



KHYBER PAKHTUNKHWA

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GOVERNMENT OF THE KHYBER PAKHTUNKHWA LOCAL GOVERNMENT,
ELECTIONS AND RURAL DEVELOPMENT DEPARTMENT

NOTIFICATION

Dated Peshawar, the 06th March, 2025

No:- SOE-III/LG/6-8/Lease Rules/2025. In exercise of the powers conferred by section 112 of the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013), read with sub-section (2) of sections 40 and Part-I of the Seventh Schedule thereof, the Government of Khyber Pakhtunkhwa is pleased to make the following rules, namely:

THE KHYBER PAKHTUNKHWA LOCAL GOVERNMENTS LEASE RULES, 2025.

Chapter-I **General**

1. **Short title, application and commencement.**--- (1) These rules may be called the Khyber Pakhtunkhwa Local Governments Lease Rules, 2025.

(2) These rules shall be applicable to the Properties of local governments and Tehsil Council as defined in clause (j) of sub-rule (1) of rule 2 of these rules.

(3) These rules shall come into force at once.

2. **Definitions.**--- (1) In these rules, unless the context otherwise requires,-

- (a) "Act" means the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013);
- (b) "agreement" means a lease agreement, to be executed between the concerned local government and an individual, firm or company as per standard format specified in the Appendix;
- (c) "Appendix" means an Appendix, appended to these rules;

- (d) **"lease"** means a lease, where-under the Property is leased out, under an agreement, for a specific period, on payment of specific lease amount, including security deposit, to be payable by the lessee to the lessor;
- (e) **"Lease Committee"** means the Lease Committee, constituted under rule 5 of these rules;
- (f) **"lease period"** means the period of lease as prescribed under sub-rule (1) of rule 7 of these rules;
- (g) **"lessee"** means an individual, firm or company, having declared as highest bidder and in whose favour the lease is granted under these rules;
- (h) **"lessor"** means the concerned Tehsil Council, leasing out its Property to the lessee, being owner thereof;
- (i) **"market rate"** means market rate, to be determined by the Lease Committee, for the purpose of lease, under these rules;
- (j) **"Property"** means the Property of Tehsil Council, as specified in sub-section (1) of section 38 of the Act, to be leased out by the concerned Tehsil Council under these rules, in pursuance of section 40 of the Act; and
- (k) **"Security deposit"** means a lump sum amount of lease, to be payable by the lessee to the lessor, as security, which is refundable, on expiration or termination of the lease agreement or on such terms and conditions so agreed between the lessor and lessee, as case may be, subject to clearance of all outstanding amount due to lessee, under these rules.

(2) Words and expressions, used but not defined under these rules, shall have the same meanings as are respectively assigned to them under the Act.

3. **Security deposit and market rates.**---The amount of security deposit and market rates of existing or new Properties, meant for leasing out, shall be ascertained through market survey by the Lease Committee.

4. **Open auction.** ---All leases, due, expired or fresh, as the case may be, shall be processed by the concerned Tehsil Municipal Administration, with prior approval of the concerned Tehsil Council, subject to open auction, as per provisions of the Khyber

Pakhtunkhwa Public Procurement Regulatory Authority Act, 2012 and rules made there-under.

5. **Lease Committee.**---(1) For the purpose of ascertaining the security deposit, fair market price of Property, structure to be erected thereon and its completion period, lease money and all matters pertaining to the project or Property and its leasing, the concerned Tehsil Council shall refer the case to the Lease Committee, which shall be constituted, at the level of Capital Metropolitan Government Peshawar and Tehsil Municipal Administration or Local Government concerned, which shall consist of such number of members as provided under sub-rule (2).

(2) The Lease Committee shall consist of-

(a)	Deputy Commissioner of the district concerned;	Chairman
(b)	Executive Engineer, Communication and Works Department;	Member
(c)	a representative of Local Council Board, not below the rank of BPS-17, nominated by the Secretary, Local Council Board;	Member
(d)	Director General, Capital Metropolitan Government in case of Peshawar and Tehsil Municipal Officer of respective Tehsil Municipal Administration in case of Tehsil Municipal Administration;	Member-cum-Secretary
(e)	Assistant Director, Local Government, Elections and Rural Development Department concerned;	Member
(f)	Chairman of the Finance Committee of the Tehsil Local Government concerned;	Member
(g)	Chairman of the concerned village council or neighborhood council, in the capacity of the member of the Tehsil Local Council, in whose jurisdiction the Property is situated;	Member
(h)	an elected representative of the Tehsil Council, to be nominated by the Chairman of the concerned Tehsil Council; and	Member

(i)	Concerned Divisional Monitoring Officer of the Planning and Development Department.	Member
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(3) The Chairman of the Lease Committee may nominate any person as co-opted member on need basis, who has right to opine but no right of vote.

(4) Sixty percent (60%) of the members of the Lease Committee, with mandatory inclusion of its Chairman, shall constitute the quorum of the meeting of the Lease Committee.

(5) The recommendations of the Lease Committee shall be placed before the concerned Tehsil Council, which shall be processed as per rule 6 of these rules.

(6) If the elected local council and its members are not available due to not holding of elections or any other reasons, the Chairman of the Lease Committee may notify a suitable replacement to represent in the Lease Committee, for such meeting or such time, as the Chairman of the Lease Committee may deem appropriate.

6. Approval of the rates or bids.---(1) The recommendations or proposals of the concerned Lease Committee shall be placed before the concerned Tehsil Council, which shall examine all facts, records, comparative statements and minutes of the meeting of the Lease Committee, which shall assess the reasonability and justification to protect the interest of the concerned local government and shall either approve or disapprove the recommendation of the Lease Committee, by recording reasons thereof, within sixty (60) days time, after receiving it from Lease Committee:

Provided that in case the concerned Tehsil Council, after having received the recommendations of the Lease Committee, fails to pass any order, within sixty (60) days time prescribed under this sub-rule, it shall be deemed that the concerned Tehsil Council has granted its approval to such recommendations:

Provided further that if the concerned Tehsil Council is not satisfied with the recommendations of the Lease Committee, and it is of the opinion that the recommendations are to be reconsidered by the Lease Committee, it shall refer the case back to the Lease Committee for reconsideration, within sixty (60) days time prescribed under this sub-rule, with reasons to be recorded.

(2) The Lease Committee, after having reconsidered its recommendations, shall resubmit the case to the concerned Tehsil Council, within fifteen (15) days time.

(3) The concerned Tehsil Council, after receiving the recommendations under sub-rule (2) above, decide the case, within thirty (30) days time, either approve

or disapprove the recommendations of the Lease Committee, so re-submitted to it under sub-rule (2), by recording its reasons thereof:

Provided that in case the concerned Tehsil Council, after having received the recommendations of the Lease Committee, fails to pass any order, within thirty (30) days time under this sub-rule, it shall be deemed that the concerned Tehsil Council has granted its approval to such recommendations.

(4) While considering the case under this rule, the concerned Tehsil Council shall not re-allocate or, in any manner, divest the title of Property or pass any such order which is inconsistent to sub-section (4) of section 38 of the Act.

(5) In the event of non-existence of the Tehsil Council, the Lease Committee shall initiate the process of leasing and submit its recommendations to the committee, to be constituted under the Chairmanship of Secretary of the Department, having membership from Local Council Board, concerned Tehsil Municipal Administration within whose jurisdiction the Property falls and such other co-opted member(s) as the Secretary of the Department may deem fit.

(6) The procedure, as prescribed under sub-rules (1), (2), (3) and (4) shall mutatis mutandis be applicable under sub-rule (5).

(7) All leases, approved under sub-rule (1) or sub-rule (3), or processed under sub-rule (5), as the case may be, shall be subject to execution of an agreement, by clearly mentioning the terms and conditions therein and signed by the both the lessor and lessee or their duly authorized representatives.

7. Lease period.---(1) The Properties shall be leased out for initial lease period of fifteen (15) years, extendable for a further period of ten (10) years.

(2) The extension shall be granted at the current market price as assessed by the Lease Committee and approved by the concerned Tehsil Council.

(3) In case of death of the lessee, the lease right shall be transferrable to his legal heirs for the remaining lease period, subject to fulfilment of all requirements under any law and rules for the time being in force.

(4) Cases of lease, so granted before the commencement of these rules, where time period has been mentioned but is not consistent (over shot) with the time period mentioned in sub-rule (1) above, the Lease Committee shall assess rent as per fair market price, which shall be offered to the lessee with twenty percent (20%) rebate as such with the approval of concerned Tehsil Council:

Provided that the fair market price, so reassessed by the Lease Committee, is not acceptable to the lessee, the Property shall be advertised through open competition under rule 4 of these rules.

8. Constructions on Property.---(1) All kinds of structure or construction, on the Property, shall be carried out only with the prior written permission of the concerned local government. In case of violation, the structure or building, as the case may be, on the Property, shall be removed by the concerned local government, at risks and costs of the lessee, however, the lessee shall not be competent to change the basic structure of the Property.

(2) The building plan of all extra construction or construction on the Property, shall be subject to prior approval by the respective authorities, responsible for enforcement of the building bye-laws or regulations for the time being enforced.

9. Expired leases.---(1) Leases, upon completion or expiry, before the commencement of these rules, shall only be granted on open bidding. The lessee or tenant, in whose favour the previous lease was granted, shall be entitled to participate in the open auction, subject to the condition that he is not a defaulter of the local government, and he shall be given first right of refusal in case the bid is won by other bidder through open competition, on the basis of highest open bid, failing which the lease shall be granted to the highest bidder:

Provided that the Property, upon which the construction has been made by the old tenant or lessee, shall be re-assessed by the Lease Committee, as for as its rent, on the basis of fair market price, is concerned, and shall be offered to such old tenant or lessee with twenty percent (20%) rebate:

Provided further that the rent, so re-assessed by the Lease Committee, is not acceptable to such old tenant or lessee, the Property shall be advertised through open competition under rule 4 of these rules.

(2) Where the Property is leased out to the previous or old tenant or lessee under sub-rule (1) above, as a right of first choice, and upon expiry of the lease, he shall deliver the vacant possession of the Property, including building, premises etc to the concerned Tehsil Council without any further delay.

10. Cases where no time of expiry is mentioned.---All leases, granted before coming into force of these rules where no time period or tenure of lease has been specified, shall be processed for auction afresh in accordance with the provisions of these rules.

11. Transfer of lease.---All leases, made under these rules, during its currency, may be transferred to a third person, with the prior approval of the lessor, subject to the conditions that-

- (a) the lessee is willing to transfer his right over the Property, by receiving the security deposit from such third person, so deposited by him with the lessor, at the time of executing the agreement;
- (b) the transfer to such third person shall be made for the remaining lease period;
- (c) the transfer shall be made on payment of transfer fee to be determined by the Lease Committee at the rate of per square feet of the total area of the property; and
- (d) necessary amendments to the extent of name of the lessee shall be made in the agreement, already executed between the lessor and previous lessee; provided that the terms and conditions of the existing agreement shall remain the same.

12. Periodic review of agreement.---The Secretary of the Department shall appoint and notify monitoring officers at regional or Provincial level to ensure that the terms and conditions of the agreements, executed under these rules, are complied within letter and spirit and provide periodic reports and recommendations to Government and respective local governments, to protect their interest.

13. Uploading the agreements on local government website.---In order to ensure transparency and public oversight, the agreements, executed by the concerned Tehsil Council, shall be uploaded on the official website of the Department.

14. General application.---The provisions of these rules shall mutatis mutandis be applicable to the Properties of village council or neighbourhood council, as the case may be.

15. Repeal.---The Khyber Pakhtunkhwa Local Council (Property) Rules, 1980, and any other statutes or rules, regulations, guidelines, instructions, pertaining to Property, are hereby repealed and shall be regulated under these rules.

Appendix
[see rule 2 (1) (b) & (c)]

A
LEASE AGREEMENT

This Lease Agreement, hereinafter referred to as an "Agreement", is made on this _____ day of _____, between the _____ (concerned local government), through _____ (authorized officer), hereinafter referred to as the "Lessor", which expression, wherever the context permits, means and includes nominees, attorneys, successors-in-interest, executors, administrators, authorized officers, transferees, assignees and all persons claiming title through or under it, of the First Part; and _____ (an individual, a company, firm, organization or an entity being lease holder), having registered address at _____, duly registered under the relevant laws and rules for the time being in force, bearing a Registration No./NTN _____ and Sales Tax Registration No. _____, with the Khyber Pakhtunkhwa Revenue Authority, hereinafter referred to as the "Lessee", which expression, wherever the context permits, means and includes nominees, attorneys, successors-in-interest, executors, administrators, authorized officers, transferees, assignees and all persons claiming title through or under it, of the Second Part;

WHEREAS, the Lessor is the rightful owner of the Property, situated at _____, measuring _____, with covered area of _____, and surrounded by _____ on North, _____ on South, _____ on East and _____ West, hereinafter referred to as the "Property", exclusively used for the purpose of _____;

AND WHEREAS, Lessor is desirous of leasing out the Property for the purpose of _____ and offered to the Lessee, being successful bidder, the Property for lease period of _____, on payment of lease amount of rupees _____, and the Lessee has accepted the offer of the Lessor and to take the Property on lease, together with all rights of easements and privileges, appertaining thereto, on such terms and conditions as specified under this Agreement;

AND WHEREAS, both the Parties shall always abide by the terms and conditions, mentioned under this Agreement;

AND WHEREAS, the Lessor and Lessee hereinafter individually referred to as the "Party", and collectively referred to as the "Parties", wherever the context so permits;

NOW, THEREFORE, both the Parties, in consideration hereof, hereby enter into this Agreement, on terms and conditions mentioned hereinafter:

1. **Commencement, Duration, Extension and Amendment:**

- 1.1 This Agreement shall commence with effect from the date on which both the Parties shall sign it.
- 1.2 This Agreement shall be made for initial period of _____.
- 1.3 This Agreement may be mutually extended for a further period of _____.
- 1.4 This Agreement may be amended by mutual consent of both the Parties in writing.

2. **Payment Procedure:**

- 2.1 The Lessee shall deposit on or before _____ the lease amount, of minimum three months or more as the case may be, in the designated Bank Account No. _____, Branch _____ and Code No. _____, to be maintained by the Lessor:

Provided that the Lessee may pay to the Lessor, a total sum of rupees _____, equivalent to _____ of the lease amount, in advance.

- 2.2 The amount of security deposit of rupees _____, equivalent to minimum annual rent shall be deposited by the Lessee in the designated bank account of the Lessor:

Provided that it shall be returned to the Lessee by the Lessor at the time the Lessee vacates the Property, after deducting any outstanding dues, bills, repairs, taxes, duties, fines etc.

- 2.3 In the event that any rental or lease payment, required to be paid by Lessee hereunder, is not made by the due date, the Lessee shall pay to the Lessor late payment charges at the rate of 02% on monthly rent basis.

The delayed fee shall get effective after due date of deposit. The due date shall always be 10th of each month.

2.4 In case the Lessee fails to pay the charges accrued under Clause 2.3 for a continuous period of three (03) months, the Lessor shall attain the right to terminate this Agreement by invoking Article 14 of this Agreement, and to keep the security deposit and advance rent payment of the Lessee for adjustment of the rent and late payment charges due against him and also any damage so caused to the Property, taxes and penalties due on him.

2.5 The termination of this Agreement, on the ground mentioned in Clause 2.4, shall not be called in question in any Court of law:

Provided that the Lessee may refer such termination to mediation or dispute resolution under Article 13 of this Agreement:

Provided further that for the purpose of this Clause, the provision of Article 14 of this Agreement shall survive termination of this Agreement under Clause 2.4.

3. **Responsibilities of the Lessor:**

The Lessor shall-

3.1 not interrupt or disturb the Lessee or any person claiming under him from peaceful holding and enjoyment of quiet possession of the Property unless he abides by the terms and conditions of this Agreement and fulfills his obligations under this Agreement.

3.2 ensure that at the time of handing over possession of the Property to the Lessee,-

3.2.1 the Property is in a state of good condition and all fixtures, fittings and installations, mentioned in the inventory, are in good, safe and working order; and

3.2.2 all rates, taxes, assessments and utility bills, in respect of the Property have been paid and that the Property is free from all encumbrances except to the extent that the Lessee is liable to pay for the same under the provisions of this Agreement.

- 3.3 carry out such repairs or development as may be necessary from time to time to maintain the Property in good condition; provided that the Lessee shall carry out all such repairs as may become necessary on account of willful damage to the Property caused by the Lessee or his agents.

4. **Responsibilities of the Lessee:**

The Lessee shall-

- 4.1 provide to the Lessor the investment plan, before executing this Agreement;
- 4.2 maintain the Property and any built facilities, structure and infrastructure in such a manner to promote the purpose of lease consideration;
- 4.3 not to cause or permit anything to be done in the Property, which shall be immoral, illegal, be a nuisance or cause annoyance to the neighbors and public at large and in general;
- 4.4 not to assign, sublet or part with possession of the Property or any part thereof;
- 4.5 not to construct new infrastructure in the Property nor allow any new commercial activity in the Property, without the prior written consent of the Lessor;
- 4.6 not to allow any companies or individuals to place advertising material within the Property nor lay claim on earnings derived for such activities, as this right remains with the Lessor;
- 4.7 provide and share with the Lessor the list, containing details and complete credentials of the staff or workers, designated or hired by the Lessee, to work in the Property;
- 4.8 ensure local building bye-laws and other rules and regulations related to the activity or project undertaken by the lessee are strictly abide by;
- 4.9 take reasonable care of the Property and its fixtures and fittings therein and to repair, sanitize and make good at own expense any damage thereto, caused by any of his willful act or his representative or agent;
- 4.10 provide peaceful environment and maintain safety within Property for public at large;

- 4.11 pay directly to the authorities concerned income tax, sales tax and all other applicable taxes, fines, etc; as per applicable laws and rules, for the time being in force, and provide to the Lessor with photocopies of receipts of all taxes, fines and bills, so paid;
- 4.12 not carry out any additions to or any alterations in or demolitions of the Property, without prior written consent of the Lessor, but notwithstanding this covenant, the Lessee shall be at liberty to decorate the Property and to install in and remove from the Property such fixtures and fittings, as may be convenient, necessary or required for the Lessee's occupation of the Property, from time to time. In case such permission and consent is granted by the Lessor, the Lessee shall bear the cost of such alteration, demolition or addition;
- 4.13 not keep or store any explosive or inflammable material in the Property or any item or article, which is banned or may be banned by local government, Government or Federal Government, which may cause or expose the Property to risk of fire or other harm or injury to inhabitants, neighbours and public at large;
- 4.14 abide by all the relevant laws, rules, regulations and notices issued by the local government, Government and Federal Government;
- 4.15 vacate and hand over the possession of the Property, together with Lessor's fixtures and fittings contained therein, in good order and conditions, subject to normal wear and tear, on termination of the lease period or, as the case may be, this Agreement; and
- 4.16 pay to Lessor the incurred cost to undertake such repair or rectification, in case such repair is carried out by the Lessor.

5. Condition of Property:

- 5.1 The Lessee shall not be responsible, and no liability shall attach to the Lessee for any loss, damage or deterioration of the Property or the Lessor's fixtures, fittings and equipment therein or any part thereof resulting directly or indirectly from reasonable wear and tear.
- 5.2 The Lessee shall reasonably be compensated by the Lessor for any loss or damage, caused to the Lessee in case Lessor decides to use the Property for any other public purpose during the validity of the term of this Agreement.

6. **Inspection and Monitoring:**

The Lessor or his authorized representative or agent, at any stipulated time or after receiving any complaint with regard to the Property, is authorized to inspect the Property and generate the report to this effect.

7. **Surrender of Property:**

Upon the expiration of the term of this Agreement, or, as the case may be, any earlier termination thereof, the Lessee shall-

7.1 surrender the Property in as good a state and condition, as they were at the commencement of this Agreement. Reasonable use and wear and tear thereof and damages by the elements shall be acceptable; and

7.2 clear all financial, legal, sanitation and safety or utility services obligations, incurred during the tenure of this lease Agreement and related to the Property and make sure that the Lessor is free from all legal obligations.

8. **Governing Laws and Rules:**

This Agreement shall be governed, construed and interpreted by, through and under the relevant Federal Laws and Laws of the Province, especially the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013) and the rules made there-under.

9. **Severability:**

If any provision of this Agreement is held invalid or otherwise unenforceable, the enforceability of the remaining provisions shall not be impaired thereby. In such case, the Parties shall make every effort with mutual consultation to replace the ineffective provision with a new provision which has the same effect, or as approximate an effect as possible as the said provision.

10. **Binding Effect:**

The covenants, obligations and conditions herein contained shall be binding and inure to the benefit of the successors, affiliates, agents, legal representatives and assignees of the Parties hereto.

11. **Insurance Policy:**

The lessee shall ensure obtaining the general insurance policy and documents to this effect shall be deposited with the lessor, before signing of this Agreement.

12. **Force Majeure:**

12.1 In the case the Property is destroyed due to natural or man infused calamity or disaster, not caused by the negligence of the Lessor or Lessee, after he has taken all due diligence, this Agreement shall terminate from such time and both the Parties shall be free from any of the obligations.

12.2 Due to aforementioned reason if a portion of the Property is rendered unserviceable or unusable, the responsibility of repairing or rehabilitation shall be based on the nature of lease under these rules.

12.3 On termination of this Agreement by the Lessee, the Lessor shall forthwith refund to the Lessee the balance amount, if any, of the lease amount paid as a rent to the Lessor then remaining, after the monthly adjustments against the rent due for each month of the lease up-to the date of termination and the amount of the security deposit.

13. **Dispute Resolution:**

13.1 In case of any dispute, arising between the Parties, the matter shall be referred to the mediator for resolution.

13.2 The Commissioner of the concerned Division shall act as a mediator and the mediation, so arrived at, shall be binding and final, which shall not be challenged in any court of law.

13.3 During the mediation process, the Lessee shall be bound to make all rental payments to the Lessor.

14. **Termination:**

Either party shall give thirty (30) days' prior written notice to terminate this Agreement, where such termination is earlier than the expiry stipulated in this Agreement. In case of early termination under this Article, the Lessor undertakes to refund the balance of the advance amount so paid for remaining period of this Agreement, as well as security deposit after deducting costs for any structural damages to the said Property, excluding normal wear and tear, before taking vacant possession of the Property.

15. Notices:

All notices, which are required to be given in writing, shall be sent to the address of the recipient, set out in this Agreement, or such other address in their respective cities, as the recipient may designate, by notice, given in accordance with the provisions of this Agreement. Any such notice may be delivered personally or by pre-paid letter or facsimile transmission and shall be deemed to have been served, if and when delivered in person to courier service, within forty-eight (48) hours of its posting and twelve (12) hours of facsimile transmission, when dispatched.

To the Lessor:

The Tehsil Municipal Officer, Tehsil Local Government _____,

Fax No. _____

Tel No. _____

To the Lessee:

Mr./M/S. _____ (Name and address)

Fax No. _____

Tel No. _____

IN WITNESSES WHEREOF, both the Parties hereto have set their hands and seal the day and year first written above:

For and on behalf of
the Lessor.

For and on behalf of
The Lessee.

(Signature)

(Signature)

Name: _____

Name: _____

CNIC: _____

CNIC: _____

WITNESSES:

WITNESSES:

1. _____

1. _____

2. _____

2. _____

(Signature)

(Signature)

Name: _____

Name: _____

CNIC: _____

CNIC: _____

Contact: _____

Contact: _____

Date: _____

Date: _____

XXX/SD
SECRETARY,
GOVERNMENT OF THE KHYBER PAKHTUNKHWA
LOCAL GOVERNMENT, ELECTIONS AND RURAL
DEVELOPMENT DEPARTMENT.

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