

OFFICE OF THE DIRECTOR OF MUNICIPAL ADMINISTRATION,
CHENNAI, INDIA-600 005.

Rec. No. 18985/89/ R3.

Dt. 3.5.94

C E R T I F I C A T E

SUB: LEASE - Lease of Municipal properties
Shops and Stalls - Supreme Court
Judgement - Early orders of Government.
Regarding.

- REF: 1. G.O. Ms. No. 285, M.A. & W.S. Deptt.,
Dt. 29.4.85.
2. Supreme Court Judgement Dt. 23.4.91.
3. Govt. Lr. No. 24241/ M.A. IV/91-35
M.A. & W.S. Deptt., Dt. 20.1.94
and 27.4.94.

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In G.O. Ms. No. 285, M.A. & W.S. Deptt.,
Dt. 29.4.85, orders were issued on the leasing out of
Municipal buildings, Stalls, lands, shops, bunks etc.
beyond 31-3-85 on the following lines.

(1) The existing lease holders will be
allowed to continue in the premises for one more year
from 1-4-85 subject to the condition that they agree
to pay increased lease amount at 15% over and above the
lease amount for the year 1-4-85.

(2) The Municipal Councils should resort
to public auction of the lease of Municipal properties
once in every 3 years and that the system of public
auction shall be implemented from 1-4-86.

(3) The lease amount will be fixed for the
first year at the rate of highest bid in the public
auction. The lease amount for the second year shall be
at 15% more than the amount for the first year. The
lease amount for the third year shall be at an increased
rate of 15% more than the amount for the second year.

(4) A successful bidder in public auction
of the Municipal properties shall not be allowed to
take part in the public auction for more than 2 times.

2. The Municipalities have raised demand
every year based on the Government order in G.O. Ms. No.
285, M.A. & W.S. Dt. 29.4.85. Most of the Municipalities
are not able to collect the amount as per the demand
raised by them.

3. Government are taking appropriate action
to solve these problems quickly as huge amount is
involved and as the Municipalities cannot afford to
lose this amount in view of their financial position.
Government have directed, in the meantime, to take
action on the following lines.

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(a) All the shops and stalls belonging to Municipalities and covered by G.O. Ms. No. 285, M.A. & T.S. Deptt., Dt. 29.4.85 should be inspected by Municipal Commissioners immediately to ascertain whether there is any serious violation of lease conditions calling for eviction of the lessee (for eg. whether there is any sub-lease).

(b) If these irregularities requiring eviction are found, eviction should be resorted to immediately as per rules.

(c) As per the Supreme Court's Judgement, the increased rates of rent payable from 1-4-88, increasing the rate by 15% in a block of 3 years should be worked out and the demands revised and demanded from the lessees. Once this is revised and demanded, the Executive Authorities of Municipalities and Township Committees shall collect these amounts demanded as per the Supreme Court's decision without any hesitation.

(d) Whenever any fresh lease is given in future to a new party (either for new shops or old shops) an increase in the initial deposit should be made, so that it is at least equal to the actual cost of construction.

(e) Even in the case of existing lessees which are continued at 15% increased rent as per Supreme Court's order, there is no bar in increasing the deposits. In these cases also the Municipalities have to increase the deposits suitably taking note of the fact that they are not likely to evict the occupants; if there is no violation of condition. and as a 15% increase in a block of 3 years is unremunerative. The deposit in these existing cases also should be increased to one year's rent or the actual cost of construction whichever is higher. Action should be taken to revise the lease conditions accordingly with reference to Sl.No. (d) and (e) above.

(f) Up to the period of 31-3-88 the E.As. of Municipalities and Township Committees shall follow the rules which existed till then.

(g) In respect of shops for which daily rent is collected action should be taken to increase the deposits. If necessary, the additional deposits required may be collected in instalments in order to avoid any serious objections.

(Sd.) M. DEVARAJ,

To Director of Municipal Administration;
All the Executive Authorities
of Municipalities and
Township Committees.

Copy to : All Regional Directors of Municipal
Administration

- 2) The Director, Tamil Nadu Institute of
Urban Studies, Coimbatore.
- 3) Joint Director of Municipal Administration.
- 4) S.F. to R2 and R3.

//forwarded// by order//

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[Handwritten Signature]
Superintendent 11/5/99
12/11/99