

TABLE OF CONTENTS

Particulars	Reference to	
	Paragraph(s)	Page(s)
Preface	--	xv
Executive Summary	--	xvii-xxxv
Chapter-I: General	--	1-7
Background	1.1	1
Role and powers of Department	1.2	1-2
Role/functions of NOIDA	1.3	2
Management of NOIDA	1.4	2-3
Administrative control of the Government	1.5	3
Entrustment of Audit	1.6	3-4
Status of finalisation of Accounts	1.7	4
Audit Objectives	1.8	4
Audit Criteria	1.9	4-5
Scope and Methodology of Audit	1.10	5-6
Scope Limitation	1.11	6-7
Contents of the Audit Report	1.12	7
Acknowledgement	1.13	7
Chapter-II: Planning		9-23
Introduction	2.1	9
Context of development in National Capital Region	2.2	9-10
Process of Finalisation of Master Plan	2.3	10-11
NOIDA (Preparation and Finalisation of Plan) Regulations	2.3.1	11
Scope of Audit	2.4	11
Audit Findings	2.5	11
Preparation and implementation of MPs without approval	2.6	11-12
MP-2021 not approved by NCRPB	2.6.1	13
Implementation of Master Plan 2031 without considering objections of Chief Town and Country Planner/NCRPB	2.6.2	13-15
Greater discretion with changes in Plan Regulations	2.7	15
Exclusion of defined activities under different categories	2.7.1	15-16
Weakening provisions for systematic regulations of land use area	2.7.2	16

Particulars	Reference to	
	Paragraph(s)	Page(s)
Omission of provision relating to extent of land use and standards of population density	2.7.3	17-18
Substantial revision/changes in land use over time	2.8	18
Large scale land use conversions in NOIDA	2.8.1	18-19
Diversion of industrial land to other uses	2.8.2	19
Mixed land use	2.8.3	19-20
Sports City	2.8.4	20-21
Substantial revision/changes in land use over time	2.8.5	21-22
Conclusion	--	22
Recommendations (1-3)	--	22-23
Chapter-III: Acquisition of Land		25-43
Land Acquisition Process	3.1	25
Acquisition	3.1.1	25-26
Resumption	3.1.2	26
Direct Purchase	3.1.3	26
Status of Land Acquisition in Noida	3.2	26-27
Scope of Audit	3.3	27
Audit Findings	3.4	27
Irregularities in Acquisition under LAA	3.5	28
Acquisition invariably under urgency clause on a standard justification	3.5.1	28-29
Delay in processing of cases of acquisition under urgency clause	3.5.2	29-32
Excessive use of urgency clause to acquire land	3.5.3	32
Avoidable payment of additional compensation in cases of direct purchases of land through sale deeds	3.5.4	33-34
Loss due to excess payment of additional compensation	3.5.5	34-35
Incorrect payment of advance in respect of additional compensation	3.5.6	35-36
Irregularities in Acquisition under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013	3.6	36
Unauthorised and irregular payment of No-litigation bonus beyond scope of the 2013 Act	3.6.1	37-38

Particulars	Reference to	
	Paragraph(s)	Page(s)
Failure in exercise of due diligence	3.7	38
Avoidable payment of excess compensation due to delayed execution of agreement	3.7.1	39
Blockade of fund due to inaction on the part of NOIDA	3.7.2	39-41
Ineffective follow-up of acquisitions	3.8	41
Land under encroachment	3.8.1	41-42
Non-mutation of land purchased	3.8.2	42
Conclusion	--	42-43
Recommendations (4-5)	--	43
Chapter-IV: Pricing of Properties		45-69
Costing System in NOIDA	4.1	45
Process of price fixation	4.2	45-46
Status of costing in NOIDA	4.3	46-48
Audit Objectives	4.4	48
Scope of audit	4.5	48
Audit Findings	4.6	49
Systemic deficiencies	4.7	49-50
Mis-categorisation of Sectors for Allotment of Group Housing Plots	4.7.1	50-52
Non-revision of sale price during 2009-10 citing global economic slowdown	4.7.2	52-54
Inconsistencies observed in costing	4.8	55
Arbitrary reduction of rates during the period 2006-07 to 2009-10	4.8.1	55-58
Pricing based on lower acquisition rates	4.8.2	58-59
Delayed inclusion of rehabilitation cost	4.8.3	59
Considering higher percentage of saleable area	4.8.4	59-60
Reduction of tenure for interest cost	4.8.5	60
Reduction in cost for open space	4.8.6	60
Non-inclusion of cost of abadi plots against acquisition of land	4.8.7	61
Impact of deviations	4.8.8	61-62
Non-recovery of costs	4.9	62
Non-recovery of ex-gratia payments for land acquisition	4.9.1	62-63
Non-recovery of additional compensation paid on land acquisition	4.9.2	63-64

Particulars	Reference to	
	Paragraph(s)	Page(s)
Non recovery of payments for abadi plots due to non-framing of policy	4.9.3	64-65
Excess allowance of FAR and GC resulting in lower fixation of Reserve Price	4.10	65-67
Injudicious reduction in rates for office allotments	4.11	67-68
Loss to exchequer due to under levy of Stamp Duty	4.12	68
Conclusion	--	68
Recommendations (6-7)	--	69
Chapter-V: Allotment of Properties - General	--	71-76
Introduction	1	71-73
Status of allotments	2	74
Contents of this Chapter	3	75
Common irregularities in allotment of properties	4	75-76
Chapter 5.1: Allotment of Group Housing Plots	5.1	77-122
Introduction	5.1.1	77
Process of Allotment	5.1.2	77
Status of allotments of Group Housing plots in NOIDA	5.1.3	77-81
Scope of audit	5.1.4	81
Audit Findings	5.1.5	82
Systemic deficiencies	5.1.6	82
Non-approval of the terms and conditions by the Board before launch of the scheme	5.1.6.1	82-84
Allotment by relaxing financial qualification criteria	5.1.6.2	84-85
Deficiency in eligibility conditions resulting in misuse	5.1.6.3	85-87
Contradictory eligibility criteria	5.1.6.4	87-88
Injudicious modifications in terms and conditions in scheme brochures	5.1.6.5	88
Non-compliance and removal of clause for opening escrow account	5.1.6.6	88-89
Removal of clause for obtaining bank guarantee	5.1.6.7	89
Reduction of allotment money	5.1.6.8	89-91

Particulars	Reference to	
	Paragraph(s)	Page(s)
Relaxation of conditions for consortiums	5.1.6.9	91-93
Irregularities in screening of applications and allotment	5.1.7	93
Allotment to entities that did not meet even technical eligibility criteria	5.1.7.1	94-95
Leveraging of net worth for multiple allotments	5.1.7.2	95-97
Absence of fair competition in allotment of plots	5.1.7.3	97-98
Rigging of competition through use of group companies as competitors	5.1.7.4	98
Non-cancellation of plots in spite of delay in deposit of allotment money	5.1.7.5	99
Adverse impact of subdivisions and transfers	5.1.8	99-100
Sub-division without basis	5.1.8.1	100-101
Allowing exit of key member after qualification	5.1.8.2	101-103
Transfers through Change in Shareholding	5.1.8.3	103-106
Irregular transfer of plots	5.1.8.4	106-108
Irregular sub-lease of plots	5.1.8.5	108-110
Post-allotment discrepancies relating to land allocation	5.1.9	110
Allotment without land availability	5.1.9.1	110-111
Loss due to non-levy of stamp duty on Purchasable Floor Area Ratio (FAR)	5.1.9.2	111-112
Failure of the Finance Wing in Group Housing Allotments	5.1.10	112-114
Dues pending after lapse of term	5.1.10.1	114-115
Allotments made in spite of pending dues	5.1.10.2	115-116
Grant of mortgage permission with outstanding dues	5.1.10.3	116-118
Undue favour by making an exception to the prevalent costing method	5.1.10.4	118-121
Conclusion	--	121
Recommendations (8-10)	--	122
Chapter 5.2: Allotment of Commercial Properties	5.2	123-150
Introduction	5.2.1	123
Allotment Procedure	5.2.2	123

Particulars	Reference to	
	Paragraph(s)	Page(s)
Status of allotments of commercial plots in NOIDA	5.2.3	123-124
Scope of Audit	5.2.4	124-125
Audit Findings	5.2.5	125
Scheme related deficiencies	5.2.6	125
Non-approval of the terms and conditions by the Board before launch of the scheme	5.2.6.1	125-127
Preponderance of allotment to selected groups and undue favours thereto	5.2.7	127-128
Execution of lease deed in favour of consortium member instead of in favour of Special Purpose Company (SPC) and facilitating stamp duty evasion	5.2.7.1	128-129
Undue favour in allotment and in ensuring compliance of conditions	5.2.7.2	129-130
Allotment of plot without removing encumbrances and inaction on restoration application resulting in grant of PSP benefit to the allottee	5.2.7.3	130-132
Non cancellation of allotment inspite of non-deposit of any installment	5.2.7.4	132-133
Allotment related observations	5.2.8	133
Allotment to entities not fulfilling the laid down criteria	5.2.8.1	133
Allotments made to entities that were prima facie ineligible	5.2.8.2	133-135
Exit of relevant member after allotment	5.2.8.3	135-138
Transfer of plot through change in shareholding	5.2.8.4	138-140
Discrepancies related to allocation of land	5.2.9	141
Avoidable loss due to delay in handing possession	5.2.9.1	141-142
Additional ground coverage allowed in map approval	5.2.9.2	142
Discrepancies in payment related issues	5.2.10	143
Incorrect fixation of lease rent	5.2.10.1	143-144
Irregular grant of reschedulement facility	5.2.10.2	144-148
Grant of mortgage permission with outstanding dues	5.2.10.3	148-149
Conclusion	--	150

Particulars	Reference to	
	Paragraph(s)	Page(s)
Recommendations (11-12)	--	150
Chapter 5.2: Allotment of Sports City		151-188
Introduction	5.2.11	151-153
Audit Findings	5.2.12	153
Deficiencies in planning and policy formulation	5.2.13	153
Scheme launched without approvals	5.2.13.1 to 5.2.13.2	153-155
Technical eligibility criteria not commensurate	5.2.13.3	155-157
Creation of world class infrastructure without specifications or accreditations	5.2.13.4	157-158
Absence of criteria regarding sports infrastructure	5.2.13.5	158
Perfunctory vetting of applications	5.2.13.6	158
Providing backdoor qualification to applicants	5.2.13.7	158-159
Deficiencies in screening and allotments	5.2.14	159
Plot No. SC-01, Sector 150	5.2.14.1	159-160
Plot No. SC-02 Sector 150	5.2.14.2	161
Plot No. SC-01 Sector 152	5.2.14.3	161-162
Violation of terms related to consortium arrangement	5.2.14.4	162
Plot No. SC-01 in Sector 78/79	5.2.14.5	162-163
Plot No. SC 01 in Sector 150	5.2.14.6	163-164
Plot No. SC 02 Sector 150	5.2.14.7	164-165
Irregularities in transfer and subdivision of plots	5.2.15	165
Irregular sub-division of Sports City plots	5.2.15.1	165-166
Irregular transfer of Sports City plot (Plot no. SC-01 in Sector 150)	5.2.15.2	167-168
Transfer of sub-divided parts of Sports City plots through change in shareholding of subsidiary companies	5.2.15.3	168-170
Non-imposition of transfer charges in plot no. SC-01 in sector 78/79	5.2.15.4	170-171
Non imposition of transfer charges in Plot No. SC-02, Sector 150	5.2.15.5	171-172
Planning and layout related deficiencies	5.2.16	172
Allotment made without NOIDA possessing the entire land	5.2.16.1	172-173

Particulars	Reference to	
	Paragraph(s)	Page(s)
Discrepancies in approval of individual layouts Plot No. SC-01 Sector 150	5.2.16.2	173-174
Plot No. SC-02 sector 150	5.2.16.3	174-175
Envisaged vs. Actual allotment in Sports City	5.2.17	175-176
Timelines with respect to Sports City	5.2.17.1	176-178
Unauthorised sub-division of sports area	5.2.17.2	178-179
Cricket stadium, Plot sub-division and status	5.2.17.3	179-181
Precedence to housing over sports infrastructure	5.2.17.4	181-184
Undue Benefit to Allottees of Sports City Plots	5.2.17.5	184-186
Defeat of avowed objective due to lack of public access	5.2.17.6	186-187
Conclusion	--	187-188
Recommendations (13-14)	--	188
Chapter 5.3: Allotment of Institutional Properties		189-215
Introduction	5.3.1	189
Allotment procedure under Institutional category	5.3.2	189
Status of allotments of Institutional plots in NOIDA	5.3.3	189-190
Scope of audit	5.3.4	190
Audit findings	5.3.5	190
Deficiencies in systems and procedures	5.3.6	191-192
Faulty design and implementation of schemes	5.3.7	193
Loss due to allotment of Office/Corporate Office Plots under Institutional category	5.3.7.1	193-195
Loss due to allowing inadmissible rebates to IT/ITES plots	5.3.7.2 to 5.3.7.3	195-197
Allotments in contravention of prescribed terms and conditions	5.3.8	197
Discretionary allotments	5.3.8.1	197-198
Allotment to Companies which were not even incorporated	5.3.8.2	198-201
Allotments in departure from prescribed procedure	5.3.8.3	201-204
Deficiencies in post-allotment compliances	5.3.9	204-207
Changes in Shareholding	5.3.9.1	207-208

Particulars	Reference to	
	Paragraph(s)	Page(s)
Transfer of plots without levying charges	5.3.9.2	208
Loss to Government exchequer due to inaction on the part of NOIDA	5.3.9.3	208-210
Map/Layout related discrepancies	5.3.10	210
Allotment without acquisition/possession	5.3.10.1	210-211
Undue benefit by allowing excess Floor area ratio (FAR)	5.3.10.2	211-212
Non levy of Map Approval Fees	5.3.10.3	212-213
Discrepancies related to terms of payments	5.3.11	213
Allowing payment in instalments in contravention of GoUP policy	5.3.11.1	213
Loss on Reschedulement of dues	5.3.11.2	213-214
Conclusion	--	214-215
Recommendations (15-16)	--	215
Chapter 5.3: Allotment of Farm House Plots		217-264
Introduction	5.3.12	217
Implementation of the scheme	5.3.13	217-218
Audit Findings	5.3.14	218
Deficiencies in planning	5.3.15	218
Scheme in contravention of permitted activities under Master Plan	5.3.15.1	218-219
Scheme without approval of GoUP and credible justification	5.3.15.2	219-220
Loss due to misclassification of scheme under institutional category	5.3.15.3	221
Launch of Scheme without observance of due procedure	5.3.15.4	221-222
Extremely low fixation of reserve price	5.3.15.5	222-226
Implementation of project and transfer of plot	5.3.15.6	226-227
Blatant violations in allotment of farm house plots	5.3.16	227-256
Cases of allotment by mis-representation, multiple applications and without availability of plots	5.3.17	256
Allotment to company which was not even incorporated	5.3.17.1	256-257
Allotment of multiple plots to same individual/group of companies	5.3.17.2	257-258

Particulars	Reference to	
	Paragraph(s)	Page(s)
Undue favour due to reservation and allotment despite non-availability of plots	5.3.17.3	259-260
Arbitrary allotment by PAC	5.3.18	260
Lackadaisical procedure adopted by PAC in screening applications	5.3.18.1	260-261
Disputes due to discretionary allotment	5.3.18.2 to 5.3.18.3	261-263
Conclusion	--	263-264
Recommendations (17-19)	--	264
Chapter 5.4: Allotment of Industrial Properties		265-287
Introduction	5.4.1	265
Status of allotment of industrial plots in NOIDA	5.4.2	265
Scope of Audit	5.4.3	266
Audit findings	5.4.4	266
Systemic and procedural deficiencies	5.4.5	266
Allotment of underdeveloped plots/allotment without site plan	5.4.5.1	266-267
Lack of parameters for evaluation of industrial project proposals	5.4.5.2	267-268
Non-preparation of detailed notes of rejection and its communication to applicant	5.4.5.3	268
Non-existence of enforcement wing in NOIDA	5.4.5.4	268
Deficiencies in verification of payments made by allottee	5.4.5.5	268-269
Lack of co-ordination between Planning wing and Industrial wing	5.4.5.6	269
Irregularities in screening of the applications and allotment and violation of post allotment compliances	5.4.6	270
Engagement of an outside agency for scrutiny and screening of the applications	5.4.6.1	270
Undue favour in screening of the applications	5.4.6.2	270-271
Discretionary allotment of Industrial plots	5.4.6.3	271-272
Violation of post allotment compliances: Mixed land use Policy	5.4.6.4 to 5.4.6.5	272-277
Violation of Policy and Procedure for Industrial/Institutional Property Management and scheme brochure	5.4.7	278

Particulars	Reference to	
	Paragraph(s)	Page(s)
Non/short recovery of Change in Shareholding Charges	5.4.7.1	278-279
Non-compliance of engagement of local labour	5.4.7.2	279-280
Discrepancies in allotment of industrial plot to CBS International Projects Ltd.	5.4.8	280-282
Discrepancies in approval of map of CBS	5.4.8.1	283-284
Outcome of allotment of industrial plots	5.4.9	284
Failure of NOIDA in achieving its main objective of industrialisation	5.4.9.1	284-286
Conclusion	--	286
Recommendations (20-21)	--	287
Chapter VI: Internal Control		289-301
Introduction	6.1	289
Audit Findings	6.2	289
Governance and Policy framework at apex level of Government and Board	6.3	289-290
Annual Report not being prepared and placed in the legislature by NOIDA	6.3.1	290
Form of accounts not approved by the State Government	6.3.2	290-291
Expenditure/loan beyond mandate of the UPIAD Act, 1976	6.3.3	291
Non-compliance with the NCRPB Act, 1985	6.3.4	291-292
Invoking urgency clause rampantly for acquisition of land	6.3.5	292-293
Compliance of provisions and enforcement at Board level	6.4	293
Dilution of dominant objective	6.4.1	293
Dilution of Regulations	6.4.2	293
Misclassification of land uses	6.4.3	293-294
Arbitrary allotments through interview	6.4.4	294
Absence of Internal Audit mechanism	6.4.5	294-295
Non-formulation of standard working manuals/guidelines	6.4.6	295
Absence of a dedicated enforcement wing	6.4.7	295-296
Administration of activities by NOIDA	6.5	296
Incorporation of conditions in the scheme brochure without approval of the GoUP	6.5.1	296
Launch of scheme brochures prior to approval of Board	6.5.2	296
Relaxing of Brochure conditions to the detriment of NOIDA	6.5.3	296-297

Particulars	Reference to	
	Paragraph(s)	Page(s)
Absence of mechanism for reconciliation of payment made by allottees	6.5.4	297
Allotment of plots without ensuring its intactness	6.5.5	297
Non-recovery of cost of minor minerals as per terms of brochure	6.5.6	297-298
Monitoring system, sharing of information and communication system	6.6	298
Lack of co-ordination between different wings	6.6.1	298-299
Deficiencies in the data maintained by Information Systems wing	6.6.2	299
Non-maintenance of Management Information system (MIS)	6.6.3	299
Non maintenance of data regarding employment generated	6.6.4	299
Conclusion	--	300
Recommendations (22-27)	--	300-301
List of Abbreviations	--	303-304

Appendices	Number	Page(s)
Statement showing details of Audit sample covered in audit	1.1	305
Justification for invoking of urgency clause	3.1	306
Statement showing inordinate administrative delays in processing the acquisition	3.2	307-309
Statement showing details of payment of excess compensation	3.3	310
Statement showing details of land encroached	3.4	311
Statement showing coefficient between Basic Rate and category-wise Rates	4.1	312-314
Statement showing Land Costing by the NOIDA and Audit	4.2	315-317
Statement showing details of increase in FAR and GC in Group Housing and Commercial Plots	4.3	318-319
Statement Showing Impact of Non-Revision of Prices and Non-Consideration of FAR and GC in commercial plots	4.4	320-321
Statement Showing Impact of Non-Revision of Prices and Non-Consideration of FAR and GC in Group Housing Plots	4.5 (i)	322-327

Appendices	Number	Page(s)
Details of year-wise Revised Rates	4.5 (ii)	328-329
Statement Showing Scheme-wise and Sector-wise Rates	4.5 (iii)	330-331
Statement showing calculation of loss on sale of plots meant for corporate offices under the scheme OES 2008 (III)	4.6	332-342
Statement Showing Status of Approval of Group Housing Schemes by the Board of NOIDA	5.1.1	343-344
Statement Showing Leveraging of Net worth for Multiple Allotments	5.1.2	345-346
Statement Showing Cases of Rigging of Bids by Pair of Bidders	5.1.3	347-348
Statement showing sub-division of plots without any basis	5.1.4	349-352
Exit of key member of the consortium after allotment	5.1.5	353-354
Statement Showing grant of purchasable FAR	5.1.6	355
Statement Showing Dues against the Allottees after 10 Years	5.1.7	356-357
Statement showing status of approval of Commercial Builders plot	5.2.1	358
Statement showing incorrect fixation of lease rent	5.2.2	359-360
Statement showing sub-division of Sports City Plots	5.2.3	361-364
Statement showing transfer value of subdivided plots	5.2.4	365-367
Statement showing the impact of flawed pricing in Sports City plots	5.2.5	368
Calculation of loss to the Authority due to allotment of office plots under Institutional category	5.3.1	369-386
Statement showing plot allotted for IT/ITES institution/Industry on a rebate of 25 percent on the prevalent sector rate	5.3.2(a)	387-393
Statement showing plot allotted for IT/ITES institution/Industry on a rebate of 25 <i>percent</i> on the prevalent sector rate	5.3.2(b)	394
Statement showing details of Change in Shareholding (CIS) charges to be levied	5.3.3	395
Statement showing calculation of purchasable FAR amount	5.3.4	396-397

Appendices	Number	Page(s)
Statement showing undue favour due to extremely low fixation of rates.	5.3.5	398-409
Statement showing loss to NOIDA due to reservation of plot without land availability.	5.3.6	410
Statement showing loss due to allotment of underdeveloped plots and delay in site plan by NOIDA	5.4.1	411-412
Statement showing details of original and photocopies of vouchers of NOIDA	5.4.2	413-415
Details of undue benefit to Allottees due to under-fixation of mixed land use charges by NOIDA	5.4.3 (i)	416-417
Details of undue -benefit to Allottees due to non-recovery of Mixed land use charges by NOIDA	5.4.3 (ii)	418-420
Statement showing Allottees using commercial connections on industrial plots of NOIDA	5.4.4	421-423
Statement showing change in shareholding charges not recovered by NOIDA	5.4.5	424-425