

Government of India
Ministry of Works Housing & Urban Development
Land & Development Office
Nirman Bhawan:

No.5(2)-19/67-CDN

New Delhi, dated 7-5-1971

OFFICE ORDER NO.257 OF 1970-71

Sub: Charging of interest on ground rent/additional ground rent

Since there have been persistent protests by lessees against the recovery of interest on the belated payment of ground rent in the absence of demand notices, the matter was referred to the Deptt. Of W.H.&N.D., they have decided in consultation with the Min. of Law that:-

- (i) The Ground Rent is a certain or ascertained amount and is also payable at a certain fixed date by virtue of some written instrument such as a lease deed. The issue of demand notice for this purpose is not therefore quite necessary.
- (ii) It is the duty of the lessee to pay the Ground Rent to the Lessor on or before the specified date in terms of the lease deed failing which he shall also be liable to pay the interest for the delayed period under Section 1 of the Interest Act, 1839, regardless of the fact whether any demand notice to this effect was issued or not.
- (iii) The existing practice of levying interest for the delayed period even in these cases where demand notices were not issued, may continue to be followed.
- (iv) The interest on the first levy of additional ground rent for additional construction shall not be charged provided the lessee makes the payment within the period specified in the letter communicating the amount of such additional ground rent. If he fails to make the payment within that specified period, then the interest on first levy of additional ground rent shall also be levied from the date of issue of the letter demanding the payment of such additional ground rent until the date of payment. It will also be necessary that the lessee should apply for sanction of plans under the lease within two months of the date of communication to him of the sanction of plans by the Local Body, failing which he shall be deemed to have committed a breach of the lease terms and a penalty for this breach equivalent to 10% of the additional ground rent should be levied from the date of sanction of plans to the date of receipt of application from the lessee for the sanction of such plans under the lease plus one month thereafter.

The procedure stated in sub-para(1) to (iii) above, will, however, apply mutatis mutandis to the payment of additional ground rent for subsequent periods. Para 3 of the office order bearing No. Policy 5(2)-19/67 of 16-6-67 may be treated as cancelled.

1. The Deptt. Of W.H.&U.D. have also decided that in order to meet the complaints of lessees, courtesy demand notices should, in future, be issued by the L&DO's Office. It should be made clear in such a notice that it is being issued only as a matter of courtesy and that the lessee is liable to pay the amount on the due date, with interest for any period of delay, regardless of a receipt/non-receipt of a notice by him.

All concerned Officers/sections to please see for guidance & strict compliance.

Sd/-

(Shital Prasad)

Dy.Land & Development Officer

All Officers/Sections

Copy forwarded for information to:-

1. Deptt. Of W.H.&U.D., New Delhi. This is with reference to their U.O.No.3836-LII/70 dt. 6-7-70.
2. Min. of Finance (DSD) with 5 spare copies.

Sd/-

Dy.Land & Development Officer