

CHAPTER - 4
ALLOTMENT

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4.1 Status of allotment of sites and houses

Allotment of houses and sites developed by KHB under various categories (LIG, MIG and HIG) is done as per KHB Allotment Regulations, 1983. During 2008-13, KHB had allotted 4,751 houses and 41,273 sites under various categories.

4.1.1 Non allotment of houses/flats/sites

As of July 2013, there were 23,433 houses/flats/sites remaining unallotted which included 10,246 corner sites and 691 stray houses/flats/sites, analysis of which showed the following:

- **Old Housing Project (HP)**

One hundred and forty six houses/flats including 40 stray houses/flats and 514 sites including 221 corner sites constructed/developed under various categories had not been allotted as of March 2013 as shown in **Table-13** below even though the projects were completed between 1982-83 and 2006-07. All the houses/sites were vacant for more than 10 years.

Table-13: Vacant houses/sites under Old HP

Category	Sites (in Nos.)					Houses/Flats (in Nos.)			
	Public ²¹	Stray ²²	DQ ²³	Corner ²⁴	Total	Public	Stray	DQ	Total
EWS	65	1	0	22	88	49	2	0	51
LIG	143	14	1	93	251	47	18	0	65
MIG	54	5	2	84	145	10	20	0	30
HIG	2	6	0	22	30	0	0	0	0
Total	264	26	3	221	514	106	40	0	146

(Source: Information furnished by KHB)

In Maskam, KGF, out of 44 houses remaining unallotted, 35 houses were under Economically Weaker Section category. However, the circular issued by the Commissioner during December 2012 to dispose of old properties did not include the unallotted houses in Maskam.

- **100 Housing Scheme/225 Housing Scheme/Suvarna Karnataka Housing Scheme**

Nine hundred and eight houses/flats which included 140 stray houses/flats and 19070 sites including 10,025 corner sites under various categories as shown in **Table-14** were yet to be allotted. Out of these, 1,963 sites and 61 houses remained unallotted for more than 10 years.

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²¹ Unallotted houses in general quota

²² Cancelled after allotment

²³ Discretionary quota

²⁴ Allotment through auction only

Table-14: Vacant houses/sites under 100 Housing Project

Category	Sites (in Nos.)					Houses/Flats (in Nos.)			
	Public	Stray	DQ	Corner	Total	Public	Stray	DQ	Total
EWS	1453	10	73	906	2442	2	4	0	6
LIG	3137	216	179	3771	7303	434	61	4	499
MIG	2568	173	172	3474	6387	278	65	4	347
HIG	914	86	64	1874	2938	44	10	2	56
Total	8072	485	488	10025	19070	758	140	10	908

(Source: Information furnished by KHB)

In 15 projects completed during 2009-12, the percentage of houses not allotted ranged between 43 and 100 *per cent* (**Appendix-3**). In three²⁵ out of said 15 projects, all the houses remained unallotted (100 *per cent*) as of March 2013.

In the exit conference (August 2014), the Commissioner stated that considerable number of unallotted properties would be disposed of through a special drive.

4.1.2 General allotment

Eligibility for allotment as per KHB Allotment Regulations, 1983 specifies that

- No person shall be eligible for allotment (Rule 8).
 - who is not continuously residing within the limits of the City/Town or other place in which the sites are formed or houses are constructed for a period of 10 years immediately prior to the date of application
 - who or whose husband/wife, has been allotted a site/house by KHB or any other authority in the State of Karnataka
 - who or whose husband/wife/minor children own a house or site in any urban area Municipality in the State of Karnataka.
- Due publicity shall be given in respect of sites/houses for allotment specifying their location, number, amount payable and such other particulars as KHB may consider necessary [Rule 3(2)] and
- Allotments are to be made by drawal of lots (Rule 9).

Irregularities noticed in the allotment of sites/houses are discussed below.

4.1.2.1 Direct allotment of properties

KHB constructed 660 houses and 140 houses of different categories in Suryanagar Phase III, Bangalore and Kalagnoor/Kushnoor, Gulbarga respectively under 225 Housing Scheme. Scrutiny of property register showed the following:

²⁵ Yaragatti-Belgaum; Tiptur-Edenahalli, Tumkur; Sogane- Shimoga

- While notification calling for applications for allotment for the housing scheme at Suryanagar Phase III, Bangalore was issued by KHB in newspapers during September/October 2013, KHB had allotted 239 houses of varied dimensions in March/April 2013 itself.
- Similarly, in respect of housing scheme at Kalagnoor/Kushnoor, Gulbarga, 54 houses of varied dimensions were allotted without issuing any public notification.
- Provisional allotment letter issued by the Commissioner to the allottees of both Suryanagar Phase III and Kalagnoor/Kushnoor requested the allottees to obtain the application form and submit it along with the first installment due.

In reply, KHB stated the following:

- Unsuccessful applicants of Suryanagar Phase II project were considered for the Suryanagar Phase III, as assured by the then Housing Minister during the allotment of sites / houses of Suryanagar Phase II through lots.
- Initially, 39 applicants who had not obtained refund of initial deposit were allotted in Suryanagar Phase III.
- In the demand survey conducted for the 140 houses constructed in Kalagnoor/Kushnoor, Gulbarga, only 15 applications were received.
- Further, in order to expedite the disposal of unsold sites and houses in less demand projects, KHB in its 445th Board meeting held during January 2013 authorised the Housing Commissioner to allot the houses / sites to applicants who approached seeking allotment.
- Based on the above resolution, 237 houses in Suryanagar Phase III and 120 houses in Kalagnoor/Kushnoor, Gulbarga were allotted to the applicants by the Housing Commissioner.
- Notification for the remaining 372 houses in Suryanagar Phase III was issued in August 2013 and allotment to the 364 applicants in response to the notification was made in January 2014.

The allotment made on the basis of resolution of 445th meeting lacked transparency and left room for manipulation due to the following reasons:

- Decision of KHB in categorising the Suryanagar Phase III project under less demand was taken without issuing notification.
- The housing project in Kalagnoor/Kushnoor, Gulbarga was taken up without adequate demand.
- Non-allotment and non-refund of initial deposit in respect of earlier projects does not confer right in future allotments.
- Provisions under KHB Allotment Regulations, 1983 do not confer any powers on the Housing Commissioner for allotment of houses/sites directly and the Board of KHB also does not have any power to authorise the Housing Commissioner to do so.

In the exit conference (August 2014), the Commissioner stated that cancellation orders had already been issued with respect to 84 cases and action was initiated in the remaining cases.

4.1.2.2 Allotment of sites in multiple numbers

Scrutiny of property register in respect of 100 HP in Chickmagalur V Phase showed that out of 602 sites allotted, 58 applicants were allotted more than one site which was of the same category or combination of categories. Totally 138 sites were allotted to these 58 applicants.

Further scrutiny of data with respect to these 58 applicants showed the following:

- Eight applicants were allotted three to seven sites (**Appendix-4**).
- In 41 cases, adjacent sites were allotted.
- Multiple sites were allotted on a single application in 35 cases. While four sites were allotted on a single application in two cases, five sites were allotted in one case and six sites were also allotted on a single application in one case.

All these clearly violated Rule 8 and 9 of KHB Allotment Regulations, 1983.

In reply, KHB stated that in order to recoup the capital invested in the housing schemes, it had issued circular (February 2004) to dispose of all the vacant plots. The reply is not acceptable as the allotments had been made in disregard of KHB Allotment Regulations, 1983.

4.1.3 Loss of revenue on account of reduction in allotment rate

KHB cancelled the allotment of three acres of land at Bandematt, Kengeri to Nirmithi Kendra in March 2010 as the allottee had sublet the land to two organisations viz., Rajiv Gandhi Rural Housing Corporation and ASCENT. As per the directions of the Government, under the same resolution, the said land was allotted to Rajiv Gandhi Rural Housing Corporation for construction of its office and establishment of National Academy of Construction at ₹ 2 crore per acre. However, the allotment rate for the HIG II category sites in the said housing scheme in 2007 was ₹ 700 per sft. On this basis, the allotment rate should have been ₹ 3.05 crore per acre in 2007 itself. By allotting the land at a lower cost, KHB lost revenue of ₹ 3.15 crore²⁶ on the basis of rate prevalent in 2007.

²⁶ Cost for 1 acre = 43560*700=3,04,92,000 ie ₹ 3.05 crore
Cost of 3 acres = 3.05 x 3 = ₹ 9.15 crore
Loss = ₹ 9.15 crore minus ₹ 6 crore = ₹ 3.15 crore

4.2 Allotment under Discretionary quota

Rule 4 of the KHB Allotment Regulations, 1983 envisages that KHB may, on their own or under directions from the Government, reserve sites/houses in any area for allotment to any specified class of persons and such class of persons may consist of employees in any office or establishment in the City, Town or other places in which the sites were formed/houses were constructed. There shall be reserved in each area where houses/sites were notified, a discretionary quota (DQ) up to 10 *per cent* in each category of house/sites, subject to a maximum of which may be disposed by KHB at its discretion, with the prior approval of the Government.

It was seen that other than the office employees, the class or classes of persons eligible for allotment of a DQ site had not been prescribed either by Government or KHB. The procedure for allotment of DQ site had also not been prescribed anywhere.

Scrutiny of the allotment under discretionary quota showed the following.

4.2.1 Allotments made contrary to rules

During 2008-13, KHB had allotted 1089 properties under DQ, on the basis of Government orders ratified later by KHB. Of the 767 test-checked allotments, 631 allotments were made based on recommendations of Minister (495), KHB officers (85) and others (51). In the absence of clarity on class or classes of persons eligible for DQ site, allotment of DQ sites was not transparent.

4.2.2 Allotments at a lower rate – loss to the tune of ₹2.12 crore

In accordance with the KHB's resolution No.438 (January 2012), the DQ houses/flats/sites were to be allotted at 25 *per cent* above the prevailing current rate of allotment except EWS category, which was to be fixed at 10 *per cent* above the allotment rate (prior to 2012, the allotment rate was at 10 *per cent*).

On scrutiny of the allotments made during 2008-2012, in five projects, it was seen that the rates fixed were lower than the rates that KHB should have worked out. This resulted in loss of revenue of ₹ 2.12 crore to KHB. The details are shown in **Table-15**.

Table-15: Loss to KHB due to allotment at lower rate

Project name	No. of cases	Loss to KHB (₹ in crore)
Suryanagar Phase I	74	1.13
Basavanna Kudachi, Belgaum	13	0.53
Channapatna, Bangalore Phase II	06	0.05
Suryanagar Phase II	25	0.29
Kengeri Bandematt	08	0.12
Total	126	2.12

(Source: Information furnished by KHB)

4.3 Allotment of Stray properties

KHB Allotment Regulations, 1983 define "Stray site/house" as a site/house which was once allotted but subsequently the allotment was cancelled by KHB or surrendered by the allottee. This also includes a site/house which has been formed/ constructed on account of readjustment in the plan subsequent to the issue of notification inviting applications for allotment of sites/houses.

The allotment of the stray properties should be made as per the provisions detailed in **Table-16** for different categories of persons.

Table-16: Reservation of sites under various categories

Category	Description	Percentage
9 A	By public auction	40
9 B(i)	Eminent persons from Karnataka including Non-resident Indians whose service have been recognised at the International, National or State level	30
(ii)	Persons who have special recognition in the field of Arts, Science, Education and Medicine at National and International levels.	
(iii)	Ex-servicemen and service personnel of the armed forces residing in Karnataka	
(iv)	Freedom fighters residing in the State for not less than 10 years.	
(v)	Dependants of the State Government Employees who expire while in service	30
9 C	Allotment at the discretion of the Government	

(Source: Information furnished by KHB)

KHB in its 438th resolution (January 2012) revised the cost of the houses/flats/sites under stray category to be at 25 *per cent* above the prevailing current rate of allotment except EWS category, which was to be fixed at 10 *per cent* above the allotment rate.

Major deviations seen in audit are brought out in the succeeding paragraphs:

4.3.1 Allotments not made in accordance with rules

On scrutiny of allotment of 1,018 properties categorised under stray sites / houses during 2008-13, it was seen that no data was maintained with respect to allotment under each category. Further, no auction under stray category was conducted during the period of review. In reply, KHB stated (August 2013) that stray property in the first instance, had been allotted to unsuccessful applicants and the remaining un-allotted stray sites, if any, were allotted as per Rule 9(A), (B) and (C). The reply was not acceptable as the Rule specified how stray properties were to be allotted and it did not provide for allotment of stray sites to unsuccessful previous applicants.

4.3.2 Allotment of sites/houses on request

Scrutiny of allotment of flats in 3,500 tenements at V Phase, Yelahanka Upanagar and Yelahanka IV Phase, showed that the allotments detailed in the **Table-17** below were made under Rule 9 based on the decision of the 445th Board meeting and Hon'ble High Court order. It was seen that allotment was made out of turn on the basis of request received instead of identifying the persons eligible under category 9(B). Further, the allotment was made at

reduced rates without recording any reasons, indicating that there was no transparency in allotment.

Table-17: Details of allotment of sites on request

Sl. No.	Type of property at Yelahanka	Number and measurement	Date of allotment	Allotted Rate per sft (in ₹)
1	Site at Sector B II Phase	1,711/C measuring 711.11 sft	May 2013	1,500
2	Site at 407 SFS, IV Phase	73/E measuring 724 sft	May 2013	2,000
3	Site at Sector A, Phase III	990/17 measuring 1,056 sft	May 2013	3,500
4	Site at Sector A, Phase III	990/19 measuring 710 sft	May 2013	3,500
5	Site at Sector A, Phase III	990/18 measuring 905 sft	May 2013	3,500
6	Site at Sector B	1967/A measuring 2100 sft	Feb 2013	990
7	Site at Sector A	226/A measuring 1,706.28 sft	Dec 2012	1,800
8	Site at 407/SFS	73/B measuring 1,200 sft	June 2012	1,800
9	Site at Sector A, Phase III	990/16 measuring 1,151 sft	Jun 2012	1,900
10	Flat at 3500 tenements	LIG/651/1/N measuring 283.64 sft	July 2013	387.82
11		LIG 279/24 measuring 484.85 sft	June 2013	226.88

(Source: Information furnished by KHB)

4.3.3 Loss of ₹1.70 crore due to allotment at lower rate

In 26 cases of allotment of houses/sites in Suryanagar old HP and 24 cases in Suryanagar Phase II during 2012, the allotment rate was not reworked on the basis of prevailing current rate. It was much lower than the prescribed rate of 25 per cent above the current allotment rate. This resulted in loss to KHB to the tune of ₹ 1.70 crore.

4.3.4 Allotment of flats at Yelahanka V Phase 3500 tenements scheme

The 3500 tenements scheme was completed by KHB during 1989-90 and there were eight vacant flats under stray category. On request, KHB allotted all the eight stray flats along with two other general category flats detailed in **Table-18** during 2012-13. However, there was huge variation in the rates fixed by KHB for each allotment and no reasons were recorded for these variations, which clearly indicated that there was no transparency in allotment as well as fixation of rate.

Table-18: Details of allotment of stray flats

Sl. No.	Number and measurement	Measurement (in sft)	Allotment date	Allotted Rate per sft (in ₹)
1	LIG 651/1/N	283.64	23.7.2013	387.82
2	LIG 279/24	484.85	24.6.2013	226.88
3	MIG B 362/23	484.85	30.5.2013	774.78
4	MIG 708/F7	1218.90	12.3.2013	3240.21
5	270/17 TF	1218.90	22.2.2013	774.78
6	MIG B 675/5 GF	1218.90	22.2.2013	774.78

Sl. No.	Number and measurement	Measurement (in sft)	Allotment date	Allotted Rate per sft (in ₹)
7	LIG 38/4	269.00	21.12.2012	408.93
8	MIG B 6/1	484.20	21.12.2012	775.82
9	LIG 57/5	269.00	21.12.2012	408.93
10	LIG 247/21	269.00	21.12.2012	408.93

(Source: Information furnished by KHB)

4.3.5 Allotment of flat No. 17/2

Higher Income Group 'D' Ground Floor Flat No. 17/2 at Yelahanka New Town, V Phase measuring 1080.28 sft was allotted during August 2012 for ₹ 10.15 lakh as against the market rate of ₹ 25 lakh and guidance value of ₹ 21.60 lakh fixed for registration purposes. The reason for reduction in the allotment rate was not placed on record. Further, the category under which the allotment was made was also not on record.

4.4 Allotment of corner and commercial sites

Karnataka Urban Development Authorities (KUDA) Act, 1987 defines 'commercial site' as any site formed in any extension or layout earmarked for locating a cinema theatre, a hotel or restaurant, a shopping centre, a shop, a market area and includes sites for locating any business or commercial enterprises or undertaking but does not include any site earmarked for the location of any factory or any industry or any site earmarked for dwelling purpose. On the other hand 'corner site' is defined as a site at the junction of two roads having more than one side of the site facing the roads.

Further, the authority may, subject to the general or special orders of the Government dispose of any or all the corner sites or commercial sites in such extension or layout by auction. Due publicity shall be given in respect of the corner sites or commercial sites to be auctioned, specifying their location, number, dimension and the percentage of the highest bid amount to be deposited and such other particulars as the Commissioner may consider necessary.

The KHB adopted KUDA Act, 1987 and Rules framed thereunder for allotment of CA sites. Audit scrutiny of allotment of corner/commercial sites showed the following:

4.4.1 Allotment of corner sites without auction – loss to the tune of ₹1.29 crore

Scrutiny of property register of the housing project at T.Narasipur, Mysore showed that 29 corner sites were allotted during July 2009 with allotment rate ranging between ₹ 32/sft and ₹ 57/sft. However, in July 2002 and April 2009 itself, public sites and corner sites had been allotted at ₹ 120/sft and ₹ 371.75/sft, respectively. Allotment of corner sites at such low rates and also without auction resulted in loss of ₹ 1.29 crore on the basis of rates of 2009.

4.4.2 *Non-fixation of minimum bid price–loss to the tune of ₹12.02 crore*

Review of property auctioned during 2008-13 showed that 299 properties in 22 projects were auctioned at prices lower than the highest bid received in the previous auction. Further, it was observed that the notification issued for auction of corner properties in the newspaper, though indicated the location and dimension of the properties for auction, did not mention the minimum bid amount. Acceptance of bid price lower than that of the previously accepted bid amount, as detailed in **Appendix-5**, resulted in loss of revenue to the tune of ₹ 12.02 crore. While accepting (August 2013) the fact that they were not indicating the minimum bid amount, KHB stated that while announcing the minimum bid amount in the auction, the amount arrived at was after taking into account the prevailing market rate and Sub-Registrar's rate. The reply is not acceptable as KHB had not considered its own allotment rate while arriving at the market value.

4.5 Allotment of civic amenity sites

In the absence of any regulations and policies in KHB with respect to allotment of Civic Amenity (CA) sites, KHB adopted the KUDA Act, 1987. The KUDA (Allotment of Civic Amenity Sites) Rules, 1991 defines CA site as a site earmarked for civic amenity in a private layout approved by the authority and relinquished to it.

4.5.1 *Non-relinquishment of CA sites*

When any open space for purposes of ventilation or recreation has been provided by KHB while executing any housing scheme, it is to be transferred to the local authority concerned on completion, by a resolution of the Board, and shall thereupon vest in, and be maintained at the expense of, the local authority. However, it was observed that the Board till date had not relinquished any of the CA sites to the local authorities, but had been allotting these without mandate for the same.

On development of residential sites at Hanchanagudanhalli, Arasikere, Hassan, the layout was handed over by KHB to the local authority during November, 2004. Further, during July 2011, KHB allotted CA site No.2 measuring 6975 sft to a Society for construction of nursery school. The allotment rate was ₹ 10.46 lakh and lease cum sale deed was issued during February 2012. Meanwhile, the local municipality allotted the said CA site to another organisation and a public notification in this regard was issued during March 2011. The local municipality, while communicating (August 2012) the developments to KHB stated that CA sites belonged to it as the layout had been handed over to them by KHB.

In the exit conference (August 2014), the Commissioner stated that a proposal had been sent to the Government to sort out the issues relating to relinquishment of CA sites.

4.5.2 Allotment of CA site not transparent

A review of the reports submitted to the sub-committee for allotment of CA sites showed that recommendations made for the allotment of CA sites lacked duly recorded justifications. Where more than one application was received for allotment of a CA site, there was no recorded reason for selection of that particular applicant over the others. Hence, there was no transparency in allotment of CA sites. KHB stated that new guidelines on the issue had been prepared and submitted to the Government and were awaiting its approval.

In the exit conference (August 2014), the Commissioner stated that in compliance to the High Court directions, action has been taken to record reasons for acceptance/rejection of the applications.

4.5.3 Allotment of CA site on sale basis/auction

Contrary to the Rule 4 of KUDA (Allotment of Civic Amenity Sites) Rules, 1991, KHB allotted the CA sites on outright sale basis instead of on lease for 30 years. During 2008-14, out of 34 CA sites allotted, three sites were auctioned. By issuing absolute sale deed for CA sites, KHB relinquished its right over the CA sites and hence could neither monitor nor ensure the utilisation of CA sites for the intended purpose. Outcome of allotment through sale/auction is brought out in the succeeding paragraphs.

4.5.3.1 CA sites used for unauthorised purposes

KHB entered into a conditional sale deed with the allottees of CA sites. The provision in the conditional sale deed prescribed that the allottee should utilise the CA site only for the purpose it was allotted.

Scrutiny showed that the CA sites were used unauthorisedly for residential/commercial purposes. However, KHB had not initiated any action against the allottees. **Table-19** below details cases of CA sites being used for purposes other than those for which they had been allotted.

Table-19: Details of CA sites used for unauthorised purposes

Sl. No.	CA site allotted	Date of allotment	Purpose for which allotted	Name of the allottee and amount paid	Deviation noticed
1	No.4, Hoskote measuring 861.12 sft	September 2005	Health Centre	Deepthi Medical Trust ₹ 40,903	Constructed dwelling unit. KHB issued notice in January 2008. Allottee explained that as there were a few residents, it was used as dwelling unit. KHB accepted the explanation and issued endorsement regarding Khatha in December 2010. KHB stated (August 2013) that the dwelling unit was an ancillary to the health centre and was for the use of the Doctor running the unit. This reply contradicted the explanation of the Allottee.
					

Sl. No.	CA site allotted	Date of allotment	Purpose for which allotted	Name of the allottee and amount paid	Deviation noticed
2	No.10, Yelahanka V Phase measuring 8476.86 sft	November 2000	School	Satellite Muslim Education Trust ₹ 6,93,930	Conditional sale deed executed in January 2003 stated that the allottee was to construct an educational building. Joint inspection in April 2013 showed that a mosque, a mobile tower and commercial establishment had been constructed.
3	No.21, Yelahanka V Phase measuring 46043.06 sft	December 2004	Nursing Home and College building	Ideal Education Society ₹ 39,13,565	Conditional sale deed executed on August 2005. Allottee had constructed commercial building which was within the knowledge of KHB.
4	No.32, Yelahanka V Phase measuring 5489.77 sft	November 2003	Tele-communication and public service	Universal Telecommunication ₹ 8,51,895	Joint inspection in April 2013 showed that apart from Universal Telecommunication, a school run by M/s. G K Naidu group existed. This indicated that the allottee had sublet the CA site for the school.
5	No.9/D, Sector A Yelahanka measuring 9946.18 sft	November 1988	Lions Club activities	Lions Club ₹ 1,51,575	The lease-cum-sale deed was issued during August 1991. At the time of joint inspection of the CA site, it was observed that the allottee had sublet the site for a commercial establishment.

(Source: Information furnished by KHB)

KHB stated (August 2013) that it had no role to play once absolute sale deed was issued. The reply was not acceptable as outright sale of CA sites was contrary to the provisions of KUDA Rules, 1991.

4.5.3.2 Issue of absolute sale deed for vacant CA sites

Conditional sale deed issued by KHB clearly states that the allottee is required to utilise the CA site for the purpose for which it was allotted within two years and KHB would issue absolute sale deed after completion of five years. However, it was seen in three cases that the absolute sale deed was issued by KHB without proper inspection, clearly indicating lack of monitoring controls in KHB. Details of the cases are indicated in the **Table-20**:

Table-20: Sale deed issued without inspection by KHB

Sl. No.	CA site allotted	When	Purpose for which allotted	Whom and amount paid	Audit observation
1	17/A 2 Sector C, Yelahanka New Town measuring 20184.07 sft	April 2005	Nursery and ancillary institution	Navachethana Education Society ₹ 33,55,892	Absolute sale deed issued in December 2011. Joint inspection in April 2013 showed that the construction was still in progress as on the date of inspection.

Sl. No.	CA site allotted	When	Purpose for which allotted	Whom and amount paid	Audit observation
2	No.9, Sector A, Yelahanka New Town measuring 10360.60 sft	December 2001	Not available	Dr. Tarannum Talath Hayath and Ziayaurahman ₹ 8,80,630	Purpose for which the allotment was made was not mentioned both in the allotment letter as well as absolute sale deed. Joint inspection in April 2013 showed that the site was vacant even on the date of inspection.
3	No.4, Alur, Hassan measuring 1259.42 sft	July 2003	School	Sachidananda Education Society	Conditional sale deed was executed during September 2005 and possession of the CA site was handed over in March 2006. The allottee did not utilise the land. Meanwhile, in August 2010, the allottee stated that the Town Panchayat had fenced both the CA sites for the purpose of development of park.

(Source: Information furnished by KHB)

KHB did not take any action against the allottee for violating the conditions of allotment.

4.5.3.3 Non-utilisation of CA sites

In cases detailed in **Appendix-6**, the CA sites remained un-utilised for more than four years after allotment, thus defeating the purpose for which it was allotted. While KHB failed to take action in eight cases, it issued notices in 10 cases and did not take further action.

4.5.3.4 Alienation/sub-letting of CA sites

Rule 10 of KUDA (Allotment of Civic Amenity sites) Rules, 1991 states that the lessee (allottee) shall not sub-divide or sub-lease or alienate or create any charge on the CA site. On scrutiny it was observed that in the cases detailed in the **Table-21**, the allottee had alienated the allotted land. KHB in violation of the above said rule, also had approved sub-division of the CA site.

Table-21: Details of alienation of allotted land

Sl. No.	Site No.	Whom	When	Purpose	Deviation
1	No.22/B, Sector B, Yelahanka measuring 26,324.65 sft @ ₹150/sft	Sai Ram Educational Social and Cultural Trust	December 2003	Education	Cost of the site was fixed at ₹ 40,80,222 at the rate of ₹ 150 per sft. The allottee requested KHB to approve transfer of 16,000 sft of CA site to its associate Trust. KHB approved it in June 2006 with a transfer charge of ₹ 10/sft. Thus, the CA site which was sub-divided was allotted at a reduced rate instead of the prevailing rate.

Sl. No.	Site No.	Whom	When	Purpose	Deviation
2	CA 3, Hoskote, Bangalore – Rural measuring 5166 sft @ ₹ 48/sft	Kishan Education Trust	February 2005	Construction of school	Sale deed was issued during November 2010, based on the report of Asst Executive Engineer of concerned division that the allottee had constructed building and had been running a school. However, correction sale deed was issued in March 2011 in favour of Smt. HD Lokeshwari Bai. On scrutiny, it was seen that the allottee had sold the CA site to the latter and the sale deed indicated the property as vacant site. This contradicted the report of Asst. Executive Engineer. KHB stated that (August 2013) on issue of absolute sale deed, it did not have any role to play.
3	CA 1, Swarnasandra, Mandya measuring 32,389.7 sft @ ₹ 43/sft	Arekeshwara Educational Trust	August 2001	Educational purpose	A complaint supported by photograph indicated that the site was sublet for commercial establishments. However, KHB did not initiate any action in the matter.
4	CA 1, KHB colony, Sirsi measuring 5,812.56 sft @ ₹ 31.50 sft	Sri. Rajarajeshwari Vidhya Samsthe	July 2004	Construction of School building	The allottee requested in March 2012 for issue of absolute sale deed. Asst. Executive Engineer recommended for issue of absolute sale deed confirming the functioning of school. On scrutiny, it was seen that the allottee had entered into a sale agreement with Malenadu Shikshana and Grameena Abhivridi Samsthe in April 2007 which was confirmed in the joint inspection conducted during April 2013. KHB stated (August 2013) that they would examine the issue.

(Source: Information furnished by KHB)

4.5.3.5 CA sites yet to be allotted

As on July 2013, KHB had 400 CA sites for allotment. Of these, while notification of allotment for 329 CA sites was issued covering 42,872.52 sq mtr, notification of 71 CA sites was yet to be issued. These 71 sites were either under litigation or their intended purposes were not firmed up. Details of sites yet to be notified were not produced to audit. District-wise availability of CA sites is detailed in **Appendix-7**.

4.5.3.6 Encroachment/unauthorised construction/litigation in CA sites

Scrutiny showed that in three cases CA sites had been encroached upon. KHB had not taken any effective action to evict the encroachers and restore its properties. Also, KHB allotted a CA site under litigation which resulted in the property not being put to use for the purpose for which it was allotted. The details are given in **Table-22**.

Table-22: Encroachment/unauthorised construction/litigation of CA sites

Sl. No.	Site No.	Whom	When	Purpose	Remarks
1	CA 1, Naubad, Bidar Measuring 4381.05 sft	Shivalinga Vidhyavardhak Education Society	August 2012	Primary school	New KHB Colony which had also applied for the allotment of CA site had encroached the CA site by constructing a temple on land measuring 419.81 sft. Further, encroachment was brought to the notice of KHB by the encroacher himself.
2	CA 3, Kengeri III Phase Measuring 12511 sft	Bangalore Metropolitan Transport Corporation (BMTC)	January 2006	Bus station	Bangalore Metropolitan Transport Corporation (BMTC) requested for alternative site as the allotted CA site was under litigation and the landlords had encroached upon and constructed buildings on the allotted site. KHB stated that action would be taken based on the decision of the Court.
3	CA 4, Sathyamangala, Hassan Measuring 12432.72 sft	Not allotted	--	Nursery School	Encroached upon by Sri. Lakshminarayana Devasthanam Kshembhivruddi Trust for constructing a temple. No action had been initiated by KHB.
4	CA 1, Hoskote, Bangalore rural measuring 27582 sft	Sri. Lakshmi Venkateswara Trust	March 2004	School building which was later modified as charitable hospital	Till date, the CA site had not been utilised. KHB stated that the CA site was under litigation and action would be taken based on the decision of the Court.

(Source: Information furnished by KHB)

4.5.3.7 Regularisation of encroachment

The housing project at Swarnasandra, Mandya was developed in 1952-53 for the My Sugar employees. After completion of the project the layout was handed over to the local authority. However, KHB noticed that land opposite to site No.766 and 767 had been encroached upon by Sri. Swarna Nadeeshwara Temple Seva Charitable Trust and as per the master plan of Mandya Urban Development Authority, the said land was reserved for residential purpose. Based on the request of the Trust, KHB allotted the land measuring 968.76 sft to the Trust during May 2012 as CA site No. 3 with an allotment rate of ₹ 375 sft, thereby regularising the encroachment. However, the Trust is yet to make the payment.

4.5.3.8 Loss of revenue on account of reduction in allotment rate of CA site

KHB in its 438th meeting (January 2012) approved the following rates at which the CA sites were to be allotted.

Sl.No.	Category	Rate approved	Previous rate
1	General including PSUs	75 per cent of the prevailing rate	50 per cent of the prevailing rate
2	SC/ST Organisations	50 per cent of the prevailing rate	33 1/3 per cent of the prevailing rate

In the cases detailed in the **Appendix-8**, KHB allotted the CA sites at reduced rates resulting in loss of revenue amounting to ₹ 3.12 crore.

4.5.3.9 Cancellation of allotment

KHB resorted to cancellation of CA sites in the following cases.

- In case of failure to pay the final cost as indicated in the allotment letter within the specified date, allotment was liable to be cancelled automatically, without further notice.
- CA site is to be utilised for the purpose for which it is allotted. The allotment was liable to be cancelled in case of non-compliance.

Further, no provisions exist for re-allotment/ revocation of CA site in the KHB Allotment Regulations, 1983. In practice KHB, on cancellation of CA sites issues a fresh notification and allots the CA site at the prevailing rate. However, it was seen that KHB had selectively resorted to cancelling the allotted CA sites on grounds of non – payment/delay in payment. While, KHB re-allotted CA sites to the first allottee in some cases, it revoked its cancellation orders in other cases. Some of the test-checked cases are discussed below.

- **Cancellation and revocation**

In the three cases mentioned in the **Table-23**, KHB resorted to revocation of allotment of cancelled CA site to the same allottee with a revocation charge of ₹ 30,000 without revision of rates. In reply, KHB agreed that there existed no provision for re-allotment or revocation of cancelled CA sites.

Table-23: Details of revocation of cancelled CA sites

Sl. No.	Site No.	Whom and when	When cancelled	When revoked	Remarks
1	CA 9/D, Sector A, Yelahanka measuring 9946.2 sft	M/s. Lions Club Nov 1988 for its activities	September 2005	April 2007	The allotment was cancelled after a lapse of 14 years for non -payment of dues. It was revoked after a lapse of 1½ years on payment of dues.
2	CA 8, Sector A, Yelahanka measuring 16956.08 sft	Dr. Vimala Aravind September 1988 for clinic/nursing home	September 1998	December 2006	Since the allottee had failed to utilise the site for 10 years, the allotment was cancelled and, based on the explanation of the allottee, the allotment was revoked after eight years of cancellation without any change in the cost of site fixed earlier. Once again KHB issued final notice in November 2010 as the allottee was yet to utilise the site.
3	CA 20, Sector A, Yelahanka measuring 21786.90 sft	Mangala Sikhshana Samithi August 1989 for educational purpose	September 2005	November 2010	The CA site was cancelled after a lapse of 16 years for non-payment of cost of site. After issue of cancellation orders, KHB accepted part payment of cost of site in November 2008 and continued to send reminders for payment of annual installments.

(Source: Information furnished by KHB)

- **Cancellation and allotment**

CA site No. 6A, 6B and 8 at Chikamagalur Phase III measuring 29,998.80 sft was allotted to M/s AVS Education Trust, Shimoga during August 2004 for construction of school building. The price was fixed at ₹ 11,99,953. KHB cancelled the allotment in March 2006 for non-payment of cost of the land. During January 2007, Sri.Anjaneya Vidhya Samsthe, Vijayapura, Chickmagalur was allotted the said CA site on request for construction of school and hostel at the earlier rate of 2004. The conditional sale deed was issued in October 2007. However, till date the CA site was not utilised. Though seven years had elapsed since allotment, no action had been taken by KHB for its cancellation.

- **Delay in payment/non-payment of cost of site**

In three cases listed in **Table-24** below, KHB allowed the allottees to retain the CA site even though there was delay in payment of cost of the site.

Table-24: Details of delay in payment of cost of site

Sl. No.	CA Site at	Measurement (in sft)	To whom allotted	When allotted	Remarks
1.	Kengeri III stage	3196.9	Sri.Sathya Ganapathi Devasthanam Seva Trust	April 2001	The cost of the site was fixed at ₹ 2,74,131. The allottee paid the amount in two installments, one in February 2004 and the second in July 2011. Though KHB was yet to execute the conditional sale deed as the interest of ₹ 3,60,059 for delayed payment was due from the allottee, it allowed the Trust to retain its allotment even when the cost of the site was not paid for more than 10 years.
2.	AM Palya, Tumkur	11550	M/s. HMS Education Society	December 1995	The cost of the site was fixed at ₹ 2,14,614. M/s. HMS Education had paid only ₹ 1,13,400 as payment till July 2000. However, KHB had not taken any action even after a lapse of 13 years.
3.	DN Koppa II phase, Dharwad	23681	M/s. Gangambika Vidhyavardhaka Sangha	January 2005	The cost of the site was fixed at ₹ 15,39,265. No action was taken by KHB against M/s. Gangambika Vidhyavardhaka Sangha, though the allottee failed to pay the cost of the site for the past eight years.

(Source: Information furnished by KHB)

4.6 Asset management

4.6.1 Differences in area of land acquired

As per the records of KHB, the land acquired for the project at Chitta, Bijapur was 123-20 acres. However, the land available in KHB's name as per revenue records and the area available for development as per development plan was 120-22 acres and 118-34 acres respectively. The difference between the records had not been reconciled.

In the exit conference (August 2014), the SLAO informed that fresh survey would be conducted to ascertain the actual position.

4.6.2 Encroachments on KHB properties

Section 45(i) of the KHB Act 1962, empowers KHB to evict persons from KHB premises, if the competent authority is satisfied that such person are in unauthorised occupation of any of KHB's premises. It was seen that KHB was yet to take action to get the encroachment of its properties cleared in four cases while in one case, it had regularised the encroachment. The details of the encroachments are brought out in **Table-25**.

Table-25: Details of encroachment of KHB properties

Sl. No.	Place	Extent of land	Type of encroachment
1	Gangavathi, Koppal	64 sq mtr	16 LIG sites with dimension of 4 sq mtr each had been encroached upon.
2	Sector A, Yelahanka New town	2-17 acres	Encroached upon by slum dwellers. In the KHB meeting held during May 2010, it was decided to transfer land to BBMP free of cost.
3	Sector A, Yelahanka	3-35 acres	Encroached upon by slum
4	Allalassandra, Yelahanka	1-07 acres	Land acquired by KHB during 2002. Houses were constructed prior to the acquisition.
5	Hosahalli, Manuvana	0-2 ½ acres	Construction of temple

(Source: Information furnished by KHB)

4.6.3 Non-maintenance of inventory of land acquired/purchased

KHB had not maintained any inventory of land acquired/purchased for various projects since inception. Hence, utilisation of the land acquired by KHB and land remaining unutilised could not be ascertained.

