

KARNATAKA LOKAYUKTA

No. Compt/Lok/BCD/375/2011/ARE (2)

M.S.Building,
Bangalore,
Date: 31-05-2014

Sub:- Report u/Sec. 12(1) of Karnataka Lokayukta Act 1984.

Ref:- Compt/Lok/BCD/375/2011/ARE-1

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A complaint was received from sri K.R. Narayan residing at No. 9, 4th cross, NSI street, Sheshadripuram, Bangalore-20, on 16.08.2011 regarding illegal and improper lease of Government property namely 60 acres and 15 guntas of open Land situated in the heart of Bangalore city and lying between Sankey Road and Kumara Krupa road, and belonging to KPWD (Karnataka Public Works Department) in favour of Bangalore Golf Club, under lease agreement dated 24.07.1987 for a term of 30 years on a ground rent of Rs. 100/- P.A for the period 1971-1984, Rs. 5,000/- per annum for the period from 1985 to 1991 and Rs. 10,000/- per annum for the period from 1992 to 2021.

A copy of the lease deed made available does not disclose that before effecting lease of the above property, the persons in power including the bureaucrats made any endeavour to ascertain the market value of the said land for determining the amount of lease.

As held by the Apex Court in Kasturilal Lakshmi Reddy vs. State Jammu and Kashmir, AIR 1980 SC 1992, the Government cannot act in a manner which would benefit a private party at the cost of the State. The Government cannot give a contract or sell or lease out its property for a consideration less than the highest that can be obtained for it, unless of



course there are other considerations which render it reasonable and in public interest to do so. The State should try to dispose of its property at the best price so that the money could be used to promote social purposes.

The existence of good reasons for departing from the general principle, and recording of reasons in writing are essential pre requisites which must be satisfied before lease hold rights are granted without auction, vide Parashuram Thakur Das vs. Ram Chand (AIR 1982 SC 872).

The Accountant General in Karnataka who examined accounts of KPWD, made strong observation that the above rents fixed are meagre, and that the ground rent charged should be proportionate to the profits derived by the Bangalore Golf Club. The rents fixed are neither reasonable nor proportional to the use and profits made by Bangalore Golf Club. Further, the ground rent is to be fixed on the basis of value of the property (Rental Value). If the lease hold right is put for open auction, it will fetch rent on the rental value of the property which is not less than three crores per year.

Though the Engineers of PWD had issued notices to Bangalore Golf Club to furnish its annual statements for the relevant years, Bangalore Golf Club did not produce the same.

Had Government allotted a small residential plot of 30' X 40' to an ordinary citizen, it would have charged not less than prevailing guide line value of the property.

Lokayukta cannot proceed to conduct a detail inquiry in the matter having regard to the fact that Bangalore Golf Club is not notified in the present case. Hence, it is proposed to require Government to constitute a three member committee consisting of Retired High Court Judges to inquire into the norms for the disposal of such valuable Government property and to prevent loss to the State Exchequer.

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Under the above circumstances, this report under section 12 (1) of Karnataka Lokayukta Act 1984 is made, requiring the Government of Karnataka (Department of Public works) to constitute a Committee, consisting of three retired High Court Judges to conduct inquiry by providing opportunity to all the concerned to make their representations and also providing them an opportunity of being heard, and make report within the fixed time under the above order and to take action as per the report. Further, Hon'ble Lokayukta desires that a copy of ~~said~~^{this} report be placed before Hon'ble PWD Minister, Hon'ble Chief Minister.

The Principal Secretary to PWD, Govt. of Karnataka shall send action initiation report to the Registrar, Karnataka Lokayukta, Bangalore within three months from the date of receipt of this report.

Y. Bhaskar Rao
31/5/14
(Dr. Justice Y. Bhaskar Rao)
Hon'ble Lokayukta
State of Karnataka,
Bangalore.