

Immediate

**Ministry of Defence  
D (Q&C)**

**Subject:** Management of Shopping Complexes on Defence Land created by Services from the Non-Public Funds- Defence Shopping Complexes (Maintenance and Administration) Rules, 2006.

**Reference:** MoD letter No. 11026/5/2001/D (Q&C) dated 25.02.05.

A copy of the Defence Shopping Complexes (Maintenance and Administration) Rules, 2006 is sent herewith for information and further necessary action by all concerned.

2. The Rules have been approved by RM and may be implemented for management of such complexes which have been created on Defence Lands by Non-public funds.

  
(RS Dudani)  
Under Secretary

Army Hqrs. (Kind Attn. Maj Gen. NB Singh, Addl. DG LWE)  
Air Hqrs. (Kind Attn. AVM JN Burma, ACAS (AF Wks))  
Naval Hqrs. (Kind Attn. Captain KK Uppal, Pr. Dir. Works (AOD))  
✓ DGDE (Kind Attn. Shri OP Mishra, Addl. DG)  
MoD ID No. 10(25)/2001/D (Q&C) dated 13.06.2006.

Copy to:

- 1. PPS to AS (B)
- 2. PS to JS(C&W)

21/6/06

May 11, 2006

16/06

D/S

to circulate to all PDs/DEOs.

Addl. DG (L)

16/06/06

DG desires that suitable instructions should be issued to DGO's regarding their role etc. (Para 4.8)

16/06

2351 Addl. DG (L) MM  
19.6.06

19/6/06  
DG (LII)

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AS (C&W)

MM  
19/6

**DEFENCE SHOPPING COMPLEXES (MAINTENANCE AND  
ADMINISTRATION) RULES, 2006**

**PRELIMINARY**

These Rules shall apply to such shopping complexes which have been established on A-1, or analogous defence land which are under the management of Local Military Authorities and covered under GOI, MoD letter No. 11026/5/2000/ D(Lands) dated 4.1.2001, save as provided hereinunder :

(i) These Rules shall not apply to regimental shops which are created exclusively for military personnel & their families.

**2. Definitions:**

(a) Appropriate Military Authority. The Local Military Authority which includes Army, Air and Naval Officer Commanding the Station who is accountable for the management of defence land on which the commercial complex has been constructed.

(b) Net Revenue: The differential amount between total receipts from the shopping complex and the total expenditure on shopping complexes towards payment of contract charges, service charges, electricity and water charges.

Provided that the expenditure as above shall not include any part of salaries, honorarium for the staff/officers who may have been deployed by the Chairman of Management Committee to oversee and supervise the maintenance of the complex in terms of provisions contained in Rule 8 of these rules.

(c) Shopping Complex : A composite area comprising shops established on A-1 or analogous defence land under the management of the Army/Navy/Air Force, but would not include regimental shops which are created exclusively for military personnel and their families.

**3. Applicability of the Rules to the Existing Allottees :**

a) The existing allottees in authorized occupation of the shops, shall be allowed to continue till the expiry of the allotment period/ license as per the subsisting licence agreement on the terms & conditions of their allotment.

b) The existing allottees of the shops in the complex shall obtain "No Dues/ Clearance Certificate" from the present management and submit to the Appropriate Military Authority within 45 days of the notification of these Rules, who would then recognize their occupation as an authorized occupant of the shop for their continuation for the residual period of their license.





c) The allottees who are in unauthorized occupation of the shops, i.e. whose allotment period/license has already expired on or before the date the management of the shopping complex is transferred to the military authority in accordance with the MoD order dated 25<sup>th</sup> Feb, 2005, and these Rules, may be allowed, on request, six months time to vacate the premises. During this period of six months they will be charged licence fee at the existing rates. The military authority shall serve a notice in this regard to the existing allottees through registered A/D post on the last known address of the allottee and also by displaying the notice on a conspicuous part of the premises duly witnessed by two persons. If the allottee fails to vacate the premises within six months, the Local Military Authority as the Estate Officer shall take action of removal of the unauthorised occupant as per law.

(d) In case the existing allottee does not come forward and the shop has changed hands without the approval of the appropriate military authorities, such transfer will not be recognised and the existing occupant shall be treated as unauthorised occupant and proceeded against for vacation of the shop, as per law.

4 (i) **Constitution of Management Committee:** There shall be a Management Committee consisting of the following:

- a) A Military Officer Commanding the Station or his nominee as Chairman
- b) An Administrative Member nominated by the concerned Command HQrs.
- c) Defence Estate Officer concerned, or his nominee
- d) Chief Engineer, MES of the Station HQrs. or his nominee

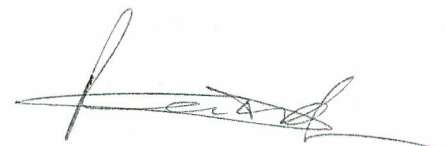
Provided that where there is no unit of MES, the appropriate Military Authority may nominate a Engg Member of the nearest Government Agency.

4 (ii). Military Officer Commanding the Station or his nominee shall be the sole authority responsible and accountable for running of the Shopping Complex, through the Management Committee. All Contracts/Agreements will be executed under his signatures.

#### **5. Functions of the Committee :**

The Committee will be responsible for the following:-

- (a) Determination of licence fee for each shop after ascertaining the Standard Table of Rents (STR) if the complex is within cantonment limits or the appropriate land value from the concerned Defence Estates Officer (DEO) and the value of the building from the MES.
- (b) Decision regarding the nature of the trade to be permitted in each shop.
- (c) Scrutiny of applications received from prospective allottees whenever the shop fall vacant.
- (d) Allotment of shops to the eligible persons.



- (e) Maintenance/ operation of the funds of the Shopping complex.
- (f) Timely deposition of any civil revenue as well part of the license fee payable to the Government, in relevant Government Accounts.
- (g) Conclusion of contracts for products / Stores and services like conservancy, horticulture, landscaping, security etc. after following a transparent tendering procedure. In all such matters the provisions of General Financial Regulations & other Govt. of India instructions shall be adhered to by the Committee.

6. **Change of Trade:** No change of trade will normally be permissible during the currency of the license. However, in exceptional circumstances the Management Committee will be competent to permit change of trade on an application received from the allottee on payment of fees of Rs. 5000/- or more as may be decided by the Committee.

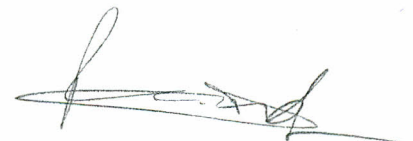
7. **Transfer of Allotment:** No transfer of allotment is permitted except in case of demise of the allottee. Request for such transfer would be considered by the Management Committee only in respect of the dependent/legal heirs as the case may be for the residual period of the license.

8. **Power to appoint staff:** The Chairman, Management Committee may authorize any of his/her subordinate officer as Administrative officer in charge of the shopping complex. He/she may also designate any technical officer/ official of his/her office to act as a supervisor over the contracting agency engaged and to arrange for accomplishment of essential day to day requirements of the shopping complex. He/She may also take the assistance of clerical staff in their office for maintaining the record, books, register, ledgers pertaining to accounts.

9. **Maintenance of records:** The Management Committee shall maintain the following books of accounts: Cash Book, Imprest Account Book, Stock-Book, Immovable/ Movable Property Register, Works Register, Measurement Book, Vehicle Log Book, Shopping Complex Register and any other document which the committee may consider necessary or as may be directed by CDA from time to time.

10. **Security Passes to Shopkeepers:** The Station HQ in whose jurisdiction the shopping complex exists shall issue security passes to the allottees and their employees after due verification

11. **Inviting of applications for allotment:** The Management Committee shall invite applications in the prescribed form through advertisements in print media/public notice published in local newspapers as well as pasted on office notice boards in the concerned Stn. HQ etc. provided that publicity through local print media shall be mandatory. There shall be a gap of at least 15 days between publication of the notice in the newspapers and last date of receipt of applications. Application received after the last date so notified shall not be entertained. No application shall be entertained which is not accompanied by earnest money deposit, the amount of which shall be equal to one month's license fee. The notice shall specify the number of shops to be allotted trade wise, the license fee fixed for each shop, the period of license and the norm for allotment. The applicant shall





be required to mention the kind of shops/trade, he/she is applying for in his/her application

12. **Reservation of shops for allotment to certain categories:** 60% of the shops in each shopping complex shall be reserved for the following in the order of priority as under:

- (a) i) war-widows/ widows of defence personnel killed while on duty,
- ii) Disabled soldier
- iii) ex-servicemen,
- iv) spouses / widows of ex-servicemen.

(b) Remaining 40% of the shops may be allotted to the following:

(i) Government agencies, including public sector undertakings.

(ii) Civilians whose spouse or dependent family members do not own any shops in the complex/Military Station/ Cantonment.

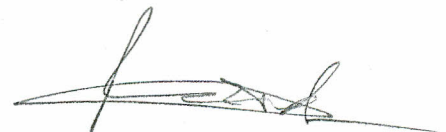
(c) In case of unfilled vacancy of 60% limit, another attempt shall be made within a period of six months and still if no response is received unfilled/balance shops shall be considered to be given to the civilian category mentioned at (a) above beyond the limit of 40%.

13. **Period of Allotment:** The allotment will be given under license for a period of three years. Further allotment shall be made strictly under the rules framed herein.

14. **Action on application:** After receipt of the applications, the same shall be segregated into two categories, namely:

- (i) For shops reserved for war-widows/widows of defence personnel killed while on duty, ex-servicemen; spouses/widows of ex-servicemen.
- (ii) Civilians and Government agencies as indicated above.

15. **Procedure for allotment:** In each of these categories, specified in Rule 12 above, the applications will be segregated trade-wise. If applicants for a particular trade is less than or equal to the number of shops of that trade they shall be allotted the shops. If however, the applicants for a particular trade are more than the number of shops in that trade, selection of allottees shall be done by Management Committee on the basis of draw of lots in the presence of the applicants or their authorized representative. Furthermore, if the number of shops of a particular trade is more than one in a shopping complex, allotment of shops shall also be made by draw of lots.



16. **Hygiene Standard by Allottee.** The allottee will be required to maintain proper standards of hygiene and quality of products for sale as may be prescribed by the Station Health Org./ Cantonment Board as the case may be i.e. Station Health Organization in Military Stations and Cantonment Boards in the Cantonments.

17. **Trade License.** It shall be obtained by the allottees, if so required by law from the concerned municipal authority/ Cantonment Board and prominently displayed in the premises.

18. **Termination of License** In case of any violation of the terms and conditions of the license, the same shall be liable for termination and action under the PPE Act may be initiated by the Chairman of the Management Committee

19. **Security deposit:**The allottees shall be required to deposit security amount equivalent to four months license fee which shall be refunded without interest on vacation of the shop

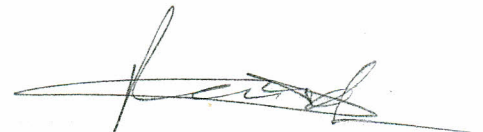
20. **Fixation of Minimum License Fee.** The Management Committee shall determine the license fee in respect of each of the shops in a shopping complex provided that the license fee per annum so determined shall not ordinarily be less than 10% of the total of the current market cost of land provided by the DEO plus current depreciated cost of construction of the building provided by the Garrison Engineer, MES concerned. The Committee shall also determine the cost of maintenance-cum-security services to be made available for the shopping complex. The cost of maintenance- cum- security services shall be worked out by the committee on the basis of fair assessment of the likely cost to be incurred in this regard. This would be recovered from the allottees on pro-rata basis.

21. **Advance payment of License Fee.** On initial allotment, the allottees will be required to pay two months license fee in advance within 30 days of issue of allotment letter. On receipt of advance , the license agreement will be executed with allottee and physical possession of shop handed over. After the expiry of the first two months, the monthly license fee shall be payable in advance before the last working day of the previous month.

22. **License Agreement** The agreement will be executed in Stamp paper of appropriate value in prescribed form under these rules at the cost of the allottee.

23. **Deposit of Income.**

(i) The shopping complexes where building assets have been created from non-public funds of the Regiment or Welfare Fund of the Services and the land belongs to Ministry of Defence, 50% of the net revenue generated shall be credited to the Central Government Treasury and the balance 50% to the Regimental Fund/Welfare Fund of the respective Service concerned.





(ii) In the case of shopping complexes created by re-appropriation of Government building, 100% of net revenue will be credited to the Central Government Treasury.

(iii) In the case of shopping complex created by constructing assets using non-public funds as well as re-appropriation of Government building (mixed complexes), 100% of net revenue will be credited to the Central Government Treasury.

(iv) The amount due to the Central Government on account of License fee, maintenance etc. shall be deposited by the Station Commander managing the Complex within 48 hours in the Government Treasury by way of MRO.

(v) The amount so deposited will be treated as a provisional payment which will be further fine tuned after audit of accounts of expenditure and receipts.

(vi) The accounts, cash and stores of the Shopping Complex will be subject to the post audit by the CDA concerned through LAO every quarter. The audit fee as determined by CDA concerned will be payable by appropriate military authority.

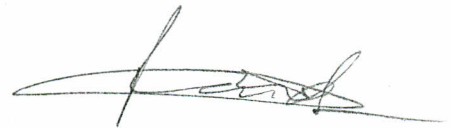
**Rule 24(1)** The Management committee may allot open space for Exhibition of wares/articles/handicrafts etc. made by artisans of war-windows either in their individual capacity or by organised efforts of any non-profit welfare organisation of Ex-serviceman at a rate which will be determined in advance annually and which shall not be less than one and a half times of minimum licence fees determined under Rule 20. The License fees shall be charged in full in advance.

**24(2)** The Management Committee will prescribe such application forms and the documents as may be required to verify the application of the applicants for allotment of open space.

**24(3)** Open space shall not be allotted for more than 15 days in any month and not more than seven days at a time.

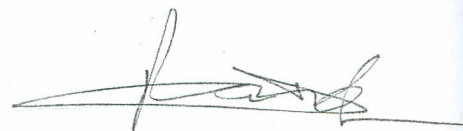
**25. Miscellaneous.**

- (a) Any matter not covered in the above rules shall be decided by the MoD in consultation with DGDE/ Army HQrs/Air HQrs/Naval HQrs as and when required.
- (b) These rules are applicable to existing Shopping Complexes only. No new shopping Complexes will be created in future. If at any time, it comes to the notice of Ministry of Defence that any such shopping complex has been created without its approval, management of such shopping complex shall be placed under Defence Estate Officer concerned irrespective of the resources from which it has been created. Any amount realised thus far from such Complex will also be credited to the account of Central Government by the concerned services.



26. **EFFECTIVE DATE** :

These Rules will come into force with immediate effect.

A handwritten signature in black ink, appearing to be 'J. K. ...', written over a horizontal line.