

GOVERNMENT OF TAMIL NADU

Letter No.17800/MA.IV/94-1  
Municipal Administration and  
Water Supply Department  
Fort St. George  
Madras 600 009

Dated: 28.4.94

From

Thiru P.C.Cyriac, I.A.S.,  
Secretary to Government

To

The Director of Municipal Administration,  
Chepauk, Madras.5  
The Commissioner,  
Corporation of Madras/Madurai/Coimbatore

Sir,

Sub: Lease - Lease of shops in municipalities and  
Municipal Corporations - Instructions issued

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It has been brought to the notice of the Government that the lease amount from the shops belonging to Municipalities/Municipal Corporations could not be collected effectively due to cases filed by the Lessees in the High Court and other Courts. It is also understood many shops have been given on sub-lease violating the lease agreements.

2. The following instructions are issued to the Director of Municipal Administration and the Commissioners of Madurai, Coimbatore and Madras Corporation in the matter.

- (1) All the cases of shops which are in litigation and where the rents are not being paid now should be reviewed. The concerned legal officers/Lawyers must be asked to make close follow up action with the concerned Court and expedite the decision.
- (2) All the shops should be inspected and in the cases of sub-letting and violation of other terms of lease agreements, the lease should be straightaway cancelled.
- (3) The remaining cases which can be allowed to continue should be identified and from the expiry date of the last lease agreement latest Supreme Court's judgement on increase of lease amount should be applied and the rent payable reworked providing for the 15% increase, once in 3 years. The amount so worked out shall be collected from the concerned shopkeepers and their continued occupation be regularised by issuing suitable orders. Once the shopkeepers realise that the intention is not to dispossess them of the shops but only to regulate the arrangement in terms of the Supreme Court decision, but with an increased deposit, it is expected that they may co-operate.

p.t.o.

- (4) Even in the cases which are so regularised, additional deposits shall be collected from the parties and these additional deposits, should have some relationship with the market rate of pagadi for similar shops in the locality and in any case, higher than the cost of construction. This amount can be collected as additional deposits in easy instalments.
- (5) In respect of future leases to be given, deposits equal to the cost of construction should be collected in addition to the rent which is fetched in the auction-cum-tender. Afterwards, the rent can be increased by 15% once in three years.
- (6) In case, if 15% increase every three years is revised as a result of the clarification petitions proposed to be filed now on the Supreme Court orders, the above instructions will get modified suitably.

3. The Director of Municipal Administration and the Commissioners, Madras, Madurai and Coimbatore Corporation are requested to take necessary further action in the matter.

Yours faithfully,

*E. S. K. Mahalingam* 254.84  
for Secretary to Government

Copy to:

The

All Regional Directors of Municipal Administration

The Commissioner of Municipalities

The Executive Officers of Township

The Municipal Administration and Water Supply (MC.III)

Department, Madras

sf/sc.