

# **CHAPTER–I**

## **General**



## CHAPTER-I

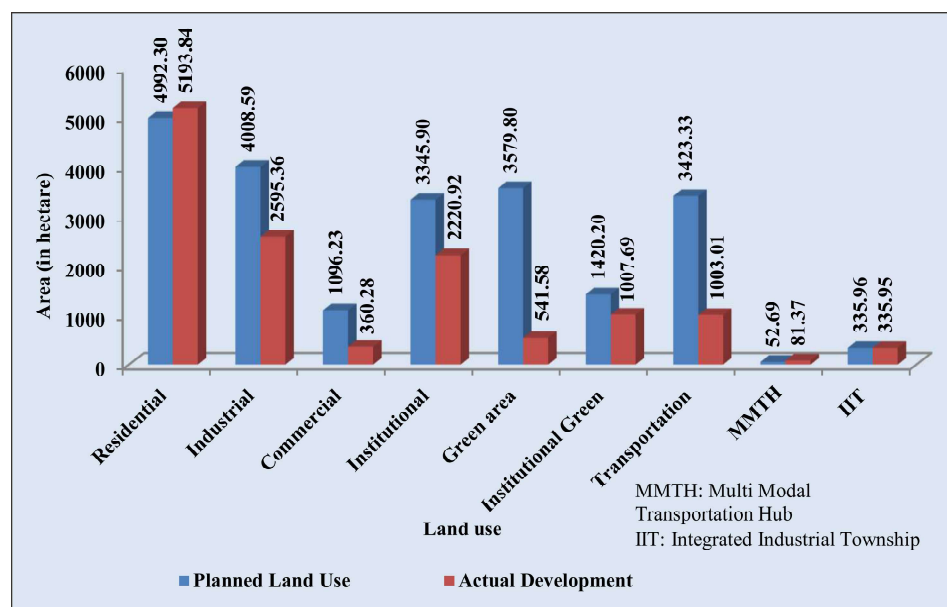
### General

#### Introduction

**1.1** Concerned with the unplanned growth and building activities in districts of Bulandshahr and Ghaziabad, adjacent to Delhi, Government of Uttar Pradesh (GoUP), notified (September 1989) 48 villages of district Bulandshahr and 57 villages of district Ghaziabad as 'regulated' under the Uttar Pradesh (Regulations of Building Operations) Act, 1958. Subsequently, GoUP notified the same region as industrial development area and constituted the Greater Noida Industrial Development Authority (GNIDA) vide notification dated January 1991 under Section 3 of the Uttar Pradesh Industrial Area Development (UPIAD) Act, 1976. The development area of GNIDA covers 337 villages with aggregate land of 93,968.45 hectare, which were notified by GoUP between January 1991 to November 2010.

GNIDA had prepared (March 2001) Master Plan 2021 (MP 2021) for 124 villages with aggregate land of 22,255 hectare, which was approved by the GoUP in June 2006. Of this, it acquired (September 2019) an area of 15,259.65 hectare in 109 villages. Against the acquired area of 15,259.65 hectare, GNIDA developed<sup>1</sup> (September 2019) an area of 13,340 hectare. The status showing planned land use as per Master Plan 2021 and actual development upto September 2019 is given in **Chart 1.1**.

**Chart 1.1: Planned land use as per Master Plan 2021 and actual development upto September 2019**



#### Role of Infrastructure and Industrial Development Department, GoUP

**1.2** GNIDA functions under the administrative control of Infrastructure and Industrial Development Department (IIDD) of GoUP. IIDD formulates

<sup>1</sup> This refers to development of infrastructure, such as roads, electricity, sewerage, water supply and power supply, etc., in various Sectors. These developed Sectors are subsequently allotted under various land uses categories, viz., Industrial, Builders/ Group Housing, Residential, Commercial, Recreational, Institutional, etc.

industrial and infrastructure development policies and strategies of GoUP by creating an enabling environment for promoting industrial growth in the State. It performs its functions relating to development of industrial areas through Industrial Development Authorities constituted under the Uttar Pradesh Industrial Area Development Act, 1976 (UPIAD Act, 1976). GNIDA is one of the Industrial Development Authorities. For GNIDA, IIDD is responsible for:

- ensuring that all steps in the process of land acquisition for the industries are completed in a time bound manner;
- issuing directions to GNIDA from time to time for efficient administration of UPIAD Act, 1976;
- approval of the regulations framed by GNIDA for administration of its affairs;
- administrative control of GNIDA by requiring it to furnish any Report/Returns and other relevant information;
- ensuring proper implementation of Master/Development Plans by GNIDA; and,
- ascertaining that development works have been undertaken in accordance with Master Plan.

#### **Role/functions of GNIDA**

**1.3** As per Section 6 of the UPIAD Act, 1976, the objective of the GNIDA is to secure planned development of the industrial area, for which GNIDA is responsible for performing the following functions:

- acquiring land in the industrial development area, by agreement or through proceeding under the Land Acquisition Act (LAA), 1894;
- preparing a plan for the development of the industrial area;
- demarcating, developing and laying down the purposes for sites, viz., industrial, commercial and residential purposes, according to the plan;
- providing infrastructure and amenities for industrial, commercial and residential purposes;
- allocating and transferring plots of land for industrial, commercial or residential purposes either by way of sale or lease or otherwise; and,
- seeing that erection of buildings and setting up of industries are done as per regulations and with defined timelines.

#### **Management of GNIDA and Entrustment of Audit**

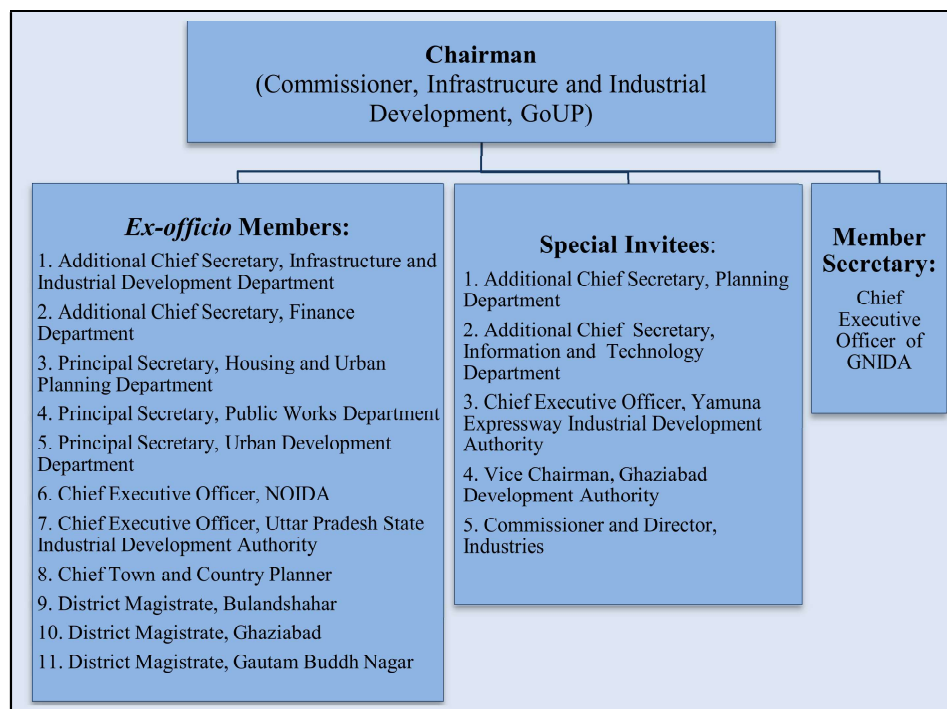
##### ***Management of GNIDA***

**1.4** As per Section 3 of the UPIAD Act, 1976, the Authority (GNIDA) shall be a body corporate consisting of 11 Members (including five members nominated by GoUP). Out of them, Secretary, Industries Department, GoUP or his nominee not below the rank of Joint Secretary-*ex-officio* will be Chairman. Section 4 of the UPIAD Act, 1976 provides that the Chief Executive Officer (CEO) of GNIDA shall be appointed by the State Government. Section 5 (1) of the UPIAD Act, 1976 provides that subject to such control and restrictions as may be determined by general or special orders of the State Government, GNIDA may appoint such number of officers and

employees as may be necessary for the performance of its functions and may determine their grades and designations.

As of December 2021, the constitution of Board in GNIDA comprises 13 members including Chairman and Member Secretary, besides five special invitees as given in **Chart 1.2**.

**Chart 1.2: Constitution of Board of GNIDA**



The CEO is a whole-time officer of GNIDA who carries out day-to-day affairs with the help of Additional Chief Executive Officers (ACEOs), General Manager (Finance) and other officers of GNIDA.

### ***Entrustment of Audit***

**GoUP entrusted audit of GNIDA to the CAG of India in July 2017 and appointed (January 2018) CAG of India as the sole auditor for the year 2005-06 onwards.**

**1.5** Despite being a government entity, audit of GNIDA, since its inception in 1991, had remained outside the purview of the Comptroller and Auditor General of India (CAG). Request for audit, though sought for through repeated references by the CAG's organisation between February 2004 and April 2017, was not acceded to. It was only in July/August 2017 that GoUP entrusted the audit of GNIDA and three<sup>2</sup> other Industrial Development Authorities to the CAG with immediate effect. Later on (January 2018), GoUP appointed CAG as the sole auditor for all Industrial Development Authorities<sup>3</sup> under IIDD to audit all activities and accounts from the year 2005-06 onwards. Prior to

<sup>2</sup> New Okhla Industrial Development Authority (NOIDA), Yamuna Express Way Industrial Development Authority (YEIDA) and Uttar Pradesh State Industrial Development Authority (UPSIDA).

<sup>3</sup> New Okhla Industrial Development Authority (NOIDA), Greater NOIDA Industrial Development Authority (GNIDA), Yamuna Expressway Industrial Development Authority (YEIDA), Uttar Pradesh Expressway Industrial Development Authority (UPEIDA), Lucknow Industrial Development Authority (LIDA), Gorakhpur Industrial Development Authority (GIDA), Satharia Industrial Development Authority (SIDA) and Uttar Pradesh State Industrial Development Authority (UPSIDA).

entrustment of audit of GNIDA to CAG, Local Fund Audit Department, GoUP was conducting the audit of GNIDA.

***Status of finalisation of Accounts***

**1.6** The audit of GNIDA upto the year 2015-16 was being conducted by the Local Fund Audit Department under Section 22 of the UPIAD Act, 1976. In compliance to GoUP order mandating audit by CAG, GNIDA has submitted<sup>4</sup> its Financial Statements for the year 2005-06 to 2019-20 to Accountant General (Audit-II), Uttar Pradesh, Lucknow, for which audit was under progress (April 2022).

**Audit Objectives**

**1.7** The objectives of the present Performance Audit on ‘Land Acquisition and Allotment of Properties in GNIDA’ were to assess whether:

- land was acquired in GNIDA for legitimate development purposes and through lawful process;
- pricing and allotment of properties were transparent, and in accordance with the prescribed procedures; and,
- adequate oversight of the Government and robust internal control system existed in respect of acquisition of land and allotment of properties.

**Audit Criteria**

**1.8** Following criteria were adopted for audit examination:

- Provisions of the UPIAD Act, 1976 and the National Capital Region Planning Board (NCRPB) Act, 1985 to assess the purpose for undertaking land acquisition;
- Provisions of the Regional Plan 2021 of the NCRPB, Sub-Regional Plan 2021 of GoUP and Master Plan 2021 of GNIDA to assess legitimate development purposes of various land acquisitions;
- Provisions of the Land Acquisition Act, 1894 and the Uttar Pradesh Land Acquisition (Determination of Compensation and Declaration of Award by Agreement) Rules 1997 and The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 to assess whether land acquisitions were in accordance with the procedures and methods prescribed under these Acts and Rules;
- Provisions of Industrial and Service Sector Investment Policy, 2004; Infrastructure and Industrial Investment Policy, 2012 issued by IIDD, GoUP, Information Technology Policy, 2004 and IT Vision @ UP 2012 (UP IT/ITeS Policy) issued by Department of Information Technology and Electronics, GoUP;
- Guidelines/instructions from the GoUP and the Board/CEO of GNIDA for costing of properties and fixing of premium/reserve price for allotment;
- Work procedure of GNIDA for execution of development works, its accounting to assess whether development cost was recovered through the costing of land; and,

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<sup>4</sup> During June 2019 to February 2022.

- Property allotment policies, procedures and terms and conditions of brochures<sup>5</sup> of schemes issued by GNIDA.

### Scope and Methodology of Audit

**1.9** The present Performance Audit covers the performance of GNIDA in acquisition of land for legitimate development purposes, pricing and allotment of properties, internal control system in GNIDA and also includes an evaluation of the oversight of the GoUP for the period from 2005-06 to 2017-18. The audit findings were updated upto April 2021.

The sample for examining the land acquisition process was selected on the basis of random sampling in case of acquired area below 100 hectare. However, all cases of acquisition over 100 hectare were selected for examination. In respect of allotment of properties, allotments made during 2005-06 to 2017-18 have been covered in this audit and the sample size has been determined on the basis of stratified random sampling. Details of sampling are given in **Table 1.1**.

**Table 1.1: Details of sampling**

Particulars	Method	Total number of cases	Sample selected	Percentage of sample selected to total cases	Records of cases submitted during the course of audit
<b>Land Acquisition</b>					
Under Land Acquisition Act, 1894	Random	81	39	48.15	38
Through Agreements	Random	2598	260	10.01	260
Resumption	Judgmental	4	4	100	4
<b>Total Land Acquisition</b>		<b>2683</b>	<b>303</b>	<b>11.29</b>	<b>302</b>
<b>Allotment of Properties<sup>6</sup></b>					
Industrial plots	Stratified Random	1221	44	3.60	42
Builders/Group Housing plots		188	58	30.85	35
Commercial properties		229	18	7.86	17
Sports City and Recreational Entertainment Park plots		20	17	85.00	17
Institutional plots		411	47	11.44	47
IT plots		219	73	33.33	67
Farm Houses plots		12	9	75.00	9
<b>Total Allotments</b>		<b>2300</b>	<b>266</b>	<b>11.57</b>	<b>234</b>

Out of cases selected in sample, 33 cases (land acquisition: one case and allotment of properties: 32 cases) could not be examined as records of these cases were not submitted by GNIDA during the course of audit from December 2018 to November 2019. The details of records/ information not submitted by GNIDA and IIDD are given in *Appendix 1.1* and *Appendix 1.2* respectively.

Audit methodology included:

- explaining the audit objectives and methodology to the Secretary of the IIDD, GoUP and the General Manager (Finance) of GNIDA in the Entry Conference held on 28 December 2018;

<sup>5</sup> Brochure is a document containing complete terms and conditions for the allotment of properties. Terms and conditions of the brochure are also included in the lease deed.

<sup>6</sup> Excluding residential plots and flats.

- scrutiny of records, analysis of data, raising audit queries and interaction with the officers of the Government to assess efficacy of control of IIDD, GoUP over GNIDA;
- scrutiny of records, analysis of data, raising audit queries and interaction with the officers of GNIDA to assess its performance;
- collection of data from Registrar of Companies (RoC), analysis of data, its cross verification with the data of GNIDA and raising audit queries;
- joint physical verification of 19 selected sites by Audit along with officers of GNIDA and with the help of images of Indian Space Research Organisation (ISRO);
- issue of draft Performance Audit Report along with recommendations to GoUP and GNIDA on 19 February 2020 for obtaining their comments;
- discussion on replies/comments of GoUP and GNIDA in the Exit Conference held on 7 January 2021 and incorporation of their views/comments to finalise the Performance Audit Report; and,
- vetting of reports by CAG Headquarters.

#### **Contents of the Audit Report**

**1.10** This Report contains six chapters as follows:

- I. General
- II. Planning
- III. Acquisition of Land
- IV. Pricing of Properties
- V. Allotment of Properties
- VI. Internal Control

Chapter I describes entrustment of audit, audit objectives, audit criteria, audit scope and audit methodology. The other five chapters contain audit findings. Chapter V, Allotment of Properties is further divided in six sub-chapters, viz., Allotment of Industrial plots, Allotment of Builders/ Group Housing plots, Allotment of Commercial Properties, Allotment of Sports City and Recreational Entertainment Park, Allotment of Institutional and IT plots and Allotment of Farm Houses plots.

The audit observations in above chapters include loss of revenue to GNIDA and State exchequer, short recoveries, undue benefits to allottees, irregular and additional/avoidable expenditure having money value of ₹ 13,362 crore as detailed in the **Table 1.2**.

**Table 1.2: Chapter-wise monetary value of audit observations**

(₹ in crore)							
Chapter No.	Chapter Title	Loss of revenue to GNIDA	Loss of revenue to State exchequer	Short recoveries	Undue benefits to allottees	Irregular and Additional/Avoidable expenditure	Total
Chapter-III	Acquisition of Land	5.30	0.00	0.00	0.00	1318.54	1323.84
Chapter-IV	Pricing of Properties	6533.02	320.56	699.93	0.00	0.00	7553.51
Chapter-V	Allotment of Properties						



Chapter No.	Chapter Title	Loss of revenue to GNIDA	Loss of revenue to State exchequer	Short recoveries	Undue benefits to allottees	Irregular and Additional/Avoidable expenditure	Total
V.1	Allotment of Industrial Plots	186.15	0.00	22.06	13.67	0.00	221.88
V.2	Allotment of Builders/Group Housing Plots	272.39	73.09	335.93	20.39	0.00	701.80
V.3	Allotment of Commercial Properties	73.01	0.00	0.00	0.00	0.00	73.01
V.4	Allotment of Sports City and Recreation Entertainment Park	31.37	0.00	49.86	789.48	0.00	870.71
V.5	Allotment of Institutional and IT plots	286.73	28.01	347.11	775.79	0.00	1437.64
Chapter-VI	Internal Control	0.00	0.00	0.00	0.00	1179.61	1179.61
<b>Total</b>		<b>7387.97</b>	<b>421.66</b>	<b>1454.89</b>	<b>1599.33</b>	<b>2498.15</b>	<b>13362.00</b>

Besides above, there was overdue of ₹ 19,500 crore to GNIDA as on April 2021 towards defaults in land premium, lease rent and interest, largely against the allotments made since inception (1991) to the period covered in Audit, i.e, up to 2017-18. Further, there were encroachments of 549.91 hectare of land valuing at ₹ 1,925 crore in notified area of GNIDA.

The audit findings included in the Audit Report were observed based on detailed examination of sample cases only, GNIDA may examine similar issues in other remaining cases.

#### **Records not furnished by GNIDA and GoUP**

**1.11** The Audit team faced constraints as GNIDA did not submit records relating to 33 cases of land acquisition and allotment of properties (*Appendix 1.1*). Besides, planning files (map approval and completion) relating to allotment of Industrial, Builders/Group Housing, Commercial and IT plots were not submitted. Further, IIDD did not submit nine files relating to change in land use, cases of discretionary allotment, encroachment of land, undertaking special projects, etc., referred to by GNIDA or otherwise (*Appendix 1.2*). Therefore, these records<sup>7</sup> could not be examined.

Out of the above records, GNIDA later on submitted (September 2020) records of 20 allotment cases<sup>8</sup> in soft copy after the closure of audit. These cases can be examined in the next cycle of audit of GNIDA. Records not submitted to Audit in time is a cause of concern and GoUP may consider taking appropriate action against concerned officials.

<sup>7</sup> First requisition for submission of records/information was issued by Audit team to GNIDA on 3 December 2018 followed by 25 reminders issued during the period 14 January 2019 to 29 November 2019. Similarly, first requisition for submission of records to IIDD was issued by Audit team on 10 June 2019 followed by four reminders issued during the period 24 October 2019 to 22 November 2019. Additionally, 12 letters were written by the Principal Accountant General or by his office to the CEO, GNIDA/Principal Secretary, IIDD, GoUP during the period 7 June 2019 to 20 December 2019 for pursuance of submission of the above records/information/reply of audit memos.

<sup>8</sup> Builders/Group Housing plots: 17 cases and IT plots: three cases.

### **Acknowledgement**

**1.12** Audit acknowledges the co-operation and assistance extended by GNIDA and IIDD during conduct of this Performance Audit.

### **1.13 Recommendations**

<b>Recommendation number</b>	<b>Recommendation</b>
<b>1.</b>	<b>Responsibility be fixed for not providing records to Audit by GNIDA.</b>
<b>2.</b>	<b>The audit findings included in the Audit Report were observed in sample cases, GNIDA may examine similar issues in other remaining cases for remedial action.</b>