

No. RD-(F) 10-5/2025
Government of Himachal Pradesh
Department of Rural Dev. & Panchayati Raj

To

1. All the Divisional Commissioners in Himachal Pradesh
2. All Deputy Commissioners in Himachal Pradesh
3. All the Superintendents of Police in Himachal Pradesh
4. All the ADCs/ADMs in Himachal Pradesh
5. All the Sub-Divisional Officers (Civil) in Himachal Pradesh
6. All the District Development Officers in Himachal Pradesh
7. All the District Panchayat Officers in Himachal Pradesh
8. All the Block Development Officers in Himachal Pradesh

Dated: Shimla-171002, the

th 11 March, 2025

Subject: Directions regarding review and compliance of Panchayat property allotments.

Sir/Madam,

It has come to the notice of the Government that several Panchayats in Himachal Pradesh have leased and rented out commercial complexes, buildings, and other properties without following due procedures, in violation of Section 112 of the Himachal Pradesh Panchayati Raj Act, 1994 and many such transactions have been conducted without competitive bidding, without obtaining necessary approvals, at nominal rates, or without proper documentation, leading to financial losses and lack of transparency. In exercise of the powers conferred upon the Governor of Himachal Pradesh under Section 143 and Section 145 of the Himachal Pradesh Panchayati Raj Act, 1994 read with Rule 121 of the Himachal Pradesh Panchayati Raj (General) Rules, 1997, the following directions are hereby issued for strict compliance:

- (1) All Deputy Commissioners shall ensure a comprehensive review of lease and rental agreements executed by Panchayats over the past five years. Any agreement found to violate statutory provisions must be cancelled immediately, and fresh auctions shall be conducted following proper procedures. A compliance report detailing the review findings and actions taken shall be submitted to this department within three months from the issuance of these instructions. The lease period shall not exceed five years, including renewals. However, in cases of non-compliance or financial loss to the Panchayat, re-auction may be conducted earlier with the approval of the



competent authority. The re-auction process shall be initiated well in advance before the expiry of the five years or the lease agreement, as the case may be, to ensure a seamless transition and avoid disruption in revenue generation.

(2) To ensure transparency, fairness, and compliance with statutory provisions, the following Auction/Monitoring Committees are constituted to oversee and authorised to enter into agreements for the leasing and renting of properties belonging to respective Panchayati Raj Institutions through an open bidding process:

(a) Panchayat Level Committee

- i. Block Development Officer (BDO) (Chairman)
- ii. Panchayat Inspector / Panchayat Sub-Inspector
- iii. Pradhan of the concerned Gram Panchayat
- iv. Panchayat Secretary of the concerned Gram Panchayat (Member Secretary)

(b) Block Level Committee

- i. Sub-Divisional Magistrate (Chairman)
- ii. Chief Executive Officer, Panchayat Samiti
- iii. An elected member of Panchayat Samiti to be nominated by the Chairperson of the Panchayat Samiti
- iv. Panchayat Inspector / Panchayat Sub-Inspector (Member Secretary)

(c) District Level Committee

- i. Deputy Commissioner (Chairman)
- ii. Chief Executive Officer, Zila Parishad
- iii. An elected member of the Zila Parishad to be nominated by the Chairperson of the Zila Parishad
- iv. Executive Engineer/Assistant Engineer (RDPR)
- v. District Panchayat Officer (Member Secretary)

(3) These Committees shall ensure compliance with financial and legal procedures, oversee the auction process, and review disputes related to lease agreements. However, formal orders of award of lease shall be issued by Panchayat concerned, subject to prescribed norms and supervision by the



competent authority. The following financial guidelines shall be strictly followed:

- (i) Reserve lease rent for competitive bidding shall be fixed based on prevailing PWD rates as notified by the field functionaries of the PWD Department in the concerned areas. Lease rent shall be determined based on prevailing market rates as assessed by the competent authority, ensuring transparency and fairness.
 - (ii) All leases shall be allotted through a transparent, competitive bidding process. Adequate publicity shall be ensured through newspapers, public notices, and Panchayat websites, with a minimum notice period of 21 days. The entire bidding process shall be video recorded for transparency.
 - (iii) The lease period shall not exceed five years, including renewals. However, in cases of non-compliance or financial loss to the Panchayat, re-auction may be conducted earlier with the approval of the competent authority.
 - (iv) Leaseholders shall provide a security deposit equivalent to three months' lease rent. Non-payment of lease rent for three consecutive months shall result in automatic termination of the lease and initiation of eviction proceedings.
- (4) The eviction procedures shall be strictly followed to ensure fairness and compliance with legal provisions:
- (i) No eviction from a leased Panchayat property shall be carried out without prior approval of the Sub-Divisional Magistrate.
 - (ii) If a Panchayat determines that a leaseholder has violated lease conditions, it shall issue a show cause notice and provide a reasonable opportunity to respond within seven days.
 - (iii) All eviction orders shall be reviewed and approved by the SDM before execution. The SDM shall examine whether due process has been followed and whether eviction is legally justified within ten days.
 - (iv) A leaseholder facing eviction shall have the right to appeal before the Deputy Commissioner within thirty days of the eviction order.



reviewed or approved by the concerned SDM, subject to the condition of depositing the due lease amount. The Deputy Commissioner or an Additional Deputy Commissioner/Additional District Magistrate duly authorized by the concerned Deputy Commissioner in case of Panchayat Samiti/ Panchayat level properties as the case may be shall decide the case within thirty days.

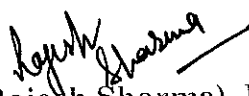
- (v) If the leaseholder fails to vacate the property after due process, eviction shall be enforced under the relevant land revenue laws or as per the eviction provisions of the HP Panchayati Raj Act, 1994.

(5) Every lease agreement must include the following essential clauses to ensure responsible use of the leased property:

- i. The lease amount shall be subject to a mandatory annual increase of at least 10%.
- ii. The lessee shall be solely responsible for the payment of all applicable taxes, levies, and public utility bills (such as water, electricity, and sanitation charges) throughout the lease period. Any default in payment shall be deemed a violation of the lease terms.
- iii. The lessee shall be solely responsible for the upkeep, cleanliness, and overall maintenance of the leased premises, ensuring that the property remains in a good and habitable condition at all times.
- iv. Any damage to the property shall be assessed by the Executive Engineer (Rural Development) or any competent authority, and the cost of repairs shall be recovered from the leaseholder. If unpaid, this shall be recovered as arrears of land revenue under Section 115 of the HP Panchayati Raj Act, 1994.
- v. The lessee shall not undertake any structural modifications, alterations, or additions to the leased premises without prior written approval from the designated Committee. If permission is granted, such modifications shall automatically become the property of the Panchayat, with no ownership rights or claims accruing to the lessee.



- vi. The lessee shall utilize the leased property strictly for the purpose specified in the lease agreement. Any unauthorized subletting, change of use, damage to property, non-payment of dues, or engagement in any immoral activity through this property, any activity contrary to public interest shall constitute a material breach of the lease agreement, leading to immediate termination of the lease and eviction of the lessee.
- vii. The concerned auction-cum-monitoring committee shall be responsible for ensuring compliance with lease conditions. They shall conduct regular inspections and shall take immediate necessary action in case of any violation that comes to their notice. The leaseholders shall be responsible for the proper maintenance of leased properties:
- (6) Panchayats shall maintain updated records of all lease agreements, lease rent income, and auction details, which shall be displayed on official notice boards and websites. The lease revenues shall be credited to the Panchayat's account and utilized strictly as per the financial rules governing Panchayats. An annual review of all lease agreements shall be conducted under the supervision of the Deputy Commissioner, and findings shall be submitted to the Department of Panchayati Raj by March 31 every year.
- (7) In cases where unlawful occupation or non-compliance with cancellation orders is observed, eviction proceedings shall be initiated, and police assistance shall be sought where necessary. Any officer found responsible for unauthorised lease allotments or failure to comply with these instructions shall be liable for strict disciplinary and legal action. Encroached Panchayat properties shall not be leased until they have been vacated.
- (8) All concerned authorities are directed to implement these instructions in letter and spirit. These directions shall come into immediate effect, and any deviation shall be viewed seriously, inviting appropriate action.


(Rajesh Sharma), IAS
Secretary (Rural Dev. & Panchayati Raj) to the
Government of Himachal Pradesh