GOVERNMENT OF PUNJAB
DEPARTMENT OF LOCAL GOVERNMENT
(LOCAL GOVERNMENT- 3 BRANCH)

To

1. All Deputy Commissioners, Punjab

2. All Commissioners in Municipal Corporations of Punjab

3. All ADCs (UD/General), Punjab

4. All Executive Officers in Municipal Councils/Nagar Panchayats and Improvement Trusts in Punjab.

Memo No. E-1198428/943
Date, Chandigarh: 09.10.2026

Subject:- **Instructions in form of SOP regarding Transfer (vesting) of ownership of municipal property to a tenant or occupant in long possession, under Section 5 of the Punjab Management and Transfer of Municipal Properties Act, 2020**

****

In reference to the subject cited above, a Standard operating procedure (SOP) is prescribed, as follows:-

PART A: PURPOSE, BASIS AND HOW TO READ THIS SOP

1. This SOP details, in steps, how to deal with a request from a tenant or occupant of municipal property for transfer of ownership in his or her name on the basis of long possession. An urban local body is a constitutional body/statutory and must exercise its own discretion while implementing the Act and the Rules. Section 5(1) of the Act says that the urban local body "may" vest proprietary rights, so vesting is a matter of discretion. This document is in accordance with the Act, the Rules and the opinion of the office of the Advocate General, Punjab. It is being issued only to streamline the process for the many urban local bodies, each of which must act on its own discretion, strictly on the merits of each case and as per the Act and the Rules. The SOP is administrative in nature. If any part of it is found to be contradictory to the Act or the Rules, the Act and Rules will prevail over the SOP

2. The SOP shall be read in consonance of the Act and the Rules in this regard.

3. It is based on the following, referred to by the short names shown:

(i) the Punjab Management and Transfer of Municipal Properties Act, 2020 ("Act");

(ii) the Punjab Management and Transfer of Municipal Properties Rules, 2021, with Forms A to F ("Rules");

(iii) the Legal Opinion of the Senior Additional Advocate General, Punjab dated 16.09.2026, accepted by the Department ("AG opinion"); references such as "AG Q1" are to the question answered in it, and "AG Q1 (Part 1, item 2)" is to the category of claimant examined under Question 1; and

(iv) the Department's circular No. 02/02/2020-1LG3 dated 11.07.2025 constituting the Verification Committee and the District Level Committee ("Circular").

4. The basic rule: twelve years' possession only makes a person eligible to be considered. It does not give ownership. Ownership passes only after every step in Part E is completed, ending with registration. The urban local body has discretion and must record reasons in every case, applying the same yardstick to like cases. Until the procedure is complete, the title stays with the urban local body. (Act s.5(1), ss.10 to 16; AG Q2 and the note on procedure).

PART B: CATEGORIES OF CLAIMANTS AND THE INTERPRETATION

Cat.	Sub-type	Eligibility	Basis
A	Original Tenant/Allottee himself	Yes	covered by "tenant" (Sec. 2(l)) and, while in occupation, also "occupant" (Sec. 2(g)).
B	Legal heir, with a Will in his favour	Yes	ULB should transfer, if all conditions met, the ownership in name of original tenant, and Legat heirs may pursue subsequent transfer before competent authority (revenue or civil court).Such legal heirs must undertake to agree to all terms and conditions of the tenacy or the lease agreement.
C	Legal heir, without a Will (intestate)	Yes	ULB should transfer, if all conditions met, the ownership in name of original tenant, and Legat heirs may pursue subsequent transfer before competent authority (revenue or civil court).
D	Transferee/assignment formally sanctioned by the urban local body itself	Yes	The urban local body's own act of re-letting or assignment brings the applicant within "tenant" under Sec. 2(l); this is distinct from a private sub-letting.

E	Sub-tenant put in possession by the original tenant, with the original tenant's consent	No	As per legal opinion of AG office, not a "tenant" under Sec. 2(l), as the urban local body never let to him. Sub-letting triggers Section 6(2): tenancy stands cancelled forthwith and the property re-vests in the urban local body without notice.
F	Sub-tenant who took over possession without the original tenant's consent	No	As per legal opinion of AG office, same bar under Section 6(2), which does not distinguish consented from unconsented sub-letting.
G	Unauthorized posses-sor/encroacher (no allotment, lease or grant)	Yes, if 12-year condition met	As per legal opinion of AG office, covered as "occupant" under Sec. 2(g), which includes unauthorized occupation, provided continuous possession for 12 years up to 01.04.2020 is established and no other disqualification applies.
H	Independent/separate occupant running commercial activity, with proof of long-term possession	Yes, if 12-year condition met	As per legal opinion of AG office, covered as "occupant" on the same footing as an encroacher; proof of possession is tested under Section 5(2).
I	Original tenant/allottee with outstanding rent arrears or building violations	Yes, subject to clearance	As per legal opinion of AG office, such default does not remove the person from "tenant/occupant"; arrears must be cleared before vesting (Sec. 5(4)), and building violations must be compounded or removed as a condition specified by Government.
J	Original tenant/allottee whose default consists of sub-letting	No	As per legal opinion of AG office, Section 6(2) applies irrespective of how the breach is otherwise characterized, and bars consideration under Section 5.
K	Eviction/cancellation/litigation pending, no final order	Yes, at ULB's discretion	As per legal opinion of AG office, initiation of proceedings does not by itself remove occupant status; the ULB may withdraw or hold the proceedings in abeyance before considering the Section 5 claim .

L	Final eviction order already passed	No	As per legal opinion of AG office, Section 5 cannot be invoked as an appeal in disguise against a concluded eviction order.

PART C: WHO IS DISQUALIFIED

5. The applicant, or a relative of the applicant, must not be and must never have been:

   (i) an employee of the urban local body or of the Department of Local Government;

   (ii) an elected member of the urban local body;

   (iii) a Member of Parliament; or

   (iv) a Member of the Punjab Legislative Assembly.

PART D: PROPERTY THAT CANNOT BE TRANSFERRED

6. Only municipal property can be vested (Act s.2(f); Rule 3(1)(g)). Accordingly, do not process a case, whatever the period of possession, where the property is:

   (i) not owned by the urban local body, for example Government or Nazul land it only manages, Panchayat, evacuee or Wakf land, or land taken on lease by it (Act s.2(f); Rule 3(1)(g));

   (ii) a road, street, drain, park, green belt, water body or public utility;

   (iii) reserved in the Master Plan, a development scheme or a statutory reservation;

   (iv) under acquisition, or under a court or Tribunal restraint; or

   (v) a portion whose transfer would block access or leave an unusable piece of municipal land.

PART E: STEP-BY-STEP PROCEDURE

7. The steps follow the sequence of procedure set out in the AG opinion: identification of property; decision on the mode of transfer; public list; price; resolution; communication and payment; Letter of Intent; vacation in case of refusal; and agreement or deed. (AG, procedure table, items 1 to 9)

Step 1: Groundwork by the urban local body (before any case)

8. Keep the Property Register, update it, verify every property and notify the list of properties and tenants, as per Act and Rules.

Step 2: Receipt of the application

9. The applicant files the application in the format at Annexure A with the Commissioner or Executive Officer, along with the documents listed at Annexure B.

10. The office diarises it the same day, gives a receipt, allots a Section 5 case number and opens a separate file.

11. Proof of possession: any document in the list in Rule 7(2) may be given, but the document or documents together must show possession from on or before 01.04.2008 up to 01.04.2020, for this very property. An Aadhaar card or any identity card issued after 01.04.2008 cannot by itself prove when possession began. (Act s.5(2); Rule 7(2);

    Form-D cl. IX)

12. Proof of income: the Income Tax Return for the year before the year of transfer; if the applicant does not have to file a return, an income certificate from the SDM. (Act s.7(8)(v))

Step 3: First screening by the urban local body (within 15 days of receipt)

13. The Planning Branch, with the Town Planning, Engineering and Legal staff, checks and records on file:

    (i) ownership: the property is owned by the urban local body, shown from the revenue record, acquisition or vesting record and the Property Register (Act s.2(f); Rule3(1)(g));

    (ii) public purpose: the property is not in Part D;

    (iii) category: the applicant's category under Part B, with reasons;

    (iv) sub-letting: whether possession came from the original tenant (Act s.6; Part B, Categories E, F and J);

    (v) eviction and litigation: any notice, order, appeal or stay, the stage of any eviction proceedings, and whether the occupation is unauthorised under Section 3 of the Punjab Public Premises and Land (Eviction and Rent Recovery) Act, 1973 or the Punjab Municipal Act 1911, Punjab Municipal Corporation Act,1976 and the Town Improvement Act,1922 (as the case may be)

    (vi) disqualification: Part C;

    (vii) whether the same property was earlier dealt with under any scheme or Section 5 case.

14. If the case falls in Part D, or the applicant is plainly ineligible under Part B or Part C, reject it by a speaking order under Step 16.

15. Otherwise, forward the case to the Verification Committee under the Circular.

Step 4: Verification Committee

16. The Committee chaired by the SDM (Circular):

    (i) verifies each possession document in writing from the office that issued it (PSPCL, the water supply branch, Food and Civil Supplies, the electoral office, the Transport Department, the bank or the Taxation Department), and keeps the replies on file;

    (ii) inspects the site after 24 hours' notice in Form-B, measures the area with the revenue staff, takes geo-tagged photographs, and records who is actually in possession and for what use (Rule 5(4); Form-D cl. XIV);

    (iii) notes any area occupied beyond what was originally let; the 12-year test applies to every part separately;

    (iv) fixes the income group, EWS, LIG, MIG or HIG (Act s.7(8));

    (v) gets from the Accounts Branch the rent arrears, property tax and other dues (Act s.5(4));

    (vi) gets from the Town Planning Branch a report on building violations and whether they can be compounded (AG Q1 (Part 1, item 4)); and

    (vii) signs a report, recording any dissent with reasons, and sends it to the Deputy Commissioner.

17. Before the report goes further, the Commissioner or ADC personally test-checks every commercial case and at least one in five of the other cases, and records the result.

Step 5: Public list and objections

18. The urban local body prepares the list of the property proposed for transfer, with its details taken from the Property Register. (Act s.12(1); Form-D cl. I)

19. The list is notified to the public before transfer (Act s.12(2); AG, procedure table, item 3).

20. Each objection, if any, is to be decided by an order within 7 days.

Step 6: Price fixation by the Price and Rent Fixation Committee (PRFC)

21. The matter is now to be placed before the PRFC (the district committee headed by the Collector; under the Circular, the District Level Committee performs this function), which fixes the date of its meeting within seven days of the request. (Rule 11; AG, procedure table, item 4)

22. The PRFC must have the members laid down by law. (Act s.7(2))

23. The price is worked out as laid down in Section 7(8) of the Act on the area measured at site, using the Collector rate for the location and actual use. The minutes show the rate, area, income group and calculation. (Act s.7(8); Form-D cl. XIV)

24. The percentages for the EWS, LIG, MIG and HIG groups and the 50 square metre limit are fixed by the Act and are applied as they stand; the factors in Rule 11 are considered within that frame. (Act s.7(3) and (8); Rule 11; AG, procedure table, item 4)

Step 7: Government approval of price

25. The price fixed by the PRFC is sent to the Government for approval before the case goes to the House. (Act s.7(3))

Step 8: Resolution of the House

26. The urban local body places the full case before the General House: ownership, category, possession, sub-letting and eviction position, objections, price and dues.

27. The resolution must be passed -detailing the list of properties, to-be- owners , price etc - with at least two-thirds of the total elected members approving it. The proceedings record the total elected strength, members present, and votes for and against. (Act s.13(1); AG, procedure table, item 5).

28. The resolution of the House must also record, in short:

(i) the property, its area and the urban local body's ownership;

(ii) the applicant and his or her category;

(iii) how and since when the applicant has been in possession, and the documents verified;

(iv) the sub-letting, eviction and litigation position;

(v) disqualification, if any;

(vi) objections received w.r.t Public notice and their disposal;

(vii) price as fixed by PRFC;

(viii) the two-thirds count of the House; and

(ix) the decision with reasons and conditions of transfer, or, if the transfer is not approved, the reasons and the next action (Step 16).

29. The resolution will be sent to the Government for consideration. (Act s.13(2))

Step 9: Government decision on the resolution

30. The Government approves or disapproves the resolution, with reasons, as expeditiously as it can be;. The Department shall decide every case and disapprove a deficient case with Reasons. (Act s.13(3); AG, procedure table, item 5)

Step 10: Speaking order, communication and consent

31. After Government approval, the Commissioner or Executive Officer passes a short speaking order covering the points recorded in the House resolution under Step 8 and the Government's decision on it.

32. The decision is communicated to the applicant within 15 days of Government approval, stating the property, area, price, dues, conditions and time for consent. (Act s.14(2); AG, procedure table, item 6)

33. The applicant gives written consent in Form-E within 15 days of receiving the communication, with earnest money of 10% of the price. If no consent is given, it is treated as refusal and Step 13 applies. (Act s.14(3); Rule 8; Form-D cl. IV and XIII)

Step 11: Letter of Intent

34. On receipt of consent, the urban local body issues the Letter of Intent in Form-F with the price, payment schedule and all conditions, including compounding or removal of building violations. (Act s.16(1); Rule 10; Form-F; AG Q1 (Part 1, item 4); AG, procedure table, item7)

35. The date of the Letter of Intent starts the clock for payment. (Form-F para 2)

Step 12: Payment

36. The transferee pays as follows (Act s.14(4); Form-F paras 2 to 4; Form-D cl. V, VIII and XII):

(i) 50% of the price within one week of the Letter of Intent, after adjusting the earnest money;

(ii) the balance within two months of the Letter of Intent;

(iii) if the whole amount is paid in one lump sum within one week, a rebate of 5%;

(iv) if the property is in the name of a woman or a person above 65 years, a rebate of 10% on lump-sum payment;

(v) on delay, interest at 12% a year for up to 90 days; after that the urban local body starts eviction, and interest runs till possession is taken back;

(vi) rent arrears and other dues within seven days of the Letter of Intent, and in every case before ownership passes; and

(vii) property tax from the end of two months after the Letter of Intent.

37. Payment is only through bank or online modes. The payment rules for allotments in Rule 16 do not apply to these cases.

Step 13: Refusal or non-payment

38. A tenant or occupant who refuses the transfer or does not pay must vacate within three months. If he or she does not, the urban local body makes a reference to the Tribunal. (Act s.15; Form-F para 6; AG, procedure table, item 8)

39. The Tribunal gives notice, receives a reply within 30 days, hears both sides and decides within 60 days. The Collector executes the eviction order within 30 days. (Act s.18; Rule 9)

Step 14: Affidavit, deed and registration

40. The transferee gives an affidavit attested by an Executive Magistrate to abide by all conditions. (Form-D cl. XVI; Form-F para 15)

41. The deed is executed only after the No-Dues Certificate is issued and building violations are compounded or removed.

42. The registered deed carries all conditions and penal clauses, including that (Act s.10; Rule 7(1); AG, procedure table, item 9):

(i) a false declaration or document makes the transfer liable to cancellation (Form-Fparas 15 and 17);

(ii) use for another purpose cancels the deed (Act s.16(3));

(iii) any breach allows the urban local body to take back possession (Act s.10(3)); and

(iv) if the transfer is set aside for a procedural lapse, the transferee accepts it and gets a refund with simple bank interest (Form-D cl. XI).

43. On full payment of the price and arrears, the property is registered in the transferee's name. All expenses are borne by the transferee. (Act s.16(2); Form-D cl. XV)

Step 15: After transfer

44. For 20 years from registration, the property cannot be sold, leased, mortgaged with possession or otherwise transferred, except by inheritance or by mortgage to the Government, a Semi-Government body or a bank for a loan to improve the property. This is written on the deed and in the Property Register. (Act s.5(3); Form-D cl. VII; Form-F para 9)

45. If the property is used for another purpose, the deed stands cancelled. If a third person is found in occupation, action is taken under the Bharatiya Nagarik Suraksha Sanhita, 2023 and a reference is made to the Tribunal. (Act s.16(3) and (4))

46. The Property Register and revenue records are updated.

Step 16: Rejection at any stage

47. Every rejection is by a speaking order with reasons, covering the relevant points listed at Step 8, and states what happens next:

(i) sub-letting cases: the tenancy is cancelled, the property vests in the urban local body, eviction is started where required, and the property is then transferred by open e-auction (commercial), draw of lots (residential) or Government directions (other properties) (Act ss.6(2) and 4; AG Q1 (Part 2, items 5 and 6); AG Q4);

(ii) other ineligible occupants: a reference for eviction to the Tribunal, or action under the Punjab Public Premises and Land (Eviction and Rent Recovery) Act, 1973 (Act s.18; AG Q7); and or the Punjab Municipal Act 1911, Punjab Municipal Corporation Act,1976 and the Twon Improvement Act,1922 (as the case may be)

(iii) the applicant's right to appeal to the Tribunal (Act s.17(1)).

Step 17: Reports and monitoring

48. The urban local body sends a quarterly report of every transfer to the Government, including nil reports. (Act s.23)

49. Each district keeps a Section 5 register of all cases (received, pending, rejected, approved, registered). The Deputy Commissioner reviews pending cases every quarter.

50. Every officer who verifies or certifies a fact signs with name, designation and date, stating the record checked. A false or careless certificate invites disciplinary action.

Clause 18: Compliance with the Punjab Management and Transfer of Municipal Properties Act, 2020 and Rules

i) The Municipality shall specifically record and report that any decision taken in the matter—pursuant to the applicable SOP/instructions and in accordance with the decision/desire of the Municipality—is in complete conformity with and in concurrence with the provisions of the Punjab Management and Transfer of Municipal Properties Act, 2020 and the rules framed thereunder.

ii) The Municipality shall further certify on record that the decision or action so taken is not in contravention of, or inconsistent with, any provision of the said Act, the rules framed thereunder, or any other applicable statutory provision or executive instruction.

PART F: CHECKLIST BEFORE FINAL APPROVAL

A.Property

(i) Property belongs to/vests in the urban local body

(ii) Property Register verified

(iii) Title/vesting documents verified

(iv) Site plan available; physical demarcation completed; actual area verified

(v) No public road/park/utility/Master Plan reservation (Part D cleared)

(vi) Town Planning/Engineering report obtained

(vii) Objections received wrt Public notice , and their disposal

B.Applicant

(i) Identity verified; applicant category (A-L) determined

(ii) Original allottee/tenant status verified, or legal heirship verified, where applicable

(iii) No competing claimant

(iv) Statutory disqualification checked (Part C)

C.Possession

(i) Twelve-year possession established, verified as on 01.04.2020

(ii) Documentary evidence verified; continuity established; source of possession established

D.Lease/Sub-letting

(i) Original agreement examined; sub-letting clause examined

(ii) Section 6 position examined; unauthorized transfer issue examined

(iii) Cancellation proceedings, if any, checked

E.Public Premises Act, 1973

(i) Unauthorized occupation under Section 3 examined and recorded

(ii) Eviction/cancellation/notice proceedings checked; appeal/writ/stay status checked

F.Financial

(i) Rent arrears, property tax and other dues calculated; No-Dues Certificate obtained

(ii) Price fixed by the District Level Committee/Price and Rent Fixation Committee

(iii) Government approval of price obtained, wherever required

G.Legal

(i) Legal opinion obtained in disputed/derivative-possession cases (Categories B-L)

(ii) Litigation search completed; court/Tribunal orders examined

(iii) Transfer legally permissible; draft LOI vetted; draft transfer deed vetted

H.Section 12 and Section 13

(i) Section 12 list prepared and publicly notified; proof of publication on file

(ii) Objections/representations received and disposed of

(iii) Municipal resolution passed with recorded 2/3rd majority (attendance/voting statement on file)

I.Finalization

(i) Speaking order passed

(ii) Letter of Intent issued; Executive Magistrate-attested affidavit obtained

(iii) Earnest money and payment received; full dues cleared

(iv) Transfer deed executed; registration completed

(v) Property Register updated; twenty-year restriction recorded

This issues with the approval of Minister, Department of Local Government, Punjab

Under Secretary, Local Government

Endst . No. E-1198428/944 dated, Chhandigarh: 09.10.2026

A copy is forwarded for information and necessary action to the following:

1. Principal Secretary to Government of Punjab, Department of Local Government.
2. Director, Department of Local Government, Punjab.

Under Secretary, Local Government

ANNEXURE A: APPLICATION FOR TRANSFER OF OWNERSHIP OF MUNICIPAL PROPERTY (Act s.5)

To
The Commissioner, Municipal Corporation / Executive Officer, Municipal Council / Nagar Panchayat / Improvement Trust,

1.	Name of applicant, parentage, age, address, mobile ,number and e-mail:
2.	Property: address, municipal or property ID number, and area claimed in square metres:
3	Present use of the property (residential, commercial or other):
4.	I am (tick one, as per the categories in the AG opinion): the original tenant / legal heir of the original tenant, with a Will / without a Will (name and date of death:) / occupant without allotment, lease or grant/ independent occupant running a commercial activity/other (explain):
5.	Date from which (or the original tenant) have been in continuous possession: (must be on or before 01.04.2008)
6.	Documents of possession attached, with the name of the issuing office for each:
7.	My annual income as per the Income Tax Return or SDM certificate: Rs (Income group: EWS/LIG/MIG/HIG).
8.	Other persons in occupation of any part of the property, if any:
9.	Any case, notice or order about this property (court, Tribunal, Collector or urban local body):
10.	Other municipal properties in the possession of me, my spouse or dependent children any where in Punjab:

11. I declare that:

(i) I seek vesting under Section 5 and do not claim ownership of the property on any other basis;

(ii) neither I nor any relative of mine is or has been an employee of the urban local body or the Department of Local Government, an elected member of the urban local body, a Member of Parliament or a Member of the Punjab Legislative Assembly;

(iii) I have not sub-let or parted with possession of any part of the property;

(iv) I consent to verification of all my documents from the offices that issued them; and

(v) I understand that any false statement will lead to rejection, or cancellation of the transfer, and to action under law.

Place:

Date: Signature of applicant

ANNEXURE B: DOCUMENTS TO BE ATTACHED WITH THE APPLICATION

1. Identity and address proof of the applicant.

2. Possession documents from the Rule 7(2) list, covering the period from on or before 01.04.2008 to 01.04.2020. (Rule 7(2); Form-D cl. IX)

3. Original allotment or lease papers and rent receipts, where available.

4. For legal heirs: death certificate of the tenant, proof of heirship (revenue record, succession certificate or certificate of the competent authority), Will if any, names of all legal heirs, and the written undertaking to abide by the existing terms of the tenancy. (Act s.6(3); AG Q1 (Part 1, items 2 and 3))

5. Income Tax Return for the year before the year of transfer, or the SDM income certificate. (Act s.7(8)(v))

6. Affidavit on the declarations in Annexure A.

7. Latest receipts of rent, property tax, water and sewerage charges.

8. Site plan of the portion in possession.