

CHAPTER–V (1)

Allotment of Industrial Plots

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Allotment of Properties

V (1) Allotment of Industrial Plots

Introduction

5.1.1 The main objective of GNIDA is to develop area under their jurisdiction as industrial area. For this, industrial plots are allotted by GNIDA where allottees have to establish industrial units within the period prescribed in the terms and conditions of the Scheme Brochure.

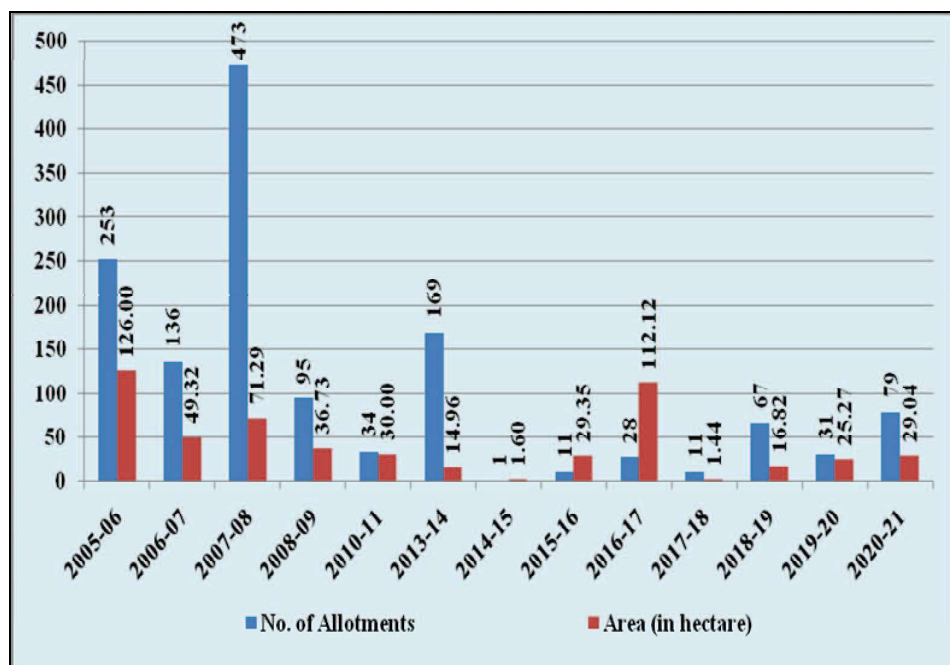
Industry Division of GNIDA deals with allotment of industrial plots and follows-up the post allotment compliances. Planning Division of GNIDA is responsible for monitoring of construction on Industrial plots and their completion.

Status of allotments of Industrial Plots

5.1.2 GNIDA allotted 2,580 plots (including sub-divided plots) measuring 1,130.21 hectare under Industrial category since its inception (January 1991) to March 2021, which constituted 21 *per cent* of total land allotted (5,324.23 hectare) by GNIDA. As on April 2021, industrial units were made functional on 1,341 plots out of 2,580 allotted plots.

During the period 2005-06 to 2020-21¹, GNIDA allotted 1,388 industrial plots with total area of 543.94 hectare. Year-wise allotments (plots/sub-divided plots) and its aggregate area during the period 2005-06 to 2020-21 is depicted in **Chart 5.1.1**.

Chart 5.1.1: Year-wise allotment of industrial plots during the period 2005-06 to 2020-21



Source: Data and information furnished by GNIDA.

¹ The performance Audit covers period from 2005-06 to 2017-18 and the audit findings have been updated up to the year 2020-21.

As on April 2021, overdue against the land premium (principal), lease rent and interest was ₹ 630.56 crore against 972 industrial plots (37.67 per cent) out of 2,580 industrial plots allotted since inception (1991) which were largely against the allotments made since inception to the period covered in Audit, i.e., up to 2017-18. Out of above overdue of ₹ 630.56 crore, overdue of ₹ 373.64 crore pertained to allotments made during the year 2005-06 to 2020-21, as detailed in **Table 5.1.1**.

Table 5.1.1: Overdue against industrial plots allotted during 2005-06 to 2020-21

Total number of allotments	Number of allotments against which dues were outstanding	Overdue against defaulting allottees up to April 2021 (₹ in crore)			
		Principal amount	Interest on principal	Lease rent including interest	Total
1,388	595	175.59	133.52	64.53	373.64

Source: Information furnished by GNIDA.

The age-wise analysis of above overdue is detailed in **Table 5.1.2**.

Table 5.1.2: Age-wise analysis of overdue as of April 2021

Period of overdue	No. of defaulting allottees	Overdue against defaulting allottees up to April 2021 (₹ in crore)
Above 10 years	39	66.35
Five to 10 years	117	64.56
Three to five years	67	10.42
Below three years	372	232.31
Total	595	373.64

It may be seen from the above table that an amount of ₹ 141.33 crore was overdue from 223 allottees for more than three years, however, GNIDA did not cancel the plots of defaulting allottees in accordance with the terms and conditions² of the allotment.

Audit Coverage

5.1.3 As per data obtained (January 2018) from GNIDA at the time of selecting sample for detailed examination of land allotment cases, GNIDA had allotted 1,221 industrial plots having an aggregate area of 472.35 hectare during the period of Performance Audit, i.e., 2005-06 to 2017-18. Out of these allotments, allotment of 44 industrial plots measuring 203.62 hectare were selected (August 2018) on the basis of stratified random sampling through IDEA software for detailed examination during the Performance Audit. However, records relating to allotments of two plots³ were not provided to Audit.

Audit examined the records relating to allotment of 42 plots⁴ besides conducting physical verification along with representatives of GNIDA of two

² Allotments were liable to be cancelled in case of default on the part of the applicant allottee/lessee for breach/violation of terms and conditions of registration, allotment/lease and/or non-deposit of reservation money/allotment money or two consecutive installments of the premium/lease rent.

³ Rajshi Steering Private Limited (Plot no. 8, Sector Ecotech-XI) and M.G. Enterprises (Plot no. 81, Sector Ecotech-XI).

⁴ Including one allottee checked but cancelled by GNIDA later on, viz., Vidhya PU Foam Private Limited (Plot No. 76, Sector Ecotech-I).

industrial sites⁵. Audit also analysed the status of development of industrial units on allotted plots. The compliances required from allottees being monitored by the Planning Division could not be examined in the Performance Audit, since Planning Division did not provide files relating to building completion and map approvals for any of the 44 sampled industrial plots.

Audit findings

The audit findings, which are discussed in succeeding paragraphs, have been grouped as under:

- Deficiencies in systems and procedures (*Paragraphs 5.1.4 to 5.1.4.4*);
- Irregularities in screening of applications and allotments (*Paragraphs 5.1.5 to 5.1.5.3*);
- Violation of Policy and Procedure for Industrial Property Management (*Paragraphs 5.1.6 to 5.1.6.2*);
- Terms and conditions of Brochures not complied with (*Paragraph 5.1.7 to 5.1.7.5*);
- Provisions of Building Bye-Laws not complied with - Penalty from allottee not recovered (*Paragraph 5.1.8*); and
- Outcome of allotments of Industrial plots (*Paragraph 5.1.9*).

Deficiencies in systems and procedures

5.1.4 Audit noticed deficiencies in systems and procedures in the working of GNIDA which also led to financial losses to GNIDA. These are discussed below:

Loss due to allotment of plots without ensuring its intactness

5.1.4.1 After completion of the land acquisition process, GNIDA develops acquired land into different Sectors. The allotment wings dealing with various categories of properties allot such developed land under different schemes launched by GNIDA. As per terms and conditions of brochures published during the years 2005-06 and 2007-08, allottees were required to get the lease deed executed within 18 months from the date of allotment (subsequently changed to 60 days from the date of issue of check list, in the year 2013) and make the industrial unit functional within 36 months from the date of allotment (subsequently changed to 36 months from the date of execution of lease deed, in the year 2013).

For allottees to execute their lease deeds and start construction on their industrial plots, it was necessary that GNIDA ensures that plots allotted are free from all encumbrances and all infrastructure amenities are well developed.

Allotment of plots in Sector Ecotech-I

Audit noticed that GNIDA did not ensure the intactness of the plots (free from all encumbrances) and its development before issuing allotment letters in three allotment cases in Sector Ecotech-I out of 41 cases⁶ of allotments checked in

⁵ Hari Home Furnishing Private Limited (Plot No. 109 A and 110, Sector Ecotech-I Extension) and entire Sector Ecotech-XI.

⁶ Excluding one allottee checked but cancelled by GNIDA later on, viz., Vidya PU Foam Private Limited.

audit. The reasons for delays in handing over possession of these plots to allottee are discussed in **Table 5.1.3**. As a result, GNIDA had to allow additional time to allottees for setting up of industrial units from the date of intactness of plots. If these plots had been allotted later, *i.e.*, after removing encumbrances, GNIDA could have received ₹ 10.04 crore more⁷ on account of premium due to difference in land rate at the time of allotment and rate at the time of intactness of the plot, as detailed in **Appendix 5.1.1** and summarised in **Table 5.1.3**.

Table 5.1.3: Details of allotment without ensuring intactness of plots

Sl. No.	Name of allottee	Date of allotment	Plot No./ Sector	Area (in sqm)	Reason due to which physical possession was not handed over to the allottee	Date of intactness of plot	Loss due to allotment of plot without intactness (₹ in crore)
1.	Dharampal Satyapal Limited	17-11-2005	B/2, Ecotech-I Extension	1,05,453	Land was not under possession of GNIDA, as detailed in Case Study below.	30-04-2010	7.44
2.	USI Service Centre Private Limited	21-02-2006	B-11, Ecotech-I Extension	24,039.58	The land was allotted without demarcation of plot. In March 2007, GNIDA changed the allotment of B-11 plot to B-3/2 plot considering the fact that a high tension electric line was passing over this parcel of land and construction below this line was not permitted.	15-03-2007	0.82
3.	Ilex Infrastructure Private Limited	28-12-2006	49, Ecotech Extension-I	4,050	Approach Road was not developed for the plot and therefore, physical possession could be handed over to the allottee after 10 years from the date of allotment.	20-02-2017	1.78
Total							10.04

Source: Information provided by GNIDA.

GNIDA did not ensure intactness of the plots and its development before issuing allotment letters in three cases which not only resulted in financial loss of ₹ 10.04 crore to GNIDA but it was also an obstacle in establishing industrial units by the respective allottees.

The allotment of plots without ensuring its intactness not only resulted in financial loss of ₹ 10.04 crore to GNIDA in these three cases, but also it was an obstacle in establishing industrial units by the respective allottees without their fault. Out of these three cases, a case study in respect of allotment of Plot No. B/2, Ecotech-I Extension is given as under:

Case Study - Allotment of industrial plot without taking possession of land
Scrutiny of allotment file of the industrial Plot No. B/2, Sector Ecotech-I Extension revealed that the plot measuring 1,05,453 sqm ⁸ was allotted (17 November 2005) to Dharampal Satyapal Limited at a premium of ₹ 11.87 crore on the rates prevailing in 2005-06. It was mandatory to make the industrial unit operational within 36 months of the date of allotment, <i>i.e.</i> , by 16 November 2008.
Sector Ecotech-I Extension covered lands falling in villages <i>Kasna, Dadha and Sirsa</i> . The land of village <i>Sirsa</i> could be acquired by GNIDA in December 2008. The development work for Sector Ecotech-I Extension was also affected during February 2008 to October 2008 due to demand of the affected farmers for higher compensation. Further, Plot No. B/2 also involved acquisition of land parcels pertaining to Revenue and Police Departments, which could be acquired only in May 2009 and September 2009, respectively. As a result of these hindrances, the allottee was issued checklist in July 2009 and the lease deed was executed in August 2009. The allottee was allowed (July 2010) 18 months' time from 30 April 2010 for making industrial unit operational by 29 October 2011 in view of delayed development of the Sector. Thus, the effective allotment of the plot was made in April 2010, <i>i.e.</i> , after four years and three months from the date of actual allotment.

⁷ After adjusting the amount of lease rent and interest on premium and lease rent deposited by the allottees.

⁸ Actual area allotted as per lease deed executed on 4 August 2009.

The imprudent decision of GNIDA to allot Plot No. B/2, Sector Ecotech-I Extension in November 2005 without ensuring its intactness resulted in loss of ₹ 7.44 crore which could have been avoided, had it been allotted in 2010-11 after removing all encumbrances at the then prevailing rates as worked out below:

Sl. No.	Particulars	Amount (₹ in crore)
1.	Premium of plot at the rate of 2005-06	11.87
2.	Lease rent deposited by allottee upto the date of intactness (April 2010)	0.30
3.	Interest earned by GNIDA (at the rate 11 <i>per cent</i> levied by GNIDA on instalments of premium and lease rent) on ₹ 12.20 crore deposited by allottee (as per payment intimation) till April 2010	5.93
4.	Total amount received on allotment of the plot (Sl. No. 1 + Sl. No. 2 + Sl. No. 3)	18.10
5.	Premium of the plot, if allotted at the prevailing allotment rate of 2010-11 (1,05,453 sqm at the average rate of ₹ 2,421.73 per sqm)	25.54
6.	Loss to GNIDA due to allotment of industrial plot prior to its intactness (Sl. No. 5 – Sl. No. 4)	7.44

• **Allotment of plots in Sector Ecotech-XI**

GNIDA had to grant zero period to the allottees of the sector Ecotech-XI up to March 2019 and extend the time for making the units functional up to March 2021 as it allotted 193 plots in this sector without development works such as roads, electricity and other infrastructure. This led to loss of revenue amounting to ₹ 142.35 crore.

Audit further noticed that as per database (January 2018) of Systems Division, GNIDA allotted 193 plots (6.41 lakh sqm) during the period 2007-08 to 2016-17 in Sector Ecotech-XI without developing this Sector. This Sector was planned on the land of villages *Ghanghola* and *Maycha*, but the development work of the Sector was affected due to litigation with farmers against land acquisition and compensation/additional compensation not disbursed to farmers. Consequently, allottees represented to GNIDA from time to time that no significant development works such as roads, electricity and other infrastructure were executed in Sector Ecotech-XI which were necessary for establishment of industrial projects. Some of the allottees also stated that they were forced to consider setting up their industrial units at some other place, which would cause a loss of jobs to Uttar Pradesh.

A joint physical verification of Sector Ecotech-XI was conducted by the Audit team and GNIDA officials on 5 December 2019 to see the present status of development in the Sector. During the joint physical verification, the Sector was found undeveloped with damaged roads and no industrial unit was found under construction/constructed/running in the area. The photographs of the Sector Ecotech-XI taken during joint physical verification give a glimpse of the undeveloped sector:

Photograph 5.1.1: Undeveloped Ecotech-XI Sector





Out of 193 allotments⁹ of Industrial Plots in Ecotech XI Sector, GNIDA failed to execute lease deed in 139 cases due its failure in developing the Sector. In view of delays in development works, the Board of GNIDA from time to time¹⁰ waived off (since December 2015) penalty for not executing lease deed up to March 2019 and extended the time for making the units functional up to March 2021.

The decision of GNIDA clearly indicates that the industrial plots in Ecotech-XI Sector were available for allotment only in March 2019 due to delayed development work. As a result of these delays, only 54 allottees had executed lease deed up to March 2019. Due to execution of these lease deeds on old rates applicable in the year of allotment, GNIDA had incurred loss of ₹ 31.83 crore (**Appendix-5.1.2**). Further, if GNIDA had allotted the remaining 139 plots after developing this sector in March 2019, GNIDA could have received ₹ 110.52 crore (**Appendix-5.1.3**) more on account of premium. Thus, GNIDA could have avoided loss¹¹ of ₹ 142.35 crore (*i.e.*, ₹ 31.83 crore plus ₹ 110.52 crore). Besides, the industrialists could have been saved from the loss of interest on the amount invested and the inconvenience put to them in setting up of the industrial units.

A case study on re-allocation (conversion) of two plots¹², as noticed in audit examination of sampled cases, from undeveloped Ecotech-XI Sector to other developed sectors on the request of allottees is detailed below:

Case Study – Re-allocation of undeveloped sector’s plots to other developed sectors
<p>Policy and Procedure for Industrial Property Management-2013 of GNIDA provided that the request for conversion of the industrial plot shall be entertained in exceptional circumstances. In such case, the converted plot shall be allotted at the land rate prevailing on the date of conversion letter.</p> <p>GNIDA allotted (7 January 2008) Plots No. 15 and 84 to Nidhi Auto Private Limited and Orchid Dreamline Propmart Private Limited respectively in Sector Ecotech XI. Both allottees requested (October 2012/August 2012) GNIDA to re-allocate their plots in any developed sector on the ground that Ecotech-XI Sector was undeveloped and the allottee needed a plot in a developed sector to commence their production. GNIDA re-allocated (January/March 2013) their plots in Sectors Ecotech-XII (Plot No. 75A-1) and Ecotech III (Plot No. 385-388/1) respectively. However, GNIDA had to re-allocate these plots at the respective original rates of allotments instead of the land rate prevailing at the time of conversion. As such, GNIDA incurred loss of ₹ 4.59 crore, as detailed in Table 5.1.4.</p>

⁹ As per the information provided by GNIDA, as on January 2018, there were 187 allotments in January 2008, five allotments in October 2013 and one allotment in October 2016 in Ecotech-XI Sector.

¹⁰ 103rd meeting held on 14 December 2015, 110th meeting held on 20 November 2017, 112th meeting held on 7 July 2018 and 113th held on 4 December 2018.

¹¹ After adjusting interest on the amount deposited by the allottees.

¹² These plots (No. 15 and 84) of Ecotech-XI Sector are in addition to 193 plots mentioned in Appendices 5.1.2 and 5.1.3, as these were re-allocated to other sectors in the year 2013.

Table 5.1.4.: Loss due to re-allocation of plots from Ecotech-XI Sector to other Sectors

Sl. No.	Name of allottee	Date of original allotment	Date of conversion (change to a different plot)	Average rate of original allotment (₹ per sqm)	Average rate prevailing at the time of conversion (₹ per sqm)	Difference in rates (₹ per sqm)	Area of re-allocated plot (sqm)	Loss (₹ in crore)
1.	Nidhi Auto Private Limited	7 January 2008	30 January 2013	2710	7480	4770	7400	3.53
2.	Orchid Dreamline Propmart Private Limited	7 January 2008	25 March 2013	3192.22	8900	5707.78	1857.40	1.06
Total								4.59

Source: Information provided by GNIDA.

In its reply, GNIDA stated (October 2020) that no conversion charge was being levied in case the prevailing rates are same in Sector of original allotment and Sector of re-allocation or the converted plot is allotted in the same sector.

The reply is not acceptable, as GNIDA could have received ₹ 4.59 crore more on account of premium, had these plots been allotted on the date of conversion (January/March 2013) instead of January 2008. Thus, allotment of both plots in Sector Ecotech XI without ensuring development of this Sector resulted in loss of ₹ 4.59 crore to GNIDA on re-allocation of plots to other developed Sectors.

In its reply with reference to cases mentioned in **Table 5.1.3**, GNIDA stated (October 2020) that normally the disputed plot was not allotted but due to decision of 64 *per cent* additional compensation by Hon'ble Supreme Court and Allahabad High Court, legal disputes arose in many cases of allotments. GNIDA also disagreed with the computation of loss on allotment of plots and stated that these decisions were taken to promote time value of money and industrialisation, otherwise these investments could have gone to other states. GNIDA further stated that at present, only encumbrance free plots are being allotted. With reference to Ecotech-XI Sector, GNIDA further stated that the main reason for not developing this sector was litigations and disputes by the farmers from time to time due to the decision of Hon'ble Supreme Court and Allahabad High Court against the application of urgency clause under Section 17 of LAA, 1894. It also stated that at present the industries are being set up in Ecotech-XI Sector.

The contention of GNIDA that land disputes had arisen due to court cases is not correct, as the three allotments under **Table 5.1.3** were allotted between October 2005 to December 2006, which were much earlier than the decision of the Hon'ble Allahabad High Court (October 2011) to award 64 *per cent* additional compensation in case of Gajraj and Others vs. State of Uttar Pradesh and Others. The reply in respect of Ecotech-XI Sector is also not acceptable, as these plots should have been allotted only after ensuring Sector's development and due to failure of GNIDA in ensuring this, it had to waive off penalty for not executing lease deed up to March 2019 and extend the time for making the units functional up to March 2021. This decision of GNIDA clearly indicates that the industrial plots in Ecotech-XI Sector were available for allotment only in/after March 2019. Further, out of 193 allotted plots in this Sector, 187 plots (97 *per cent*) were allotted in January 2008, *i.e.*, much before the judgements of the Hon'ble Supreme Court and Allahabad High Court delivered during April 2011 to October 2011.

As regards computation of loss in Audit, the loss has been worked out after giving due adjustment of the interest earned by GNIDA on the deposits of allottees thus time value of money as received by GNIDA has been factored in. The other contention of GNIDA regarding the compulsion for taking the decision of plot allotment for the purpose of promoting industrialisation is also not acceptable, as industrial units cannot be established without providing encumbrance free plots and as such, due to delay in developing the Sector, allottee could not establish their units, which was inconvenient to allottees and tarnished the image of GNIDA.

Lack of parameters for evaluation of the industrial projects

5.1.4.2 The Policy and Procedure for Industrial Property Management-2005, 2009 and 2013 approved¹³ by Board of GNIDA were applicable from time to time which mainly provided guidelines for transfer of industrial plot, change in shareholding, change in constitution, renting of industrial premises, declaration of industrial premises as functional, time extension, *etc.* However, GNIDA had not prescribed any criteria for evaluation of application for the industrial projects regarding financial health of the applicant (minimum turnover, minimum net worth and minimum liquidity) and experience in the same/similar industry for which application for plot was submitted. As a result, the Screening Committee of GNIDA examined the project report submitted by the applicant without availability of any objective criteria for evaluation and their decision lacked any transparency due to complete discretion available for allotment of plots.

In its reply, GNIDA stated (October 2020) that rules and guidelines for management and allotment of industrial plots are prescribed by the Authority to bring transparency and evaluation of project as amended from time to time. GNIDA further stated that a policy for allotment of Industrial Plots was approved in 112th Board Meeting of GNIDA (July 2018) under which plots were to be allotted after examination of documents by the Scrutiny Committee and on recommendation of the Interview Committee on the basis of objective criteria¹⁴.

The reply confirms the fact that the system of objective criteria was belatedly introduced by GNIDA from July 2018. Even this criterion did not prescribe for linkage of size of plots with the type of industry and evaluation of financial health of the applicant in terms of minimum turnover, minimum net worth and minimum liquidity. The criteria of minimum turnover, minimum net worth and minimum solvency was included in a subsequent scheme (ONLIND 2022-01) launched in December 2022.

Delay in lease deed due to lack of time frame for issuing checklist

5.1.4.3 GNIDA has prescribed in the Brochures of the schemes for allotment of industrial plots that allottee is required to execute lease deed within 60 days from the date of issue of checklist¹⁵ by GNIDA. The checklist is required to be issued after receipt of allotment money. However, GNIDA has not prescribed

¹³ Policy and Procedure for Industrial Property Management 2005, 2009 and 2013 were approved on 23 June 2005, 20 January 2009 and 11 January 2013, respectively.

¹⁴ For evaluation of the projects by assigning marks for the parameters such as financial health, applicant's background and experience, the trend of profit earned in the past three years, employment generation, project presentation and project implementation.

¹⁵ Regarding documents and fees required for execution of lease deed.

In 10 cases, GNIDA issued checklist with delays of 223 to 1,804 days thereby resulting in delays of execution of lease deed and consequent loss of lease rent of ₹ 4.08 crore.

any time limit for issuing checklist by Industry Division from the date of receipt of allotment money to enable the allottee to execute lease deed.

Audit noticed that GNIDA had issued checklist with delays¹⁶ of 223 days to 1,804 days from the date of receipt of allotment money in 10 cases, allotted during 2005-06 and 2015-16, out of 41 cases of allotments checked in audit. As a result, the lease deeds in these cases were delayed which resulted in loss of lease rent of ₹ 4.08 crore (*Appendix-5.1.4*) for the period of delay. Consequently, the completion of industrial units was also delayed causing inconvenience to allottees.

In its reply, GNIDA stated (October 2020) that the check list has been issued by Industry Division after deposit of amount of 30 *per cent* premium and after the receipt of lease plan from the Project Division. Sometimes, due to delay in removing encroachment, inadequate development in sector, legal hurdles and several disputes by farmers, there were delays in issuing checklist to respective allottees. It further stated that GNIDA has decided that allotments would be made only of those plots which are fully developed/un-disputed and lease plans are available in Industry Division.

The reply confirms that there were delays in issue of checklist as lease plans were received with delays from Project Division. Therefore, it is pertinent that GNIDA should prescribe a timeline within which checklist should be issued to allottee after deposit of the allotment money to avoid loss of revenue and inconvenience to allottees.

Permission to mortgage without clearance of dues

5.1.4.4 Allottee should not be allowed to mortgage plot if all dues relating to it are not paid, to prevent the property passing on to other hands without clearing dues of GNIDA in case of default. The Policy and Procedure for Industrial Property Management, 2009 (Industrial Policy 2009) effective from 20 January 2009, provides that no prior mortgage permission is required in cases where full premium along with interest and one-time lease rent has been paid. It further provides that for grant of mortgage permission, either the lending institution/bank shall clear all the overdue and dues of GNIDA or give an undertaking to this effect or 100 *per cent* payment should have already been made to GNIDA by the concerned institution/allottee(s).

In violation of the Industrial Policy, 2009, GNIDA granted mortgage permission to Amrapali Infrastructure Private Limited, without ensuring payment of dues in respect of entire premium and one-time lease rent.

GNIDA allotted (March 2011) a plot¹⁷ to Amrapali Infrastructure Private Limited at premium for ₹ 24.42 crore and executed (28 June 2011) the lease deed. The allottee requested (10 April 2013) for issue of mortgage permission in favour of Bank of Baroda consortium to avail the term loan and working capital loan of ₹ 188.75 crore for establishing its factory¹⁸ on the plot. While processing the request of allottee, the Scheme Assistant and the Manager-II (Industry) recorded that the allottee had deposited the premium due against the plot and there were no dues against the lease rent till the year 2013 (15 April 2013). Accordingly, GNIDA issued (15 April 2013) the permission to mortgage in favour of Bank of Baroda.

¹⁶ In the absence of any timeline for issue of check list after receipt of allotment money, Audit has computed delays after allowing five days for issue of check list.

¹⁷ Plot No. A-2, Ecotech-VI measuring one lakh sqm.

¹⁸ Precast hollow core slabs.

Audit noticed that the allottee (Amrapali Infrastructure Private Limited) or the Financial Institution had neither cleared dues/overdue of GNIDA with respect to entire premium and one-time lease rent, nor the payment of these dues/overdue was assured by the financial institution. After the issue of mortgage permission by GNIDA in favour of Bank of Baroda on 15 April 2013, the allottee requested (16 April 2013) GNIDA to provide the up-to-date dues of land premium and interest for making one-time payment of land premium. Accordingly, GNIDA computed (29 April 2013) dues of ₹ 6.86 crore against the allottee for one-time payment of premium, which was deposited by the allottee on the same date and GNIDA issued (30 April 2013) 'No Dues Certificate' (NDC) against the premium of plot. Besides, overdue of ₹ 7.83 lakh towards lease rent of the plot was outstanding against the allottee at the time of granting the permission to mortgage. Thus, the issue of mortgage permission to allottee was irregular.

Meanwhile, the allottee defaulted (May 2016) in repayment of the loan taken from the bank consortium against which a case of insolvency was lodged (2017) in the National Company Law Tribunal (NCLT) for dues¹⁹ of ₹ 97.29 crore by the bank consortium. NCLT, in its judgment (25 September 2017), appointed an Interim Resolution Professional (IRP) for managing the affairs and operations of Amrapali Infrastructure Private Limited and performing other functions in accordance with the provisions of Insolvency and Bankruptcy Code, 2016. In response to the letter of IRP, GNIDA intimated (February 2018) its outstanding dues²⁰ of ₹ 23.66 crore. The lease rent dues have further increased (as on April 2021) by ₹ 9.86 crore thereby increasing the total outstanding dues to ₹ 28.75 crore, chances for recovery of which have become uncertain.

In its reply, GNIDA stated (October 2020) that NDC was issued for the overdue against the outstanding premium and lease rent at the time of issue of No Objection Certificate (NOC). It was further stated that the notice for additional compensation was issued to the allottee on 27 June 2013 while no dues certificate was issued to allottee on 30 April 2013.

The reply is not acceptable, as GNIDA had granted mortgage permission to the allottee without ensuring payment of dues in respect of entire premium and one-time lease rent, which was in violation of Industrial Policy, 2009. Further, NDC against dues of outstanding premium was issued on 30 April 2013 whereas mortgage permission was already granted on 15 April 2013 which was indicative of possible collusion or lack of due diligence on the part of officials of the Industry Division.

During the Exit Conference (January 2021), the State Government, in a similar audit observation on the issue of mortgage permission without clearing of dues in the Chapter on Allotment of Farm House Plots, assured that action would be taken against the concerned official after examining the violation of terms and conditions. Action against responsible officers is awaited (March 2022).

¹⁹ Principal: ₹ 83.90 crore; Interest and overdue interest: ₹ 13.39 crore.

²⁰ Additional compensation at the rate of 64.7 per cent: ₹ 8.64 crore; Lease rent: ₹ 4.77 crore and Time extension charges: ₹ 10.25 crore.

Irregularities in screening of applications and allotments

5.1.5 Audit noticed irregularities committed at the stages of screening of the applications and allotments. These are discussed below:

Undue favour extended in screening of application

5.1.5.1 Scheme IND 2100 (2013)-02 and Scheme ONLIND 2016-02 for allotment of Industrial Plots *inter alia* provided for submission of Liquidity Certificate by the applicant, which was an essential document in the absence of which eligibility for a candidate to apply could be rejected.

GNIDA allotted three industrial plots despite liquidity certificate, an essential document, not submitted by the applicants.

Audit noticed that Industrial plots were allotted (June 2015 to December 2016) to three applicants, viz., DS Spiceco Private Limited²¹, Primera Intra Greens Limited²² and Noida Fabcon Machine Private Limited²³; however, these applicants had not submitted liquidity certificate with their applications. The Allotment Committee recommended allotments in above three cases after concluding that the documents submitted by applicant were found satisfactory. The allotments were made to these applicants after the approval of CEO. Thus, GNIDA extended undue favour by arbitrarily allotting plots to these three applicants despite not submitting liquidity certificates with the application as per the terms and conditions of the brochure. These allottees failed to make the units functional (April 2021).

In its reply, GNIDA stated (October 2020) that approval for allotment to the three allottees were made by drawing conclusion from other financial documents attached by the allottee. It stated that the audit point has been noted and shall be considered in future allotments.

While GNIDA has accepted the audit observation, it has not indicated the action taken on the three ineligible allotments or against the concerned officials for undue favour to the allottees.

Undue benefit to the allottee

5.1.5.2 GNIDA modified²⁴ with effect from 21 October 2016 the clauses of mortgage, surrender, restoration of plots, etc., of the Policy and Procedure for Industrial Property Management-2013 (Industrial Policy 2013). The modified clause provided that if allottee surrendered the plot after six months from the date of allotment, 20 per cent of the premium, reservation money and 100 per cent of the processing fee would be deducted from the deposit against the premium.

GNIDA allotted (24 June 2015) an industrial plot (No. 14, Sector Ecotech-XI) to Haldiram Snacks Private Limited for setting up 'Food Processing Industries' at a premium of ₹ 68.34 crore. After 15 months from the date of

²¹ Application submitted on 3 June 2015 in the scheme IND 2100 (2013)-02, plot no. 7 measuring 75,000 sqm in Ecotech-VIII Sector allotted on 24 June 2015 for the premium of ₹ 32.60 crore.

²² Application submitted on 10 August 2015 in the scheme IND 2100 (2013)-02, plot no. 10 measuring 20,000 sqm in Ecotech-VIII Sector allotted on 30 October 2015 for the premium of ₹ 10.20 crore.

²³ Application submitted on 14 December 2016 in the scheme ONLIND 2016-02, plot no. IC/2 measuring 5,000 sqm in Sector-16 allotted on 23 December 2016 for the premium of ₹ 5.25 crore.

²⁴ Approved in 106th meeting dated 21 October 2016 of Board of GNIDA.

allotment, the allottee submitted (21 October 2016²⁵) to GNIDA that it now wished to set up a Mega Project-Food Processing Unit for which a land of more than 50 acre would be required²⁶ and in view of this, the allottee wished to withdraw the application for the allotted plot, No. 14, Sector Ecotech-XI. Accordingly, the allottee requested for refund of deposits made by it with GNIDA.

The request for surrender of the plot was processed by Industry Division, GNIDA considering the application for surrender as dated 24 October 2016. Industry Division proposed (24 October 2016) for deduction of processing fee of ₹ 15,000 along with an amount of ₹ 20,000 quoting the terms and conditions for surrender of plot as specified in the scheme brochure²⁷. The proposal for surrender of plot was approved by CEO on 11 November 2016. Accordingly, GNIDA issued (5 December 2016) refund of ₹ 32.04 crore²⁸ to the allottee out of ₹ 32.05 crore deposited towards premium (including processing fee, registration money, allotment money and instalments of premium).

Audit noticed that the modified Industrial Policy, 2013 of GNIDA, which was effective from 21 October 2016, was applicable on surrender of above plot as the application was received by GNIDA on 21 October 2016. Therefore, as per the modified Industrial Policy, 2013, ₹ 13.67 crore²⁹ was to be deducted from the deposit of the allottee and refund of only ₹ 18.38 crore was to be made against which GNIDA refunded ₹ 32.04 crore to the allottee. Thus, GNIDA extended undue benefit by making excess refund of ₹ 13.66 crore to the allottee.

In its reply, GNIDA stated (October 2020) that the entire money was refunded in view of requirement of additional land to allottee for Mega Project. GNIDA further contended that this was a notional loss because if the allottee had taken a 50 acre plot and adjusted the amount in it, then it would not have resulted in loss. The decision was taken in view of larger interest of the State revenue, employment and development which would have otherwise been much more than the loss pointed out by Audit.

The reply is not acceptable as GNIDA was required to make the refund as per the provisions of Industrial Policy 2013 of GNIDA applicable at the time of surrender of the plot. The contention of GNIDA that it was a notional loss is also not correct as GNIDA had considered allotment (7 October 2016) of new plot (No. 27, Sector Ecotech-XI³⁰) on the request of allottee, as a fresh allotment instead of additional allotment of land parcels to previously allotted plot (No. 14, Sector Ecotech-XI). This was done despite the fact that land parcels of 34 plots including the area of the previously allotted plot (No. 14, Sector Ecotech-XI) were merged to create new plot (No. 27, Sector

²⁵ Letter dated 20 October 2016 of the allottee received in GNIDA on 21 October 2016 and diarised in GNIDA on 24 October 2016.

²⁶ The present allotment of plot no. 14, Sector Ecotech-XI, was of 1,26,000 sqm, i.e., 31.14 acre.

²⁷ The plot was allotted under the scheme IND2100 (2013)-02 dated 18 September 2013.

²⁸ After deducting ₹ 35,000 (Processing fee: ₹ 15,000 and Deduction: ₹ 20,000).

²⁹ Deduction: ₹ 13.67 crore (being 20 per cent of the premium) + Processing fee: ₹ 15,000.

³⁰ The allottee was allotted (7 October 2016) a plot measuring 2,22,600 sqm without assigning any plot number. Subsequently (2 December 2016), GNIDA allotted a specific plot (No. 27, Sector Ecotech-XI) measuring 2,09,700 sqm to the allottee.

Ecotech-XI). In case the allotment of additional area under new allotment been considered as the allotment of additional land (as contended by GNIDA), GNIDA could have earned revenue of ₹ 19.20 crore³¹ more than the premium actually received on fresh allotment (No. 27, Sector Ecotech-XI). The notings of Planning Division also suggested it as additional land. Thus, both ways GNIDA suffered loss of ₹ 13.66 crore or ₹ 19.20 crore. With respect to the contention of GNIDA regarding employment generation and development, it is notable that the project was not functional (April 2021).

Execution of lease deed with the company other than the allottee

5.1.5.3 The condition of scheme brochure IND/2005-06 provided that the allottee would be required to execute the lease deed within 18 months from the date of allotment. It further provided that for making a Change in Constitution³² (CIC) of the allottee, the allottee was required to make an application to GNIDA. With the change in constitution, ownership rights should not be changed, otherwise provisions of transfer of plot would be applicable. Ownership rights meant that the original allottee/allottees should possess a minimum 51 *per cent* shares. In case the change of ownership rights was made through a change in constitution before the allotted unit was made functional, such a transfer would be considered void and the allotment would be cancelled.

GNIDA allotted (12 July 2005) plot No. 7 measuring 8,000 sqm in Ecotech-I Extension Sector to Shri Sandeep Singh Sethi at a premium of ₹ 1.37 crore. It permitted (26 July 2006) change in constitution of ownership from the proprietorship to a private limited company (Megna Garments Private Limited) with the condition that the original allottee, *i.e.*, Shri Sandeep Singh Sethi will maintain his shareholding of not less than 51 *per cent* in this company.

Audit noticed that for execution of lease deed, GNIDA issued (May 2008) checklist which *inter alia* required submission of the list of shareholders and Directors, certified by Chartered Accountants (CA) along with resolution of the Board of Directors authorising the powers delegated to the competent person to execute the lease deed.

Megna Garments Private Limited submitted (June 2008) the list of shareholders and Directors certified by a CA which specified Shri Sandeep Singh Sethi, Shri Ashish Garg and Shri Vijay Garg as the directors as well as shareholders with ownership rights of 52 *per cent*, 24 *per cent* and 24 *per cent* respectively as on 20 June 2008. The allottee also submitted an extract of Board resolution signed by Shri Sandeep Singh Sethi, who was indicated as Director of Megna Garments Private Limited. As per this Board resolution,

³¹ Computation of additional revenue to GNIDA in case allotment of addition area under Plot No. 27, Sector Ecotech XI would have been considered as additional allotment of land:

Particular	Amount (₹ in crore)
(i) Premium for Plot No. 14 allotted in 2015-16 (Plot size: 1,26,000 sqm)	68.34
(ii) Premium for additional area (Average Rate of ₹ 6,187.17/sqm for 83,929 sqm) in case Plot No. 27 would have been considered as additional land allotment to Plot No. 14	51.93
(A) Total Premium that GNIDA would have received after additional allotment of land parcel (i + ii)	120.27
(B) Premium actually received by GNIDA for Plot No. 27 (leased area 2,09,929 sqm)	101.07
Additional revenue to GNIDA in case GNIDA had provided additional land to the allottee in place of fresh allotment (A-B)	19.20

³² Change from one status (Proprietorship, Partnership or Company) to another on choice of proprietor, partners or shareholders with a view to re-organize the business. Besides, change in constitution is also effected through change within the status, *i.e.*, reconstitution of partners.

Shri Rishabh Singhvi was authorised to execute the lease deed with GNIDA. Audit further noticed that the extract of this purported Board resolution did not indicate the date on which Board had resolved to appoint Shri Rishabh Singhvi as authorised signatory for Megna Garments Private Limited.

The lease deed was executed (15 September 2008) by GNIDA with Megna Garments Private Limited through its authorised signatory, Shri Rishabh Singhvi. The unit has not been made functional so far (March 2021).

Audit cross-verified the shareholding of Megna Garments Private Limited from the Annual Return enclosed in Form 20 B filed³³ with the Registrar of Companies (RoC), New Delhi for the year 2007-08 and noticed that Shri Rishabh Singhvi and Smt. Amila Singhvi were the holders of 50-50 *per cent* shares. Further, Shri Sandeep Singh Sethi, Shri Ashish Garg and Shri Vijay Garg ceased to be directors from 11 August 2006. Thus, the information of shareholders and directors of Megna Garments Private Limited submitted by the allottee in June 2008 for the execution of lease deed were incorrect. Further, as Shri Sandeep Singh Sethi was not a Director of Megna Garments Private Limited in 2007-08, his certification of extract of Board resolution to appoint Shri Rishabh Singhvi was also invalid. It may be concluded from the aforementioned RoC records that Shri Sandeep Singh Sethi had transferred the ownership rights prior to execution of the lease deed and making the unit functional with the objective of trading the plot. Thus, the allotment of plot was liable to be cancelled in view of terms and conditions of brochure.

In its reply, GNIDA stated (October 2020) that the allotment was made (12 July 2005) to Shri Sandeep Singh Sethi and lease deed was executed (15 September 2008) in favour of Megna Garments Private Limited. As per CA Certificate dated 20 June 2008, Shri Sandeep Singh Sethi was shareholder of 52 *per cent* in the company. Thus, lease deed was executed in favour of above mentioned company when there was more than 51 *per cent* share of original allottee in the company.

The reply is not acceptable as Shri Sandeep Singh Sethi was not shareholder of Megna Garments Private Limited at the time of execution of lease deed as per the Annual Return enclosed in Form 20 B filed with RoC for the year 2007-08. GNIDA should take action against the allottee for misrepresentation of facts and falsifying documents due to which lease deed was executed in favour of ineligible lessee.

Violation of Policy and Procedure for Industrial Property Management

5.1.6 The Management of GNIDA failed to ensure compliance of the provisions of the Policy and Procedure for Industrial Property Management-2013, as discussed below:

Loss due to violation of Policy and Procedure for Industrial Property Management -2013

5.1.6.1 The clause J (Surrender) of the Policy and Procedure for Industrial Property Management-2013 provided that the allottee can surrender the industrial premises in favour of GNIDA within six months from the date of allotment. In such case, entire deposit made by the allottee shall be refunded after deducting ₹ 20,000. In case the allottee surrenders the plot after six months, 20 *per cent* of

³³ Date of Annual General Meeting: 30 September 2008.

Despite decision of GoUP to take up separately the issue of financial liability arising as result of surrender of plots by UPDESCO, GNIDA did not forfeit the deposited amount ₹ 29.68 crore as per the provisions of the Policy and Procedure for Industrial Property Management-2013.

the premium and processing fee was required to be deducted from the deposit made by the allottee. However, the forfeited amount would not exceed the total deposited amount. This policy was applicable on all industrial schemes w.e.f. the date of Board's approval³⁴ and for all cases, public or private.

GNIDA allotted (24 July 2015) to Uttar Pradesh Development System Corporation Limited (UPDESCO) two industrial plots, *i.e.*, one measuring 4,45,170 sqm at the rate of ₹ 3,248 per sqm in Ecotech-VI and another measuring 4,04,700 sqm at the rate of ₹ 3,281 per sqm in Ecotech-VII for the development of Electronics Manufacturing Cluster (EMC). The premium of both plots aggregated to ₹ 277.37 crore against which UPDESCO had deposited ₹ 29.68 crore till October 2016.

Subsequently, it was decided in a meeting held (20 December 2016) under the chairmanship of Chief Secretary, GoUP that UPDESCO shall surrender these plots and GNIDA shall allot these plots directly to the investors/Special Purpose Vehicle so that the allottees can avail the benefit of 100 *per cent* exemption³⁵ in stamp duty under the Uttar Pradesh Electronics Manufacturing Policy-2014. It was also decided that the decision on financial liability arising as result of surrender of these plots by UPDESCO to GNIDA would be taken separately. Accordingly, GoUP directed (22 December 2016) UPDESCO to surrender these plots immediately so that GNIDA would allot these to investors.

UPDESCO applied (27 December 2016) for surrender of the plots and requested to refund the entire money deposited till date. GNIDA cancelled the allotment and refunded (12 January 2017) entire deposited amount of ₹ 29.68 crore after deducting the processing fee of ₹ 30,000.

Audit noticed that the allottee had requested for surrender of the plot after six months from the reservation/allotment of plots; therefore, 20 *per cent* of total premium or the deposited amount, whichever is less, should have been forfeited. As such, the entire deposited amount, *i.e.*, ₹ 29.68 crore, being lesser than 20 *per cent* of the total premium, should have been forfeited in accordance to the rules, which was not done.

In its reply, GNIDA stated (October 2020) that surrender of the above plots were made (27 December 2016) by UPDESCO in compliance of the directions (22 December 2016) of the GoUP so that these plots could be allotted to OPPO Mobiles and TEEMA³⁶ (EMC). The decision was taken by the GoUP to bring investment in the State which could have otherwise been gone to other States. Therefore, all the money deposited by UPDESCO was refunded after deducting processing fees. Moreover, UPDESCO is a public undertaking and therefore it has not caused any financial loss to the State Government.

The reply is not acceptable, as GoUP vide the aforesaid order (22 December 2016) did not direct GNIDA to refund the entire amount to UPDESCO. GoUP had directed that the decision on financial liability arising as result of surrender of these plots by UPDESCO to GNIDA would be taken separately. Thus, GNIDA was not responsible to bear the financial liability of UPDESCO due to surrender of both plots and therefore, GNIDA should have forfeited the deposit of ₹ 29.68 crore made by UPDESCO as required under Policy and

³⁴ 106th Board Meeting dated 21 October 2016.

³⁵ A reference of the exemption of Stamp duty is mentioned in the lease deed and stamp duty is not levied.

³⁶ Taiwan Electrical and Electronic Manufacturing Association.

Procedure for Industrial Property Management-2013 or should have taken permission from GoUP to waive the forfeiture.

Charges for change in shareholding not recovered

GNIDA did not levy charges of ₹ 14.77 crore for Change in Shareholding on seven allottees.

5.1.6.2 Section B-3 read with Section A-12 of the Policy and Procedure for Industrial Property Management-2013 of GNIDA provides that in case of 100 *per cent* change in shareholding, charges for Change in Shareholding (CIS) will be 10 *per cent* of the current allotment rate. For less than 100 *per cent* change, CIS charges would be proportionate to the change of shareholding on a *pro-rata* basis. Further, Section B-7 of the policy provides that in case of the changes in shareholdings of a company before the unit is declared functional, the CIS charges will be 1.5 times of the normal CIS charges.

Audit further noticed that the Industry Division of GNIDA failed to recover CIS charges, as discussed below.

Case Study on change in shareholding of Hari Home Furnishing Private Limited

GNIDA allotted (June 2005) an industrial Plot (no. 109 A and 110), in sector Ecotech-I Extension measuring area 5,000 sqm to Shri Achir Goel (allottee) for setting up industry for home furnishing items (cushion cover and curtains). The allottee applied (June 2008) for transfer of this plot in the name of a private limited company 'Sri Hari Home Furnishing Private Limited' in which the allottee had ownership rights of 51 *per cent* of total shareholding. GNIDA approved (July 2008) the change in constitution of the allottee from individual to private limited company and replaced the allotment in favour of Sri Hari Home Furnishing Private Limited.

Audit noticed that the original allottee, Shri Achir Goel (51 *per cent*) resigned (20 June 2016) from the post of Director and shareholding of the company was changed as detailed under:

Sri Hari Home Furnishing Private Limited (as on 01.06.2008)			Sri Hari Home Furnishing Private Limited (as on 20.06.2016)		
Name of shareholders	No. of shares	Percentage of shares	Name of shareholders	No. of shares	Percentage of shares
Achir Goel	5100	51	Ashu Mittal	100	0.008
Neelam Goel	4900	49	Gourav Garg	397400	33.333
			Sourabh Garg	397400	33.333
			Unique Collections (India) Private Limited	397300	33.326
Total	10000	100	Total	1192200	100

Source: records of GNIDA

Audit also cross verified (September 2019) the shareholding of Sri Hari Home Furnishing Private Limited with RoC. As per the records of RoC, Shri Achir Goel was not the shareholder in Sri Hari Home Furnishing Private Limited and the shareholding in the company as on 31 March 2019 was of Ashu Mittal (0.01 *per cent*), Gourav Garg (33.33 *per cent*), Sourabh Garg (33.33 *per cent*) and Unique Collections (India) Private Limited (33.33 *per cent*).

Change in shareholding needed to be informed to GNIDA, which attracts charges as per Section B-3 of Policy and Procedure for Industrial Property Management and accordingly, charges for change in shareholding should have been collected from the allottee amounting to ₹ 78.75 lakh at the rate of 1.5 times³⁷ of the normal CIS charges of 10 *per cent* (100 *per cent* shareholding changed) of ₹ 5.25 crore on the then current allotment rate in the year of change in CIS (2016-17). However, GNIDA did not levy the CIS charges, which led to loss of ₹ 78.75 lakh to GNIDA.

Joint physical verification A joint physical verification of Plot no. 109 A and 110 in sector Ecotech-I Extension was carried out by the Audit team and representative of GNIDA on 5 December 2019. It was found that:

- A different Company, Imperia Décor Private Limited, was running on the allotted plot, whereas this plot was allotted to Sri Hari Home Furnishing Private Limited.
- The Company was engaged in manufacturing aluminum composite panel fabrication, as can be seen in the Photograph 5.1.2 which were taken during the joint physical verification:

³⁷ CIS was effected (20 June 2016) by the allottee prior to making the unit functional (22 June 2016)

Photograph 5.1.2: Aluminum Composite Panel Fabrication



Audit further observed that GNIDA, on the application of the allottee (August 2017), issued (November 2017) functional certificate to Sri Hari Home Furnishing Private Limited in which the unit was considered as operational from 22 June 2016. As per Udyog Adhar certificate of the allottee, Sri Hari Home Furnishing Private Limited was engaged in manufacturing of made up textile articles. Thus, the unit being run at the allotted plot (Plot no. 109 A and 110, in Sector Ecotech-I Extension) was not the same for which functional certificate was issued by GNIDA. Thus, the allottee had either further transferred the plot to another company through change of shareholding or changed the product without taking permission from GNIDA as required under scheme brochures.

Similarly, Audit observed that, in six other cases, the Industry Division of GNIDA did not recover CIS charges to the extent of ₹13.98 crore, as detailed in **Table 5.1.5**.

Table 5.1.5: Details of charges for change in shareholding not recovered

SI No.	Plot No.	Name of Allottee	Shareholding change and Year in which changed	Charges leviable (₹ in crore)	Remarks
1	1-A/ Ecotech -III	Covestro (India) Private Limited	100 <i>per cent</i> in the year 2015-16	7.40	<p>A plot measuring 77,880.74 sqm was allotted (February 2006) to Bayer Material Science Private Limited in which Bayer AG (Germany) had 100 <i>per cent</i> shareholding. The lease deed was executed in June 2006. On the request (September 2015) of allottee, GNIDA changed (November 2015) the name of allottee as Covestro (India) Private Limited in which Bayer AG (Germany) did not have any shareholding and the company's shareholders as on 1 October 2015 were Covestro Deutschland AG (95.28 <i>per cent</i>) and Covestro GmbH (4.72 <i>per cent</i>).</p> <p>In terms of Para D-2, the Policy and Procedure for Industrial Property Management-2013 of GNIDA, if the name of company changes with original company remaining in existence and shareholders of</p>

SI No.	Plot No.	Name of Allottee	Shareholding change and Year in which changed	Charges leviable (₹ in crore)	Remarks
					the company also change, the CIS charges are leviable and the allottee/lessee would also have to execute required legal documents.
2	117/ Ecotech -XII	Global Power Transfor-mers Limited	99.70 <i>per cent</i> in the year 2015-16	3.55	<p>A plot measuring 30,081.80 sqm was allotted (October 2008) to Mayur Electricals Industries Limited. As on July 2013, the shareholding of this company was in name of Shri Rakesh Kumar Dadu (20 <i>per cent</i>), Smt. Madhvi Bansal (40 <i>per cent</i>) and Shri Pawan Kumar Bansal (40 <i>per cent</i>). The allottee requested (November 2014) for execution of lease deed in favour of Global Power Transformers Limited in which the above three shareholders of Mayur Electricals Industries Limited had 0.30 <i>per cent</i> share only.</p> <p>The change in constitution was approved by GNIDA in November 2015 and the lease deed was executed (November 2015) in favour of Global Power Transformers Limited without levying the applicable charges for change in shareholding.</p>
3	385-388/1/ Ecotech -III	Orchid Dreamline Propmart Private Limited	100 <i>per cent</i> in the year 2016-17	0.30	<p>A plot was allotted (March 2013) to Orchid Garment, a proprietorship firm of Ms. Monica Dua. The allotment was changed (August 2014) in favour of Orchid Dreamline Propmart Private Limited, a company having shareholding of Ms. Monica Dua (98 <i>per cent</i>) and Shri Azad Khan (two <i>per cent</i>) and CIC charges were collected by GNIDA. Audit noticed that the shareholding in Orchid Dreamline Propmart Private Limited was further changed (February 2017),) in favour of Shri Mukesh Sharma (50 <i>per cent</i>), Shri Manoj Choudhary (25 <i>per cent</i>) and Shri Vinod Kumar (25 <i>per cent</i>). However, charges for second CIS were not levied.</p>
4	B 29 A and B 30/ Ecotech - I Extension	Taftin Exim Private Limited	100 <i>per cent</i> in the year 2015-16	0.93	<p>The shareholding in the company, which was in the name of Shri Tafshir Ahmad (51 <i>per cent</i>) and Shri Tanweer Ahmad (49 <i>per cent</i>), was transferred (March 2016) in favour of Shri Prabhu Dayal Gupta (51 <i>per cent</i>) and Smt. Rani Gupta (49 <i>per cent</i>). CIS charges was not levied in view of GNIDA's order of November 2010 through which it abolished CIS charges and the requirement of taking approval for CIS.</p> <p>However, non-levy of CIS charges was irregular, as CIS charges were leviable in view of Policy and Procedure for Industrial</p>

SI No.	Plot No.	Name of Allottee	Shareholding change and Year in which changed	Charges leviable (₹ in crore)	Remarks
					Property Management-2013 of GNIDA, which was approved by the Board in January 2013, i.e., subsequent to the GNIDA's order of November 2010.
5	33/ Ecotech -XII	E-Way Furniture Systems Private Limited	100 <i>per cent</i> in the year 2018-19	1.15	Initially the plot was allotted (6 October 2008) to Kathuria Roll Mill Private Limited. The name of allottee was replaced in favour of E-Way Furniture Systems Private Limited, a subsidiary of the allottee having shareholding of Kathuria Roll Mill Private Limited (99.99 <i>per cent</i>) and Umesh Kathuria (0.01 <i>per cent</i>). Later on (31 October 2018), the shareholding in E-Way Furniture Systems Private Limited was changed to Shri Manoj Tomar (99.99 <i>per cent</i>) and Smt. Renu Tomar (0.01 <i>per cent</i>) when the industrial unit was already functional.
6	49/ Ecotech - I Extension	ILEX Infra-structure Private Limited	100 <i>per cent</i> in the year 2017-18	0.65	Initially, shareholding in the company was in name of Shri Sarish Kumar Chaudhary (45 <i>per cent</i>) and Shri Anil Kumar Arora (55 <i>per cent</i>). Later on (10 August 2017), the shareholding was transferred in favour of Shri Rajan Yadav (50 <i>per cent</i>) and Shri Rajinder Yadav (50 <i>per cent</i>) but CIS charges were not levied.
Total				13.98	

Source: Information provided by GNIDA.

Thus, in contravention of its Policy and Procedure for Industrial Property Management-2013, GNIDA did not recover CIS charges of ₹ 14.77 crore in seven cases since 2015-16. Further, change of 100 *per cent* shareholding after allotment of plots has resulted in non-transparent allotments to ineligible allottees by manipulation of system.

In its reply, GNIDA stated (October 2020) that the above cases were reviewed with respect to CIS charges and demand notices for recovery of CIS charges would be issued, as per rules. Further progress on these recoveries is awaited (April 2021).

Terms and conditions of Brochures not complied with

5.1.7 Audit noticed that terms and conditions of the schemes brochures were not complied with which led to financial losses to GNIDA as discussed below:

Time extension charges for making industrial units functional, not recovered

5.1.7.1 Clause 5 of the scheme brochures for the years 2005-06 and 2007-08 for industrial allotment provided that the allottee was required to make the unit functional within a period of 36 months from the date of allotment. It further allowed extension of three years with payment of penalty at the rate of four, six and eight *per cent* of total premium for extension of first year, second year and third year respectively on submission of written request by the allottee. It

Despite lapse of the prescribed timelines for making the industrial units functional, GNIDA neither levied/recovered penalty of ₹ 23 crore for extension of time from the allottees in three cases nor cancelled these plots after forfeiting the deposited amount of ₹ 4.11 crore.

was further decided by the Board from time to time³⁸, to provide extension for a further period upto 30 September 2018 on payment of penalty at the rate of one *per cent* per month upto 31 March 2017 and at the rate of two *per cent* thereafter. Clause 10 of the scheme brochure provided that in case of the unit not made functional even on the expiry of the extended period, the plot can be cancelled. In case of cancellation, the entire amount deposited by the allottee subject to a maximum of 20 *per cent* of the total premium of the plot shall be forfeited.

Further, due to farmers' agitation for acquisition of land which affected the construction of units on the allotted plots, the Board of GNIDA had, in general, approved³⁹ (09 July 2012) zero period⁴⁰ of 10 months from 21 October 2011 to 24 August 2012 for all the allottees, thereby extending the period of completion/making functional of the units by such period without payment of penalty.

An amendment (July 2020) in Section 7 of the Uttar Pradesh Industrial Area Development Act, 1976 provides that where any land so allotted is not utilised for the purpose for which it was allotted within the period of five years from the date of possession or within the period fixed for such utilisation in the conditions of allotment whichever is longer, the lease deed will stand cancelled and the land shall vest with the Authority. Provided further, where the aforesaid period has already lapsed before the commencement of this amendment, the Authority shall give a notice to the allottee to use the land for the purpose for which it was allotted within a period of one year and if within the above period of one year the allottee does not use the land, then the allotment and lease deed shall stand automatically cancelled.

Thus, if industrial units are not made functional even after grant of extension (after paying due extension charges), the allotment and lease deed shall stand automatically cancelled.

Audit noticed the following deficiencies:

- In two allotments (Roto Pumps Limited and Supertech Precast Technologies Private Limited) out of 41 sampled cases examined in Audit, the allottee had not requested for extension of time since their due date of becoming functional (January 2014/ April 2015) till March 2021, *i.e.*, even after a delay of 86 months and 71 months respectively in making industrial units functional. However, GNIDA neither cancelled these plots in accordance with the terms and conditions of the scheme brochures along with forfeiture of amount of ₹ 3.83 crore nor recovered extension charges of ₹ 22.04 crore as detailed in **Table 5.1.6**.

³⁸ 84th meeting held 2 June 2010, 102nd meeting held on 18 September 2015, 106th meeting held on 21 October 2016, 108th meeting held on 5 June 2017 and 111th meeting held on 1 February 2018.

³⁹ 92nd Board Meeting.

⁴⁰ Zero period was allowed to those allottees who were affected due to Hon'ble Allahabad High Court Judgement dated 21 October 2011 in case of Gajraj and Others vs. State of Uttar Pradesh and Others (Writ Petition C. No. 37443 of 2011). GNIDA's in its office order dated 24 August 2012 declared the period from 21 October 2011 to 24 August 2012 as zero period with the exemption of penal interest during such period and automatic extension of scheduled completion/functional by such period.

Table 5.1.6: Cases where plots not cancelled despite industrial units not made functional

(Amount ₹ in crore)

Name of allottee (as per lease deed)	Plot No., sector	Date of allotment	Date of lease deed	Due date for making unit functional (36 months after lease deed plus zero period of 10 months)	Period of delay upto March 2021 (in months)	Amount of premium	Amount to be forfeited (20 per cent of premium)	Aggregate rate of penalty for the period of delay (in per cent)	Amount of penalty for extension upto March 2021
Roto Pumps Limited	31, Ecotech-XII	06-10-2008	31-03-2010	31-01-2014	86	7.12	1.42	116	8.26
Supertech Precast Technologies Private Limited	2, Sector-16	31-03-2011	22-06-2011	22-04-2015	71	15.66	2.41 ⁴¹	88	13.78
Total							3.83		22.04

Source: Information provided by GNIDA.

- In case of allotment of plot no. 7, Ecotech-I Extension to Megna Garments Private Limited, GNIDA had allowed (September 2018) time extension up to December 2017 and demanded time extension charges of ₹ 90.92 lakh, which were however, not deposited (March 2021) by the allottee. The unit was not made functional till March 2021, however, GNIDA had neither cancelled the plot and forfeited ₹ 27.55 lakh (being 20 per cent of the premium on plot) nor levied additional penalty of ₹ 96.43 lakh for time extension up to March 2021 (excluding zero period from 21 October 2011 to 24 August 2012).

Thus, GNIDA has not been monitoring setting up of industrial units in prescribed period, nor was taking penal actions.

In its reply, GNIDA stated (October 2020) that demand notice was being issued to Roto Pumps Limited. With reference to cancellation of plots in cases of the units not made functional, GNIDA stated that one year extension has been granted for making units functional which are not functional at present even after lapse of more than five years and thereafter, plots would be cancelled.

Fact remains that GNIDA has not levied/recovered penalty for time extension from the allottee in cases where industrial units were yet to be made functional despite lapse of prescribed timelines. Further action (recovery/cancellation) in these cases is awaited (March 2022).

Delay in execution of lease deeds after issue of checklist

5.1.7.2 As per the conditions of the Brochure of the schemes and Checklist, the allottees were required to execute lease deeds within 60 days from the date of issue of checklist. The Brochure of the schemes also provided for levy of penalty at the prescribed rates in case of delay in execution of the lease deed. Penalty for delay in lease deed was to be computed at the rate of three per cent of total premium for first six months and thereafter, at the rates of four per cent, five per cent, six per cent, seven per cent, eight per cent and nine

⁴¹ Actual amount deposited: ₹ 2.41 crore, which was less than 20 per cent of the premium, hence entire deposit was to be forfeited.

per cent of total premium for each subsequent six monthly time extensions, subject to maximum of 42 per cent of premium.

Audit noticed that in three cases, the allottees executed lease deeds with delays of four months to 66 months after the prescribed period of 60 days from the date of issue of checklist as summarised in **Table 5.1.7**.

Table 5.1.7: Delay in execution of lease deed after issue of checklist

Sl. No.	Name of the allottee	Plot no./ Sector	Date of allotment	Date of issue of Checklist	Date of execution of Lease deed	Period of delay ⁴²
1.	Global Power Transformers Limited	117, Ecotech-XII	06-10-2008	10-02-2010	09-11-2015	66 months
2.	Tanay Metalware Accessories Private limited	100, Ecotech-XII	06-10-2008	28-09-2010	18-04-2011	4 months
3.	Jubilant Organosys Limited	B 5, Ecotech-I Extension	06-10-2005	16-07-2010	23-03-2011	6 months

Source: Information provided by GNIDA.

Audit analysed the reasons for delays in execution of lease deed and observed that:

(i) Global Power Transformers Limited (Sl. No. 1 of Table 5.1.7) was allotted (October 2008) a plot measuring 30,000 sqm and checklist was issued (February 2010) for execution of lease deed for 30,079.50 sqm. However, the allottee informed (November 2010) GNIDA that the area of plot was 30,008.46 sqm only and therefore, requested for amended lease plan to enable execution of lease deed. GNIDA, after a lapse of three years, affirmed (October 2013) the area of plot as 30,008.46 sqm and waived off (November 2014) penalty for delay in execution of lease deed as the delay was on the part of GNIDA. The lease deed was executed (November 2015) for the area of 30,081 sqm in view of a revised checklist issued (November 2015) by GNIDA.

Audit noticed that failure of GNIDA in working out the area of allotted plot led to revision of checklist and delay in execution of lease deed. This led to loss of lease rent of ₹ 1.38 crore for the period of 66 months from April 2010⁴³ to November 2015. Further, GNIDA did not levy penalty of ₹ 70.14 lakh, despite there was delay on the part of allottee in executing lease deed which was required to be executed by 10 April 2010 whereas the allottee approached GNIDA only on 24 November 2010 for a revised measurement of plot.

In reply, GNIDA stated (March 2022) that penalty for execution of lease deed was waived off in view of delayed revision in lease plan.

The reply is not acceptable, as there was delay on the part of allottee for which penalty was leviable as per the terms and conditions of brochures. Besides, failure of GNIDA in timely revision of lease plan led to loss of lease rent and delay in establishing industrial units.

⁴² After allowing the prescribed period of 60 days from the date of issue of checklist.

⁴³ After allowing the prescribed period of 60 days from the date of issue of first checklist on 10 February 2010.

(ii) In two other cases (Sl. no. 2 and 3 of Table 5.1.7), in spite of delay on the part of the allottees in execution of lease deeds for four to six months from the prescribed period of 60 days from the date of issue of checklist, GNIDA did not levy penalty of ₹ 0.21 crore on the allottees.

In reply, GNIDA stated (October 2020) that on the basis of examination of the case files and prevalent rules, demand notices are being issued as per rules to the concerned allottees. Recovery of penalty is awaited (March 2022).

Refund of claims without following the prescribed procedure

5.1.7.3 As per the clause J-2 of the Policy and Procedure for Industrial Property Management-2013 and the procedure prescribed in the brochure⁴⁴ of the schemes of industrial plots provided that the request for surrender of plot should contain the signature of bonafide allottee/lessee. In case of incorporated company, the request should be supported by the certified copy of the resolution of Board of Directors.

In violation of terms and conditions of brochure, GNIDA refunded ₹ 33.06 crore to two allottees though their surrender applications were not supported by the certified copy of the Resolution

Audit noticed that in two cases of surrender of industrial plots (Haldiram Snacks Private Limited and Vidya PU Foam Private Limited), the requests for surrender of plots were not supported by the certified copy of the resolution of the Board of Directors. The applications were simply signed by a Director each of the above Companies, which should have not been entertained by the Industry Division of GNIDA. However, refunds of the claims of ₹ 33.06 crore were made (5 December 2016 and 27 December 2017) to the allottees, which was in violation of the prescribed procedure.

In its reply, GNIDA accepted and noted (October 2020) the audit observation for compliance in future.

Short recovery of premium on account of revised area of plots

5.1.7.4 In GNIDA, for allotments of industrial plots, slab rates are applicable. Therefore, the average rate per sqm works out different for various sizes of the plots. However, at the time of handing over of the plots, the average rate should be re-worked out by applying the slab rates on the actual area of the plots handed over to the allottee.

Audit noticed that, in two cases out of 41 cases checked in audit, the actual handed over area was less than the allotted area. GNIDA, however, did not compute the premium on reduced area of the plots correctly resulting in short recovery of premium as detailed below:

- Plot no. 2/Sector Ecotech-XVI: Supertech Precast Technology Private Limited, was allotted 60,000 sqm of land for a premium of ₹ 16.12 crore in March 2011 on the land rate applicable for the year of allotment (2010-11). The lease deed was executed (June 2011) for an area of 58,271 sqm at a premium of ₹ 15.66 crore. However, the premium on the plot as worked out by Audit amounts to ₹ 15.76 crore on the land rate applicable for the year of allotment (2010-11). Thus, incorrect computation of premium led to short recovery of ₹ 0.10 crore.
- Plot no. A-3/Sector Ecotech-VI: Lease deed of Intex Technologies (India) Limited was executed (April 2016) on a premium of ₹ 48.73 crore. However,

⁴⁴ Clause 2 of B-3 'Surrender' of the scheme brochures IND 2100 (2013)-02 and ONLIND 2016-02.

GNIDA has mentioned the premium as ₹ 48.12 crore in payment intimation to allottee. This resulted in short recovery of ₹ 0.61 crore from the allottee which also had cascading effect on the recovery of interest on instalments for premium.

In its reply, GNIDA accepted the audit observation and stated (October 2020) that demand notices are being issued to concerned allottees. Recovery of premium on account of revised area of plots is awaited (March 2022).

Short recovery of premium on account of excess land area

In violation of terms and condition of brochure, GNIDA allotted excess area in three cases of allotments at the rate of initial allotment instead of at the rate prevailing at the time of identification of the excess area resulting in loss of ₹ 17.73 lakh.

5.1.7.5 The clause 3(4) of the Brochure of the scheme 2005-06 provides that the allottee will pay the premium for the actual area of the plot. In case there is a difference in the area, all payments will be made at the rate then prevailing and shall be payable within 30 days. If the difference is more than 10 *per cent*, the allottee will have the option of surrendering the allotment.

Audit noticed that, in three cases, GNIDA allotted excess area for which premium was taken at the rate of initial allotment instead of the premium at the rate prevailing at the time of identification of the excess area. This resulted in loss to GNIDA to the extent of ₹ 17.73 lakh⁴⁵.

In its reply, GNIDA accepted the audit observation and stated (October 2020) that demand notices are being issued to concerned allottees. It, however, subsequently stated (March 2022) that the scheme brochure provides that in case the area of plot is increased up to 10 *per cent* of the allotted area, premium for such increase is to be levied at the original rate of allotment.

The reply (March 2022) of GNIDA is not acceptable, as the terms and conditions of the scheme brochure provide that premium for excess area is payable by the allottee at the then prevailing rate, *i.e.*, at the time of allotment of such excess area.

Provisions of Building Bye-Laws not complied with- Penalty from allottee not recovered

Although an allottee had constructed a portion of the project prior to the approval of building plan, GNIDA did not levy penalty as required under the provisions of the Building Bye-laws.

5.1.8 The Planning Division looks after the compliances of Building Bye-Laws by visiting and monitoring the construction activities of the allottees. Clause 4 read with Clause 7 (8) of the GNIDA Building Regulation, 2002 provides that no person shall erect any building without obtaining a prior building permit thereof from GNIDA. In case of construction without issue of building permit, a penalty of ₹ 1,000 per sqm of covered area shall be levied, provided all the provisions of Building Regulations are complied with.

GNIDA allotted (12 July 2005) plot no. B-5 in sector Ecotech I Extension having area of 40,000 sqm under industrial category at premium of ₹ 4.32 crore (at the rate of ₹ 1,079 per sqm) to Jakson Engineers Limited. GNIDA re-allotted (15 July 2005) another plot (no. 25 in Sector Ecotech-III) on the request of the allottee for allotment of plot in a developed area. The lease deed was executed (6 January 2006) for an actual area of 40,090.82 sqm.

⁴⁵ ₹ 5.18 lakh in case of Tanay Metalware Accessories Private Limited (Plot No. 100, Sector Ecotech-XII), ₹ 4.18 lakh in case of Harsh Buildwell Private Limited (Plot No. 174, Sector Ecotech-I), ₹ 8.37 lakh in case of Best Grain Private Limited (Plot No. 66, Sector Ecotech-I).

Audit noticed that GNIDA approved (30 June 2010) the unit as functional with effect from 29 March 2007 on the basis of a declaration (26 June 2010) by the allottee about construction of more than 50 *per cent* of FAR (floor area ratio) and certificate issued by the District Industries Centre, Gautam Buddha Nagar of the State Government. The allottee, however, applied for sanction of building plan on 7 July 2006, which was approved by GNIDA on 3 May 2007.

It was obvious from the above that the allottee had commenced the operation on the plot from 29 March 2007 before approval of the building plan. Thus, a portion of the project was constructed even without approval of building plan, which attracts penalty⁴⁶ as per the provisions of the clause 7 (8) of the Building Bye-laws.

In its reply, GNIDA assured (October 2020) that action is being taken in accordance with the provisions of Building Bye-laws. Recovery of penalty is awaited (March 2022).

Outcome of allotments of Industrial plots

Out of 2,580 industrial plots allotted till March 2021, industrial units were not made functional in case of 855 allotments even after lapse of up to 23 years from their respective stipulated period for making the units functional, which defeated the objective of GNIDA to industrialise the area.

5.1.9 The prime objective of GNIDA is development of industrial area and development of residential, commercial, institutional areas is subservient objective. Therefore, GNIDA should have focussed on establishment of industrial units, which cannot be fulfilled without actual establishment of the industrial units on the allotted plots. From GNIDA's/Government's perspective, generation of employment is the crux of industrialisation.

The brochures of the schemes⁴⁷ effective upto March 2013 provided that the units were to be made functional within three years of the date of allotment. The schemes⁴⁸ effective from April 2013 to 10 November 2016 provided that the units were to be made functional within three years from the date of execution of lease deed. The schemes⁴⁹ effective from 11 November 2016 and onwards provided that the units on plot size upto 2,000 sqm, 2,000-10,000 sqm and above 10,000 were to be made functional within two, three and four years respectively from the date of execution of lease deed.

Audit obtained the data of allotments from the System Division of GNIDA, which indicates the functional status of the industrial unit on each allotted plot besides the details of allottee and payment made.

Audit analysed the status of the units made functional in respect of 2,580 industrial plots allotted since inception to the year 2020-21 as per System Division's data, which is summarised in **Table 5.1.8**.

Table 5.1.8: Status of functional as on April 2021

Sl. No.	Particulars	No. of plots/units	Area (in sqm)
1.	Total allotments since inception to March 2021	2580	11302080
2.	Functional units as on April 2021	1341	4439297
3.	Units not made functional as on April 2021	1239	6862783

Source: Data and information furnished by GNIDA.

⁴⁶ Audit could not compute the amount of penalty leviable in the absence of completion certificate.

⁴⁷ Schemes prior to 2005-06, IND 2005-06 (including TC and MUS) and IND 2007-08.

⁴⁸ IND2000 (2013)-01, IND2100 (2013)-02, IND (2016)-01 and ONLIND 2016-01.

⁴⁹ ONLIND 2016-02 and ONLIND 2020-01.

Out of 2,580 plots allotted by GNIDA since its inception to the year 2020-21, only 1,341 units (52 *per cent*) could be made functional by April 2021. Further analysis revealed that out of 1,341 functional industrial units, only 147 units (11 *per cent*) were made functional within the timeline prescribed in the scheme brochure⁵⁰ for making them functional. The other 1,194 units (89 *per cent*) could be made functional with delays of upto 19 years from the prescribed period. However, there was discrepancy in data maintained by System Division, as it indicated 370 industrial units as functional without date of completion of construction on these plots indicating that either these plots were incorrectly shown as functional without their actual completion or the dates of their completion were not captured in the data.

In case of 1,239 units not made functional, the timelines for making 384 units (31 *per cent*) functional was yet to lapse as on March 2021. In remaining 855 cases of allotment of Industrial plots without functional units, even lease deeds were not executed in 79 allotments till March 2021 despite lapse of 869 days to 7,234 days from the dates of allotment. This included 43 allotments where the units are required to be made functional from the date of execution of lease deed. In remaining 812 cases of allotment (*i.e.*, 855 allotments *minus* 43 allotments), industrial units were not made functional even after lapse of 23 days to more than 23 years after the stipulated timelines for making them functional of which 605 cases of allotments were delayed beyond 10 years.

Out of 41 sampled cases of allotment of industrial plots, Audit noticed that in five cases⁵¹, plots were transferred by original allottee through change in shareholding even before establishing industrial units. This indicates that these allottees had applied for industrial plots with the objective of trading the plot. This was facilitated due to lack of objective criteria for evaluation of industrial projects by Screening Committee of GNIDA for allotment of industrial plots, as detailed in **Paragraph 5.1.4.2**. Audit further noticed that the industrial units are yet to be set up by two⁵² out of five subsequent allottees in above cases. Overall, industrial units were not made functional on 20 plots⁵³ out of 41 sampled cases of industrial allotments examined in audit, thereby, leading to possible trading of these plots in future by allottees instead of setting up of industrial units on these plots by original allottees.

Thus, industrial units on the allotted plots were not functional in significantly large number of cases (about 48 *per cent*) defeating the objective of development of industrial area by GNIDA and generation of employment. Audit noticed that besides failure of the allottee in making the units functional within stipulated period, other major reasons were lack of objective criteria for evaluation of the industrial projects for selection of the deserving applicant, delay in issue of checklist, allotment of plots without ensuring intactness of the

⁵⁰ In case of Ecotech-XI Sector, the period for making the industrial units functional was allowed to all allottees up to 31 March 2021 due to delay in developing this Sector.

⁵¹ Global Power Transformers Limited (Plot no. 117/Ecotech-XII), Hari Home Furnishing Private Limited (Plot no. 109 A and 110/Ecotech-I Extension), ILEX Infrastructure Private Limited (Plot no. 49/Ecotech-I Extension), Orchid Dreamline Propmart Private Limited (Plot no. 385-388/1/Ecotech-III) and Taftin Exim Private Limited (Plot no. B 29 A and B 30/Ecotech- I Extension).

⁵² Global Power Transformers Limited (Plot no. 117/Ecotech XII) and ILEX Infrastructure Private Limited (Plot no. 49/Ecotech-I Extension).

⁵³ Excluding nine allotments in respect of which date of making units function was beyond 31 March 2021.

plots leading to delays in handing over and lease deed of the plot and lack of development of the Sector due to which zero period was granted for execution of lease deed and making industrial units functional. Besides, GNIDA also failed in cancelling projects not made functional beyond stipulated time period which gave undue favour to the allottees and encouraged profiteering in transfer of land through change in constitution of the allottees.

During the Exit Conference (January 2021), the State Government directed GNIDA to initiate action for cancellation of not functional units in future in accordance with the new/amended law⁵⁴. Further, the State Government added that there should be a condition for a lock-in-period for completion/setting up of industries and no transfer should be allowed before such compliance.

5.1.10 Conclusion

The systems and procedures of GNIDA were deficient in respect of allotments of industrial plots, as un-acquired/disputed/undeveloped plots were allotted to entrepreneurs which led to delay in establishing industrial units. The allotment of plots without ensuring intactness, besides violation of the provisions of the Policy and Procedures also resulted in loss to GNIDA. GNIDA also failed to ensure the payment of dues by the allottees and levy penalties in accordance with the terms and conditions of allotments.

Irregularities in screening of the applications and allotment were noticed as there were cases where applications with deficient documents were accepted. Absence of objective criteria for evaluation of industrial projects for allotment of plots left allotments to discretion of Screening Committee. This also facilitated allotments to applicants who obtained plots merely for selling on higher prices. A case of misrepresentation of facts by allottee with the objective of trading the plot was also noticed.

Out of 2,580 industrial plots allotted till March 2021, 1,341 units were made functional which included 1,194 units made functional involving delays up to 19 years. In case of 812 allotments, industrial units were not made functional even after lapse of up to 23 years from their respective stipulated period for making units functional, which defeated the prime objective of GNIDA to industrialise the area which would have led to employment generation in the region.

5.1.11 Recommendations

Recommendation number	Recommendation
13.	Industrial plots should not be allowed to be transferred by the allottees in favour of other entrepreneurs to check the trading of plots. The State Government has accepted the recommendation.

⁵⁴ An amendment in UPIAD Act, 1976 was effected (July 2020) by the GoUP which provides maximum period of five years from the date of possession or the period fixed in conditions of allotment, whichever is longer, to utilise the plot for the purpose allotted. In case where the aforesaid period had already expired before the date of effectiveness of this Act, a further period of one year was allowed for utilisation of such plot.

Recommendation number	Recommendation
14.	GNIDA should ensure that only encumbrance free plots are allotted after their development.
15.	GNIDA should recover outstanding dues and penalties in time and fix responsibility for delay in recovery.
16.	Cases of trying to defraud GNIDA by misrepresentation of facts should be taken up with the concerned authorities.
17.	Discretion in allotment should be minimised by laying down objective criteria for same.