**ITEM NO. 06 (L-04)**

**1. Name of the Subject:**

Modification/Clarification in Estate Policy approved by the Council vide Reso. No. 9(L-1) dt. 30.9.2004 in respect of charging of security deposit from Govt. Departments

**2. Name of the Department:**

Estate-I Department

**3. Brief History of the Subject:**

1. Disposal of immovable properties is governed by section-141 of the NDMC Act. This is being regulated as per the guidelines issued by the Council from time to time.
2. In Resolution No.9(L-1) dated 30.09.2004, while considering their recovery position of the Estate Department, the Council suggested that the licensee should deposit a bank guarantee of eight months licence fee in addition to the licence fee in advance being paid by the licensee.
3. This bank guarantee was being insisted upon on the licences being renewed or issued after the said date.

**4. Detailed proposal on the Subject:**

1. In respect of the Govt. Departments, it has been found that the departments are not in a position to give bank guarantee or security in cash/DD as insisted upon and as such this condition of collection of the eight months licence fee as security is for reconsideration of the Council. In one of the cases, the CAG has observed that since the payment is being made from one Govt. department to another Govt. department, the bank guarantee should not be insisted upon by the NDMC.
2. In view of the above, it is for consideration of the Council that NDMC should not insist for a bank guarantee or other security from on the Govt. departments such as Central Government departments or their undertakings; the Delhi Govt. or its undertakings & any autonomous body fully funded by Government. This shall however, not be applicable to Govt. companies or undertakings run as commercial undertakings.
3. The licensee/Govt. Deptts. will be required to pay the two months advance LF and wherever they default in the payment of the LF, they will be required to pay interest, at the rate being fixed by the Council from time to time. Chairperson may however, reduce or waive the interest, if the licensee suitably explains delay in payment of licence fee, which will be applicable for Govt. Deptts. only.
4. Normally, Govt. departments delay the payment of LF for want of Budget and as such if the LF is deposited for the entire financial year by September, the licensee shall be entitled to rebate of 5 % of the LF being paid and no interest shall be charged from 1st April to 30th September as aforesaid, and if it is charged, it shall be waived.
5. Auction of properties take sufficient time and as such in respect of the properties being given on licences to the Govt. departments or its undertakings, the Council may authorize the Chairperson to negotiate Licence Fee on mutually agreed terms and not on the basis of auction rates of the property. It shall be ensured the Licence Fee being claimed is a competitive rent.

**5. Financial implication of the proposed Subject:**

1. Though, there is no direct financial implication normally the security deposit received is invested by the Finance Department and therefore, waiver of the condition for deposit of 8 months licence fee as security deposit may result in loss of some interest to the organization. However, in case of delay in depositing of security deposit results in delay in handing over of possession of the area thereby resulting in revenue loss to NDMC.
2. Further, in case Government Departments are willing to make annual payments in advance, then it may result in receipt of huge revenue in advance which could further be invested by the Finance Department and may held us to offset aforesaid loss.

**6. Implementation schedule with timeliness for each stage including internal processing:**

Immediately in case of approval of Council.

**7. Comments of the Finance Department on the subject with diary number and date:**

1. Finance has no objection to the proposal to modify the condition of advance deposit of 8 months licence fee as non-applicable to govt. Ministries/Departments. However, the category of autonomous/statutory bodies fully funded by govt. may also be added in para 14(a).
2. Proposal to give 10% rebate for advance deposit of annual licence fee seems too high and be kept at 5% level considering the interest rates in the economy, as it will he having huge financial implication.
3. Sub-paras may be suitably numbered in the draft agenda.

**8. Comments of the Department on comments of Finance Department:**

Necessary amendments in agenda have been made and sub-paras have been numbered. Further Estate-I Departments agrees to the suggestion given by Finance Department to keep rebate for advance deposit of annual licence fee at 5%.

**9. Final Comments of the Finance Department (If any):**

Finance Department has concurred the proposal of Department.

**10. Legal implication of the subject:**

Not applicable.

**11. Details of previous Council Resolutions on the subject:**

Not Applicable.

**12. Comments of the Law Deptt on the Subject:**

Such guidelines are permissible under Section 141 of the Act and may be placed before the Council for acceptance.

**13. Comments of the Department on the comments of the Law Deptt:**

N.A.

**14. Final Comments of Law Department, (If any):**

N..A.

**14. Certification by the Department that all Central Vigilance Commission (CVC) guidelines have been followed while processing the case.**

N.A.

**15 Recommendations:**

1. Requirement of deposit of 8 months licence fee as security deposit may not be applicable in case of spaces allotted to the Ministries/ Departments/Subordinate Offices of Govt. of India; Govt. of NCT of Delhi & Autonomous Bodies fully funded by Government except Public Sector Undertakings or Offices/Departments/Undertakings having commercial activities.
2. All Government licensees may be allowed to deposit advance licence fee for the year in the event of which they may be given a rebate of 5 % on annual payment of licence fee in lieu of 2% rebate on timely payment of licence fee every month. However, for availing 5 % rebate the licensee will have to deposit annual licence fee in one go by 30th September of each year and not in installments. Council further authorizes Chairperson to workout licence fee with Government Departments on mutually agreed terms, while doing so it shall be ensured that the licence fee being fixed will be competitive.

**16. Draft Resolution:**

Council resolved to approve the recommendations of the Department as contained in Para 15 of the agenda.

**COUNCIL’S DECISION**

Council after detailed deliberations resolved to defer the agenda.