

## **Executive summary**

### **Assignment of Government land**

The land management policy laid down through various orders and circulars was not scrupulously followed. Though more than 38 Acts/Rules were framed from time to time after independence, there is no streamlined system for periodical renewal of lease and timely revision of lease rent. There was failure on the part of departments in identification and accounting of the Government land, post lease monitoring of the leased out land and in the collection of lease rent. Non/short realisation of lease rent, non resumption of land assigned on violation of lease conditions, alienation of Government land, cases of assignment of land to encroachers and cases of incorrect concession allowed to private entities etc were also noticed. Total financial impact of audit observations amounted to ₹ 1,077.74 crore.

**[Chapter II]**

### **Management of Forest land**

Considerable area of forest land was given on lease to Public Sector Undertakings. In the absence of a consolidated register showing details of land on lease, the extent of land on lease is not available in the Department in a consolidated form. The rate of lease rent in respect of PSUs was not revised since 1989 causing huge revenue loss to the Government. The Department also failed to collect lease rent arrears to the tune of ₹ 196.85 crore in 140 cases where in 42,130.49 Ha. of forest land was leased out. Non-execution of lease agreements, short demand of lease rent, failure to check non-adherence to lease conditions, failure to take action in cases of violation of lease conditions, assignment of forest land in excess of Government of India directions etc were also noticed. Total financial impact of audit observations amounted to ₹ 215.46 crore.

**[Chapter III]**

### **Acquisition, development and allotment of land for industrial purpose by PSUs**

Forty one allottees did not utilise (March 2014) the land measuring 180.57 acres allotted in different IT parks by KINFRA, KSIDC and KSITIL defeating the very objective. Deficiencies were also noticed in the acquisition, development and allotment of land by the PSUs. There was wasteful/extra expenditure on acquisition/development, purchase of land at exorbitant price and extending undue benefit to private sector companies. Unusual Joint Venture (JV) arrangements led to transfer of the land acquired for allotment to private hands (INKEL share holders). The financial impact of audit observations amounted to ₹ 212.02 crore.

**[Chapter IV]**

### **Issues in respect of land and ecological impact - Aranmula Airport**

There was a failure of Government machinery right from the lowest revenue officials to the highest level in preventing an individual from illegal acquisition of land, holding of excess land, encroachment of government land,

filling of paddy fields etc and subsequently transferring part of same land to the Airport Company. The Government granted in principle approval for the airport without verifying whether sufficient land was available with the developer and the impact of the proposed airport on the four existing/under construction international airports which are within 150 kms. By accepting the equity offered by the company, Government became a party to the illegal filling of land, encroachments, environmental and ecological problems. Though the transport department is the nodal department for airports, the industries department issued in-principle approval without consulting the allied departments.

## [Chapter V]

### **Smart City Project, Kochi**

There was lack of transparency right from the conceptualisation stage about the justification for a Smart City and the need for creation of a new SPV. The partner for the project was not selected in a transparent manner and was done without giving opportunities to other players in the field and without considering the past records of partners. Government transferred 246 acres of land on lease for establishing an IT park without properly assessing the land requirement for the project and committed to acquire and hand over more land for the project in future. The valuation of land for fixing lease rent was much below as compared with the land value considered for registration of land of the adjoining areas. Though the project could be commenced in parcel I (131 acres) with the attainment of developer status in 2008, the Smart City Kochi delayed the project insisting for SEZ status for the entire 246 acres of land. Unlike the IT parks established by Government, the lessee was granted freehold rights over 12 *per cent* of the total area of land under their possession at any point of time. The agreement conditions in respect of creation of 90,000 jobs were diluted in the agreement. The Government nominee had only minor role in the Board of Directors.

Agreement conditions in the FWA were tilted in favour of Tecom and against GoK. While legal action was possible against GoK for defaults in providing minimum infrastructure, it was not possible against Tecom for lack of co-operation in this regard. This led to indifferent approach of SPV which did not identify suitable locations inside the project area, thereby delaying Government's efforts in providing minimum infrastructure that it was supposed to do.

Neither the Government nor the SPV is able to spell out any precise timeframe within which the project can achieve the objectives. Even after seven years from signing the agreement, construction of 8.8 million sq.ft. built- up space and creation of 90,000 jobs are far from sight.

## [Chapter VI]