-stated. The applicability was extended in July 1982 and for purposes of administrative convenience the monetary limit was raised to Rs. 1 lakh from June, 1984. As there was substantial scope for litigation and harassment in the scheme of acquisition of immovable properties without producing commensurate results, this scheme was discontinued in relation to the transfer of properties from 30 September, 1986 and a new provision was inserted with effect from 1 October, 1986 conferring on the Government a pre-emptive right to purchase immovable properties valued at above Rs. 5 lakhs (raised to Rs. 10 lakhs under Government notification). The avowed objectives of this scheme are to counter evasion of tax through under statement of the value of immovable properties in transfer deeds and to check proliferation of black money in real estate transactions. These provisions which were initially applicable in the four metropolitan cities of Delhi, Bombay, Madras and Calcutta were subsequently extended to 24 other cities through notifications issued in 1987, 1989 and 1991.

6. An Appropriate Authority is a quasi-judicial authority constituted under the Income Tax Law, to perform the functions regarding purchase of immovable properties, such as passing orders for purchase of properties, issuing no objection certificate etc. it consists of three members, two of whom shall be holding the post of Commissioner of Income-tax or any equivalent or higher post and one from the Central Engineering Service holding the post of Chief Engineer or any equivalent or higher post. Seven Appropriate Authorities have been constituted at Delhi, Bombay, Calcutta, Madras, Bangalore, Ahmedabad and Lucknow.

7. The Committee had in their earlier Report expressed their concern over the failure of the authorities to achieve better results even in the operation of the new scheme during the past six and a half years. Out of 22811 cases processed under this scheme, purchase orders were passed in 872 cases. Of these 872 cases, 430 properties with apparent consideration of Rs. 228 crores were sold, yielding a profit of only Rs. 60 crores. The Committee had been further distressed to find the negative point in respect of 79 cases in which the authorities had only paid Rs. 43 crores and the relevant properties were yet to be sold. Taking a serious view of this delay, the Committee had recommended that the process of disposal of purchased properties should be expedited as huge amounts of public money had been unnecessarily locked up.

8. The Report of the Committee had revealed that the scheme had failed to achieve the desired results on the following counts:—

- (i) The Scheme was beset with litigation despite a specific provision denying any right to appeal;



- (ii) The scheme had no safeguard against deliberate under-statements in apparent consideration below the limit prescribed under law either individually or by splitting or in not filing the prescribed statement (37-I) in violation of the statute;
- (iii) There had been absence of principled selection of cases for purchase, which tended to erode the objectivity of the scheme;
- (iv) The scheme had failed to effectively tackle cases of auction sales, transfers through builders/developers etc;
- (v) Absence of appropriate guidelines and procedures;
- (vi) Lack of coordination with Income-Tax Department, Appropriate Authorities, Registering Authorities etc;
- (vii) The scheme since its inception had never been reviewed with a view to evaluating its effectiveness and effecting necessary improvements.

9. The specific recommendations of the Committee contained in the report included:

- (i) There is a need for extension of the scheme to the entire country as against its present operation being limited to 28 cities only.
- (ii) The loopholes in the scheme such as deliberately keeping the stated consideration below the prescribed limit, sub-dividing the property and selling a part for less than Rs. 10 lakhs etc. should be plugged.
- (iii) There is a need for taking remedial steps necessitated by the Supreme Court judgement given in the case of C.B. Gautam Vs. Union of India given on 17.11.1992 in consultation with the Ministry of Law.
- (iv) Effective steps should be taken to obtain the required statement from the parties in time and also in the issue of pre-emptive purchase order or No Objection Certificate by the Appropriate Authorities, within the time.
- (v) The feasibility of amending the law to bring in the case of power of attorney within the ambit of the scheme should be examined.
- (vi) There is need for a legal provision or inbuilt mechanism to ensure that the statements in form 37-I are filed without fail in all liable cases and no property covered by Chapter XXC (of the Income-Tax act, 1961 which provides for the Scheme of purchase of properties) is registered without No Objection Certificate from the Appropriate Authority. There is also a need for making submission of fortnightly statements by the Registering Authorities to the Appropriate Authorities mandatory.
- (vii) The criteria for fixation of reserve prices should be relooked.

- (viii) There is need for effective and better co-ordination between the Income Tax Department and the State Urban Land Ceiling Authorities, the Registering Officers, Appropriate Authorities etc.
- (ix) There is a need for evolving detailed guidelines for regulating the scheme and also for more effective monitoring of the scheme by the Central Board of Direct Taxes (CBDT).
- (x) Purchased properties should be expeditiously disposed of and a statutory time limit for the same should also be prescribed.
- (ix) A more intensive scrutiny of the cases is required to ascertain the true market prices.

10. The Committee had recommended that comprehensive and effective steps should be taken immediately in the light of their recommendations made in the Report and the judgement of the Supreme Court in the case of C.B. Gautam Vs. Union of India given on 17-11-1992 upholding validity of the scheme with a view to removing all the lacunae which had thus far impeded the smooth and effective functioning of the scheme.

11. In response to the observations of the Committee regarding the delay in disposal of purchased properties the Ministry of Finance (Department of Revenue) have in their Action Taken Note stated:—

“After the decision of the Supreme Court in the case of C.B. Gautam Vs. Union of India the Appropriate Authority, before passing any purchase order is required to establish that market value of any property on the date of transfer exceeds the apparent consideration. This decision has led to a more intensive scrutiny of the cases. Purchase orders are passed only in cases where there is substantial difference in the market value of the property and the apparent consideration.

The properties purchased under Chapter XXC of the Income-tax Act vest in the Central Government. The Law does not prescribe any method of disposal of such properties but these are being sold to public in accordance with administrative decision taken by the Government. All steps are being taken to dispose of the property by sale immediately. Since there are no statutory provisions laying down procedure for disposal of properties, the Board has issued revised norms (Instruction No. 1908 dated 19-7-1993) wherein decision of the Board to ensure that pre-emptively purchased properties are put to the Public Auction within three months of its purchase has been conveyed.”

12. In respect of many recommendations of the Committee the Ministry of Finance (Department of Revenue) in their relevant action taken notes stated, “The matter is under the active consideration of the Ministry.” These included, extension of the scheme to the entire country in place of

its existing operation in limited cities, plugging of loopholes in the scheme such as deliberately keeping the stated consideration below the prescribed limit, sub-dividing the property and selling a part for less than Rs. 10 lakhs, initiating adequate steps necessitated by the Supreme Court judgement, amendment of the Law so as to bring in power of attorney within the ambit of the scheme, need for making submission of fortnightly statement by the registering authorities to the Appropriate Authority mandatory, reviewing of the scheme etc.

13. From the Action Taken Notes furnished by the Ministry it was seen that action had been taken in respect of the recommendations of the Committee regarding submission of the required statement within the prescribed period, issue of pre-emptive purchase order/No Objection Certificate, co-ordination between Appropriate Authority and other authorities, preparation of procedural Manual for regulating the scheme laying down revised norms through executive instructions for disposal of properties etc.

14. To sum up, the Committee while reviewing the scheme of purchase of properties by Government under the Direct-Tax laws had, in the light of the shortcomings observed by them, made several specific recommendations in order to make the scheme effective in countering evasion of tax through under-statement of the value of the immovable properties in the transfer deeds and checking the proliferation of black money. In response to many specific recommendations of the Committee the Ministry of Finance have in their Action Taken Notes merely stated that the matter is under "Active consideration". These included extension of the scheme to the entire country, plugging of loopholes in the scheme such as deliberately keeping the stated consideration below the prescribed limit, sub-dividing the property and selling a part for less than Rs. 10 lakhs, initiating adequate remedial steps necessitated by the Supreme Court judgement, amendment of the Law so as to bring power of attorney within the ambit of the scheme, reviewing of the scheme etc. The Committee are surprised that even after the lapse of a period of two years since presentation of their original Report, no concrete action has been taken by Government in the whole issue. The Committee deplore the casual approach of the Ministry in the matter and desire that the recommendations be expeditiously examined and conclusive action taken thereon within a period of six months to make the scheme more effective in countering tax evasion and checking proliferation of black money.

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

In order to check evasion of tax and curb proliferation of the unaccounted money, a number of anti tax evasion avoidance measures have been taken by the Government from time to time by incorporating suitable provisions in the direct tax Laws. Legislation was introduced in Direct Tax statute as early as in 1964 to subject the difference between the actual consideration received and the value declared in the transfer documents to capital gains and the difference between the market value and the actual consideration for transfer to gifts tax. The Direct Taxes Enquiry Committee popularly known as Wanchoo Committee set up in 1970, recommended incorporation of provision in law for acquisition of properties in respect of which the consideration declared in the instrument of transfer was not truly stated or was under stated as compared to the fair market value of the property on the relevant date under certain circumstances. The Legislation was accordingly amended w.e.f. November, 1972 empowering the Central Government to acquire immovable properties of value above Rs. 25,000 in respect of which consideration for the transact on was understated. The applicability of these provisions was further widened with effect from July, 1982 to cover transfer of flats in co-operative Societies and companies, part performance sales under the Transfer of Property Act, 1982 and long term leases. For purposes of administrative convenience the monetary limit was raised to Rs. 1 lakh from June 1984. Subsequently, the long term fiscal policy announced in December 1983 noted the substantial scope for litigation and harassment in the scheme of acquisition of immovable properties without producing commensurate results. In the wake of this, the existing scheme of acquisition of immovable properties by Government was discontinued in relation to the transfer of properties after 30th September, 1986 and a new provision was inserted w.e.f. 1st October, 1986 conferring on the Government a pre-emptive right to purchase immovable properties valued at above Rs. 5 lakhs (raised to Rs. 10 lakhs under Government notification). The avowed objectives of this scheme are to counter evasion of tax through under statement of the value of immovable properties in transfer deeds and to check proliferation of black money in real estate transactions. These provisions which were initially applicable in the four metropolitan cities viz. Delhi, Bombay, Madras and Calcutta were subsequently extended to 24 other cities through notifications issued in 1987, 1989 and 1991. The provisions enabled the Government to purchase

properties already offered for sale and no solatium was payable since so compulsory acquisition was involved. The purchase properties were to vest in the Government free from all encumbrances. The Committee regret to find that as discussed in the succeeding paragraphs the scheme has by and large not been able to achieve the desired objectives.

[S.No. 1 (Para no. 75) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

#### **Action taken**

The observation made by the PAC in the specific para have been noted.

(Approved by the Additional Secretary to the Govt. of India)

F.No. 241/1/93-A&PAC-I

F.No. 309/6/93-OT

#### **Recommendation**

Another disquieting feature in the working of the scheme has been the large scale litigation as a result of the implementation of the scheme under Chapter XXC. The Committee find that as on 31st December, 1992, 340 out of 872 cases in which purchase orders were passed, have ended in litigation and of these 340 petitions as many as 117 were over 3 years old. 303 writ petitions related to challenge of constitutional validity of the scheme and 37 writ petitions were pending on other grounds. The Committee are constrained to observe that the Government have found themselves helpless to avoid litigation on grounds other than that of constitutional validity or to have such cases settled expeditiously despite the provisions which made the orders of the Appropriate Authority final and conclusive, not to be questioned in any proceedings under this Act or any other laws. The aforesaid statistics reveal that this scheme too suffers from voluminous paper work and litigation, despite having been limited in scope. The Supreme Court has now upheld the validity of the scheme. The Committee recommend that the existing scheme should be reviewed in the light of the Supreme Court judgement and the other reasons for widespread litigation with a view to take remedial steps to overcome the existing lacunae so as to minimise litigation. The Committee would like the concrete steps be taken in this regard.

[S.No. 4 (Para No. 78) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

#### **Action taken**

The majority of cases in litigation was on account of the pendency of the issue of constitutional validity of the provisions of Chapter XXC before the

**Supreme Court.** The Supreme Court has since upheld the constitutional validity of these provisions and this has resulted in substantial reduction of litigation. By the Finance Act 1993, certain amendments have been made in various provisions of Chapter XXC as a consequence to the Supreme Court decision.

2. One writ petition filed against purchase orders made after the receipt of Supreme Court judgement, the courts are now taking a view that in their writ jurisdiction, they will not go into the facts of the cases unless the findings of the Appropriate Authority are perverse or show a total non-application of mind to the relevant facts. Observations of the Bombay High Court in the case of Smt. Vimla Devi Maheshwari in order dated 10-3-93 in writ petition No. 514 of 1993 may be reproduced on this point:

“We may state here that we are not sitting in appeal over the Appropriate Authority. Unless its findings are perverse or show a total non-application of mind to the relevant facts, it would not be proper on our part to interfere with the order of the Appropriate Authority”.

3. The Supreme Court has agreed with the reasoning and conclusions of the High Court while dismissing the Special Leave Petition against this judgement.

4. Similar view have been taken by the Delhi High Court and Bombay High Court in another case.

5. In view of the above, the litigation arising from the purchase orders passed under Chapter XXC is expected to be substantially reduced.

(Approved by the Additional Secretary to the Govt. of India)

F.No. 241/1/93-A&PAC-I

F.No. 309/6/93-OT

### **Recommendation**

Under Section 269UC, the agreement for transfer of immovable property exceeding Rs. 10 lakhs between the transferor and the transferee is required to be reduced to writing in the form of a statement in the prescribed form 37-I and furnished to the Appropriate Authority within 15 days. The Committee are unhappy to find violation of this provision in Madhya Pradesh, Maharashtra, Kerala, West Bengal and Gujarat Circle where the submission of such statements to the Appropriate Authority has been delayed by 3 to 1190 days. The Committee are surprised to find that no penal action was initiated in any of these cases even though parties were liable to rigorous imprisonment and levy of fine. The Committee would impress upon the Ministry to take effective steps to induce the parties to submit the required statements within the prescribed period of 15 days and to take penal action in all such cases where the submission of the required statement is unduly and intentionally delayed.

[S.No. 6 (Para No. 80) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

### Action taken

The Appropriate Authorities have been instructed to scrutinise all cases of delayed filling of Form 37-I and to process cases for prosecution where delays are noticed and where the case is fit for prosecution.

(Approved by the Additional Secretary to the Govt. of India)

F.No. 241/1/93-A&PAC-I

---

F.No. 309/6/93-OT

### Recommendation

The Committee further note that the appropriate Authority, on receipt of the statement in Form 37-I is required to issue within 2 months from the month end in which the form is received either the pre-emptive purchase order or the no objection certificate on the strength of which registration of the sale deed would materialise. Audit scrutiny has revealed that the Appropriate Authority in quite a large number of cases failed to take either of the aforesaid actions simply on the ground that on scrutiny these forms were found defective or incomplete. While admitting this fact the Ministry have tried to explain the inaction by saying that this problem arose because law on this point was not clear and the Appropriate Authority took a view that after the Form 37-I was 'filed' by it, without taking any action on the ground that the Form is defective/incomplete, the concerned parties would re-submit a fresh form after removing the defects to seek a No Objection Certificate, since without No objection certificate, transfer of the Immovable property covered by Chapter XXC was not possible. This explanation is hardly convincing and it has also been taken a decision of the Supreme Court in the case of Tanvi Trading and Credits (P) where the Court has held that the Appropriate Authority is required either to pass purchase order or to issue the no objection certificate. The Committee are unhappy over the inaction on the part of the Appropriate Authorities in all such cases. As the said decision of the Supreme Court is stated to have been communicated to all the Appropriate Authorities, the Committee hope that all the statements in Form-37-I would in future be disposed of as required under the law.

[S.No. 7 (Para No. 81) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

### Action taken

The observation of the Committee has been noted.

(Approved by the Additional Secretary to the Govt. of India)

F.No. 241/1/93-A&PAC-I

---

F.No. 309/6/93-OT

### Recommendation

The Committee are also dismayed to find that due to lack of coordination with the State Urban Land Ceiling Authorities, the Department has passed purchase orders even in cases hit by the Land Ceiling Act, and consequently the transferors were unduly benefited by paying substantially higher amounts by the Department, as compared to what they would have obtained from the State Authorities as compensation. The Ministry have conceded that some cases have been noticed where either parties to the transaction did not indicate the applicability of Urban Land Ceiling Act or the concerned State Government Authorities did not supply the information to the Appropriate Authority within the prescribed time limit for passing of the purchase order. The Committee feel that it should now be possible for the Appropriate Authority to collect all the relevant information during the course of statutory hearing to be extended to the parties as per Supreme Court decision. The Committee feel that it should also not be difficult now to get such information from the State Government Authorities as the time limit for passing the purchase order is proposed to be extended from two to three months, from the end of the month in which form 37-I is filed. The Committee would emphasize the need for ensuring full coordination between all the authorities so that the private parties do not derive any additional gratuitous benefit at the cost of national exchequer.

[S.No. 11 (Para No. 85) of Appendix II to the 52nd Report of the PAC (1992-93) (10th Lok Sabha)]

### Action taken

The observations of the Committee have been brought to the notice of all Appropriate Authorities. The statute has also been amended to allow a longer time to the Appropriate Authorities for completing necessary enquiries and obtaining all information necessary including from the State Governments, for passing an order of purchase.

(Approved by the Additional Secretary to the Govt. of India)

**F.No. 241/1/93-A&PAC-I**

**F.No. 309/6/93-OT**

### Recommendation

Another area of concern for the Committee is the fact that Board have not evolved detailed guidelines to regulate the scheme. Only Departmental instructions have been issued from time to time. Certain guidelines decided in a meeting of the Appropriate Authorities held on 17 & 18 October, 1986 are being followed. Strangely enough, failure to issue detailed guidelines has been justified by the Ministry by saying that the provisions are being administered by 3 members of Appropriate Authority; of which 2 are of the rank of Commissioner of Income-tax to the Central



Government and the third Member is of the rank of Chief Engineer to the Central Government. In view of this the Ministry has not felt it necessary to prescribe registers containing specific proforma for keeping in watch over the statutory functions performed by the Appropriate Authorities. The Audit Para has highlighted several problems in their day to day functioning which the Appropriate Authorities have not been able to overcome. The Committee would impress upon the Ministry the need for evolving detailed guidelines so as to enable the Appropriate Authorities not only to take prompt but also uniform decisions in all cases. The fact that strict time limits are incorporated in the chapter make it all the more imperative that maintenance of proper registers and proforma are prescribed to keep strict vigil on all pending action. The Committee also desire that the Board should call for a periodical report from the Appropriate Authorities regarding their activities indicating *inter-alia* therein the details about no objection certificate issued, purchase orders passed, properties purchased and sold, litigation cases etc. so as to undertake the desired monitoring at their level with a view to ensuring smooth & effective functioning of the scheme.

[S.No. 13 (Para No. 87) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

#### Action Taken

It has been decided to have a procedural manual for the working of Appropriate Authorities containing guidelines as well as proforma for various registers and records to be maintained. This procedural Manual is under preparation. The Board is obtaining statistical information regarding various activities of the Appropriate Authorities on a monthly basis. This information relates to the pendency of Forms 37-I, new receipts, number of purchase orders passed, number of No objection certificates issued, number of properties sold during the month and number of writ petitions pending with the Appropriate Authorities. The functioning of the Appropriate Authorities is constantly monitored by the Board with a view to ensure smooth and effective functioning of the scheme of pre-emptive purchase of properties.

(Approved by the Additional Secretary to the Govt. of India)

F.No. 241/1/93-A&PAC-I

---

F.No. 309/6/93-OT

## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM THE GOVERNMENT**

#### **Recommendation**

The Committee are informed that for auction of purchased properties the reserve price is to be the apparent consideration plus 15 percent thereof. This criteria is stated to have been fixed as the purchase order is to be made only if the market value is at least 115 percent of the apparent consideration. Although, the Board has clarified that the limit of the reserve price at 15 percent of the apparent consideration was only the minimum limit and it was left to the discretion of the Chief Commissioners of Income-tax to fix the reserve price above 115 percent of the apparent consideration if they considered it a fit case, audit scrutiny has revealed that the reserve price was invariably being fixed by merely adding 15 percent of the apparent consideration. Even though the properties are sold in open auction, the Committee feel that the fixation of reserve price usually at the minimum prescribed limit is likely to be taken advantage of by auctioneers by forming cartels etc. It is, therefore, deemed imperative that the reserve price fixed should be reasonable so as to discourage the possibility of indulging in unscrupulous activities by the auctioneers at the cost of national exchequer. As the value of the property is assessed both by the valuation wing and the Appropriate Authorities separately at the time of passing purchase order, the Committee consider it very necessary that reserve price should be fixed keeping in view these two separately compiled figures and also taking into consideration the element of price escalation in case there is time gap in disposal thereof.

[S.No. 10 (Para No. 84) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

#### **Action Taken**

Reserve price for public auction of properties purchased by the appropriate Authorities is to be fixed by the Chief Commissioner of Income-tax taking into account the Board's Instruction No. 1857 dated 5.10.1990. The reserve price only indicates minimum amount from which biddings commence in the public auction. The Chief Commissioners always take into account the market conditions before fixing the reserve price. There is little likelihood of formation of cartel by the bidders as the Chief Commissioner of Income-tax, conducting the auction, always reserves a

right to reject any bid including the highest bid without assigning any reasons.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93-A&PAC-I

---

F. No. 309/6/93-OT

### **Recommendation**

The Committee are extremely unhappy over the utter lack of coordination and mutual exchange of information between the various functionaries of the Income-tax Department the Registering Officer and the Appropriate Authority. Audit scrutiny has revealed a number of cases where the Appropriate Authorities failed to pass on copies of its orders on the valuation report estimating the market values of properties under consideration for purchase to the assessing officers. Similarly, the Officers issuing tax clearance certificates also failed to send copies thereof to the Appropriate Authority. Committee regret to observe that in respect of cases where the Appropriate Authority/State Registering Authority had determined the fair market values at substantially higher levels than the appropriate consideration, proceedings for levying the capital gains/gift tax etc. were not initiated. 749 cases in 8 different circles have been detected by audit scrutiny where fair market value amounted to Rs. 66.89 crores against the apparent consideration shown to the extent of Rs. 39.08 crores. The Committee are informed that long term action plan for survey for five years 1990-91 to 1993-94 has prescribed code No. 201 requiring CIB units to collect information available in Form 37-I received by Appropriate Authorities on regular basis. The Committee desire that this action plan should be evaluated to find out whether it has achieved the desired objective and the result thereof apprised to them. The Committee would also like the Department to ensure that there is no short/non levy of capital gains and or gift tax due to lack of coordination between various functionaries of the Department and State Registering Authority.

[S.No. 12 (Para No. 86) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

### **Action Taken**

The CIB Unit of Investigation Wing of the Income-tax Department regularly collects information from Appropriate Authorities, and passes on to the Assessment Wing for taking appropriate action under various Direct Tax Laws. Upto 30.9.92, 9126 pieces of information were collected by CIB Units from the Appropriate Authorities.

The assessing Officer of the transferor comes to know of the transfer of any immovable property at the time of issue of tax clearance certificate under Section 230A of the Income-tax Act. He would therefore, be aware

of the applicability of provisions of Capital Gain Tax or the Gift-tax at the time of completion of the assessment.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93-A&PAC-I

F. No. 309/6/93-OT

### **Recommendation**

The Committee have been informed that under the previous scheme of acquisition of immovable properties under Chapter XXA, out of one and a half lakh cases examined by the authorities, 7300 cases only were considered fit for passing final order. But ultimately, the authorities were able to issue final orders in 91 cases and ended up acquiring just 15 properties a total value of Rs. 35 lakhs only. According to the Ministry of Finance, litigation process in the old scheme was so complicated that they were handicapped to take any action. With a view to overcome the difficulties experienced in the old scheme which was discontinued after 30 September, 1986 other new provision was inserted with effect from 10th October, 1986 conferring on the Government a pre-emptive right to purchase immovable properties. The Committee are concerned to find that the authorities concerned have failed to achieve better results even in the operation in the new scheme during the last six and a half years. Out of 22311 cases processed under this scheme, purchase orders were passed in 812 cases. Of these 812 cases 430 properties with consideration of Rs. 223 crores were sold, yielding a profit of only Rs. 60 crores. The Committee are further distressed to find the negative point in respect of 79 cases in which the authorities have already paid Rs. 43 crores and the relevant properties are yet to be sold. The Finance Secretary conceded during evidence before the Committee that it is an administrative delay and it is a question of speeding up the process. The Committee take a serious view of this administrative delay and emphasize that the process of disposal of purchased properties should be expedited as huge amounts of public money has been unnecessarily locked up. The Committee would also stress the need for prescribing a statutory time limit for disposal of purchased properties under this scheme. Having regard to the objective of the new scheme as a deterrent to the widespread operation of black money, the Committee believe that more intensive scrutiny of cases to ascertain the true market prices was also called for so as to identify the real tax evaders. This aspect should also be suitably taken care in future.

[S. No. 14 (Para No. 88) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

### **Action Taken**

After the decision of the Supreme Court in the case of C.B. Gautam Vs. Union of India the Appropriate Authority, before passing any purchase order is required to establish that market value of any property

on the date of transfer exceeds the apparent consideration. This decision has lead to a more intensive scrutiny of the cases. Purchase orders are passed only in cases where there is substantial difference in the market value of the property and the apparent consideration.

The properties purchased under Chapter XXC of the Income-tax Act vest in the Central Government. The Law does not prescribe any method of disposal of such properties but these are being sold to public in accordance with administrative decision taken by the Government. All steps are being taken to dispose of the property by sale immediately. Since there are no statutory provisions laying down procedure for disposal of properties, the Board has issued revised norms (Instruction No. 1908 dated 19.7.1993) wherein decision of the Board to ensure that pre-emptively purchased properties are put to the Public Auction within three months of its purchase has been conveyed.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93-A&PAC-I.

---

F. No. 309/6/93-OT

**CHAPTER IV**  
**RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH**  
**HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH**  
**REQUIRE REITERATION**

**—NIL—**

## **CHAPTER V**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

#### **Recommendation**

The earlier scheme of acquisition of properties by Central Government was applicable to the entire country. However, the scheme of purchase of properties by Central Government which was initially introduced in 4 metropolitan cities of Bombay, Delhi, Calcutta and Madras with effect from 1.10.1986 was subsequently extended to cover 24 more cities between 1.10.1987 and 1.4.1991. The scheme is stated to have been restricted to specified cities where sufficiently large number of transactions of immovable properties with consideration exceeding of Rs. 10 lakhs are practically noticed to be taking place. Extension of the scheme to the entire country was not considered by the Ministry as the constitutional validity of the provisions was under challenge in the court of law. According to the Ministry, the extension of the scheme to the entire country would now be examined and a decision to that effect would be taken in the wake of the Supreme Court Judgement deciding its constitutional validity. The Committee are of the view that extension of the scheme only to the specified cities, on the one hand result in similar transactions outside the cities remaining beyond the scope of the scheme and on the other it tends to undermine the principle of equity under the scheme. The Committee hope that the question of extending the coverage of scheme will now be considered seriously by the Ministry.

[S. No. 2 (Para No. 76) of Appendix II to the 52nd Report of PAC  
(1992-93) (10th Lok Sabha)]

#### **Action Taken**

The question of extending the scheme of pre-emptive purchase of properties to cover the entire country and to provide the necessary administrative machinery to cope with the increased workload is under consideration of the Ministry.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93-A&PAC-I

F. No. 309/6/93-OT

#### **Recommendation**

The Committee further note that even in limited cities where the scheme under chapter XXC is applicable; the provisions for pre-emptive purchase are activated only where the stated consideration for the transfer of property in the agreement entered into is above Rs. 10 lakhs. There has

been no move to readjust the financial limit, having regard to the magnitude of operation of the scheme etc. and keeping in view the shift in real estate prices. Further, value has been prescribed as the apparent consideration of the relevant property. Consequently, where the stated consideration of a property is deliberately kept below the prescribed limit, the case authentically goes out of the ambit of the scheme and unfortunately no mechanism has been prescribed to detect such cases of willfully escaping from the purview of the scheme leading to tax evasion and proliferation of black money. In the case of *Abdus Samat Haji Adam Kantharia and others Vs. Union of India and others*, the Bombay High Court had held that auction cases would not fall within the purview of the scheme of purchase of properties as there would be no agreement between the parties in such cases. Thus the auction cases also remain outside the purview of the scheme. The Committee find that in some of these cases, statement in Form 37-I were being submitted to the Appropriate Authority who also issued no objection certificates while some did not come up at all before the Appropriate Authority. The Finance Secretary informed the Committee during evidence that it was not considered prudent to plug a member of loopholes noticed in the scheme such as deliberately keeping the stated consideration below the prescribed limit, sub-dividing the property and selling a part for less than Rs. 10 lakhs etc. as the main issue was pending in the Supreme Court. The Committee are not convinced with this argument and since that the Supreme Court judgement has been delivered necessary steps should be initiated. The Committee recommend that suitable provisions should be made to plug these loopholes in consultation with the Ministry of Law, urgently.

[S. No. 3 (Para No. 77) of Appendix II to the 52nd Report of PAC (1992-93) (10th Lok Sabha)]

### **Action Taken**

Legislative measures for plugging the loopholes of deliberate under-valuation of properties and split transactions are under active consideration of the Ministry. Suitable amendment in law is being considered as an on going process of tax reforms.

2. The question of modifying the limit of Rs. 10 lakhs as apparent consideration for application of scheme of pre-emptive purchase it also linked with the plugging of loopholes pointed out by the Committee.

3. The ratio laid down by the Bombay High Court decision in the case **ABDUS SAMAT HAJI ADAM KANTHARIA AND OTHERS**

**Vs**

**UNION OF INDIA AND OTHERS** was given in the context of the old Chapter XXA of the Income-tax Act where the Competent Authority was required to establish that consideration for transfer agreed to between the parties was less than the fair market value of the property. The High Court



had taken a view that in cases of auction sales, there cannot be any consideration for transfer agreed to between the parties and consequently provisions of Chapter XXA would not apply in such a case. Hence, this may not be relevant for administering Chapter XXC.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93-A&PAC-I.

F. No. 309/6/93-OT

### Recommendation

The Supreme Court in its judgement delivered on 17.11.1992 has upheld the Constitutional validity of the scheme which was challenged, *inter alia*, on the ground that it infringes the right to buy/sell property. The basic decisions of the court *inter alia* are (i) Both the intending buyer and the seller should be given the opportunity to be heard before ordering compulsory purchase (ii) reasons for making the purchase should be communicated to the affected parties (iii) The purchase made by the Government would be subject to encumbrances and lease hold interest to the extent these are not agreed to be discharged by the vender. While the clause free from all encumbrances has been struck down the Supreme Court has held that monthly tenancies would continue even after an order for purchase by the Central Government has been made by the Appropriate Authority concerned but such tenants would lose the protection under the Rent Protection Laws, because such laws are not made applicable to properties owned by the Central Government with the result that their tenancies could be terminated by the Central Government. Although, the judgement is to have only prospective application, the Court has directed that in respect of pending litigation cases the parties are required to be given a hearing. The Committee have been informed by the Ministry that the implementation of the Supreme Court judgement is not likely to create any problem for the Appropriate Authorities. According to the Ministry, the only administrative change required is the strengthening of the valuation set up attached to the Appropriate Authorities. Further, the time limit for passing the order is proposed to be extended from two months (as directed by the Supreme Court) to three months from the end of the month in which form 37-I is filed perhaps necessitated from the practical experience gathered while handling the cases in the wake of the Supreme Court judgement. In order to give legislative shape to the ruling of the Supreme Court, some amendments in the provisions of chapter XXC have been proposed in the Finance Bill, 1993. For instance, it has been proposed that the holder of a *bonafide* lease or encumbrance can continue to remain in possession of the property if in terms of the agreement for transfer, he is eligible to continue to be in possession of such property even after the transfer. It is pertinent to note in this regard that the Supreme Court has held that monthly tenancies if existing in the purchased property could be terminated by the Government as rent

protection laws do not apply to properties owned by the Central Government. The Ministry have contended that it may not be necessary to take action under the Public Premises Act, 1971 to get the vacant possession of the property as Government can always sell the property alongwith such *bona-fide* tenants on 'as is where is basis'. The Committee, however, feel that to sell the properties again with the same tenants may be fraught with various difficulties and necessary steps should be taken to ensure that the *bona-fide* interests of the Government and the tenants are not jeopardised. The Committee also emphasize that with a view to safeguard the Government interests in the scheme all remedial steps necessitated by the Supreme Court judgement should be taken urgently in consultation with the Ministry of Law.

[S. No. 5 (Para No. 79) of Appendix II to the 52nd Report of PAC  
(10th Lok Sabha)]

#### **Action Taken**

The matter is under active consideration of the Ministry.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93—A&PAC—I.

F. No. 154/6/93—TPL

#### **Recommendation**

The Committee are also concerned to note that there has been considerable difficulty in handling cases of lease/sub-lease or power of attorney, of industrial undertakings or going concerns and of agreements for development of plots and construction of high-rise buildings. Often, some of the conditions of the agreements deterred the concerned Appropriate Authorities from interfering in the transactions. According to the Ministry, the Appropriate Authorities, as per instructions to them, have avoided passing of purchase orders in cases involving lease, sub-lease unless the apparent consideration has been noticed to be grossly understated. Any action from legal angle in such cases was not considered as per the advice of law Ministry since the constitutional validity of the Chapter XXC was pending before the Supreme Court. The Committee feel that these problems were not entirely related to the constitutional validity of the provisions and devising of suitable means to overcome the difficulties in such cases should have been considered much earlier and the Committee deprecate the lack of action on the part of the authorities thus far. It has now been proposed in the Finance Bill, 1993 to give a right to the Appropriate Authority to declare any encumbrance or lease hold interest to be void where it has been created with a view to defeating the purpose of this chapter. The Committee hope that with this amendment the Appropriate Authority would not feel constrained to act in the aforesaid cases. The Committee also expect the Ministry to examine the feasibility of amending the existing law to bring in the ambit of the scheme

the case of power of attorney as the power of attorney executed generally does not mention the apparent consideration and is also not required to be registered.

[S. No. 8 (Para No. 82) of Appendix II to the 52nd Report of PAC  
(10th Lok Sabha)]

### **Action Taken**

The matter is under active consideration of the Ministry.

(Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93—A&PAC—I.

F. No. 154/6/93—TPL

### **Recommendation**

The Committee are also concerned to note that there have been quite a few cases where certain proposals covered by Chapter XXC have been registered by the Registering Authorities even without the production of a No Objection Certificate from the Appropriate Authorities inspite of the fact that production of the No Objection Certificate is a legal pre-condition for such registration. The Committee are surprised over the justification for this wrong action adduced by the Ministry that none of these cases have been found to be having any potential where the purchase order could have been made if the transaction had come before the Appropriate Authority. They are of the opinion that the action taken by the Ministry in requesting the concerned Registration Authorities to be more careful in this regard would not suffice. There ought to be some legal provision or an in built mechanism to ensure that the statements in Form 37—I are filed without fail in all liable cases and no property covered by Chapter XXC is registered without a No Objection Certificate from the Appropriate Authority. The Committee would also like the Department to examine the feasibility of making it mandatory for the Registration Authority to furnish a fortnightly statement to the Appropriate Authority listing out the cases of transfer for apparent consideration exceeding Rs. 10 lakhs so that cases being registered could be cross checked at their end by the Appropriate Authority. The Committee would like to be apprised of the concrete steps taken in this regard.

[S. No. 9 (Para No. 83) of Appendix II to 52nd Report of PAC  
(10th Lok Sabha)]

### Action Taken

The matter is under active consideration of the Ministry. (Approved by the Additional Secretary to the Govt. of India)

F. No. 241/1/93—A&PAC—I.

F. No. 154/6/93—TPL

### Recommendation

The preceding paragraphs abundantly establish that the scheme of purchase of properties by the Central Government has failed to achieve the desired results on the following counts:—

- (i) the scheme is beset with litigation despite a specific provision denying any right to appeal.
- (ii) the scheme has no safeguard against deliberate under-statements in apparent consideration below the limit prescribed under law either individually or by splitting or in not filing the prescribed statement (37 I) in violation of the statute.
- (iii) there has been absence of principled selection of cases for purchase, which tended to erode the objectivity of the scheme.
- (iv) the scheme has failed to effectively tackle cases of auction sales, transfers through builders/developers etc.
- (v) absence of appropriate guidelines and procedures.
- (vi) Inexcusable delay in the disposal of purchased immovable properties.
- (vii) The scheme since its inception has never been reviewed to know its effectiveness with a view to effect necessary improvements.

The Committee take a serious view of lack of coordinated and effective approach on the part of the Ministry of Finance in the implementation of the scheme due to which they failed to achieve the avowed objectives of countering evasion of tax through under-statement of the value of immovable properties in the transfer deeds and checking the proliferation of black money. The Committee recommend that comprehensive and effective steps should now be taken immediately in the light of their recommendations made in this Report and the recent Supreme Court judgement on the constitutional validity of the scheme to remove all the lacunae which have thus far impeded the smooth and effective functioning of the scheme. The Committee would like to be apprised within six months the concrete steps taken in this regard.

[S. No. 9(Para No. 89) of Appendix II to 52nd Report of PAC  
(10th Lok Sabha)]

**Action Taken**

The matter is under active consideration of the Ministry.

(Approved by the Additional Secretary to the Govt. of India.)

F.No. 241/1/93—A&PAC—I

---

F.No. 154/6/93—TPL

NEW DELHI;  
24 February, 1995

---

5 Phalguna, 1916 (*Saka*)

**BHAGWAN SHANKAR RAWAT,**  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX

### *Statements of Conclusions and Recommendations*

Sl. No	Para No.	Ministry/ Deptt. Concerned	Conclusions/Recommendations
1	2	3	4
1.	3	M/o Finance (Department of Revenue)	The Committee desire that the final action taken notes on all the recommendations in respect of which Government have submitted interim replies only so far should be furnished expeditiously after getting them duly vetted by Audit.
2.	14	-do-	To sum up, the Committee while reviewing the scheme of purchase of properties by Government under the Direct-Tax laws had, in the light of the shortcomings observed by them, made several specific recommendations in order to make the scheme effective in countering evasion of tax through understatement of the value of the immovable properties in the transfer deeds and checking the proliferation of black money. In response to many specific recommendations of the Committee the Ministry of Finance have in their Action Taken Notes merely stated that the matter is under "Active consideration". These included extension of the scheme to the entire country, plugging of loopholes in the scheme such as deliberately keeping the stated consideration below the prescribed limit, subdividing the property and selling a part for less than Rs. 10 lakhs, initiating adequate remedial steps necessitated by the Supreme Court judgement, amendment of the Law so as to bring power of attorney within the ambit of the scheme, reviewing of the scheme etc. The Committee are surprised that even after the lapse of a period of two years since presentation

---

1	2	3	4
---	---	---	---

---

of their original Report, no concrete action has been taken by Government in the whole issue. The Committee deplore the casual approach of the Ministry in the matter and desire that the recommendations be expeditiously examined and conclusive action taken thereon within a period of six months to make the scheme more effective in countering tax evasion and checking proliferation of black money.

---

## PART-II

### MINUTES OF THE TWENTY-FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1994-95) HELD ON 20 FEBRUARY, 1995.

The Committee met from 1100 to 1130 hrs. on 20 February, 1995 in Committee Room 'D', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Bhagwan Shankar Rawat — *Chairman*

#### MEMBERS

2. Shri Bandaru Dattatraya
3. Shri Dileep Singh Bhuria
4. Sqn. Ldr. Kamal Chaudhry
5. Dr. K.V.R. Chowdary
6. Shri Jagat Veer Singh Drona
7. Shrimati Krishnendra Kaur (Deepa)
8. Shri V. Krishna Rao
9. Shri Mohan Singh
10. Shri Somappa R. Bommai
11. Shri Triloki Nath Chaturvedi
12. Miss Saroj Khaparde
13. Shri G.G. Swell

#### SECRETARY

1. Shri Murari Lal — *Joint Secretariat*
2. Smt. P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*

#### REPRESENTATIVES OF AUDIT

1. Shri Samir Gupta — Addl. Dy. C&AG
  2. Shri S.H. Manghani — Addl. Dy. C& AG
  3. Shri K.S. Menon — Pr. Director of Audit, (Air Force and Navy)
  4. Shri A. Sathyavardhana — Pr. Director of Audit, (Indirect Taxes)
  5. Smt. Ruchira Pant — Director of Audit (Customs)
  6. Shri Asim Sharma — Dy. Director (DT)
2. The Committee considered the following draft Report:—
- |      |    |    |    |    |
|------|----|----|----|----|
| (i)  | ** | ** | ** | ** |
| (ii) | ** | ** | ** | ** |



(iii) Systems Appraisal — Purchase of properties by Central Government [Action Taken on 52nd Report of PAC (10th Lok Sabha)]

(iv)                   \*\*                   \*\*                   \*\*                   \*\*

(v)                   \*\*                   \*\*                   \*\*                   \*\*

The Committee adopted the above mentioned draft Reports without any amendment/modification.

3. The Committee authorised the Chairman to finalise the draft report on "Induction of an aircraft" after considering the comments of the Ministry of Defence from the security angle. They also authorised the Chairman to finalise the draft Reports in the light of the comments of Audit arising out of factual verification, and also to present the Reports to the House.

4.                   \*\*                   \*\*                   \*\*                   \*\*

*The Committee then adjourned.*