CHAPTER–V (5)

Allotment of Institutional and IT Plots

CHAPTER–V

Allotment of Properties

V (5) Allotment of Institutional and IT Plots

Introduction

5.5.1 Greater Noida Industrial Development Authority (GNIDA), as one of its objectives, develops land for Institutional and Information Technology Sectors. As per Master Plan 2021, there has been a significant demand from reputed engineering, medical, management colleges, integrated schools for institutional plots and for Information Technologies (IT) and Information Technologies enabled Services (ITeS) plots. Allotments of these properties are made by the GNIDA on the recommendation of Screening/Allotment Committee based on screening of applications and interview of applicants.

The Institutional Properties Division (Institutional Division) of GNIDA deals with allotment of Institutional and IT plots and follows-up the post allotment compliances. The Project Division is responsible for development of infrastructure in the acquired area. The Planning Division of GNIDA is responsible for approval of building plans and monitoring of construction of the buildings as per approved building plan. The Finance Division is responsible for financial management including supervisory function over collection of funds and monitoring of expenses.

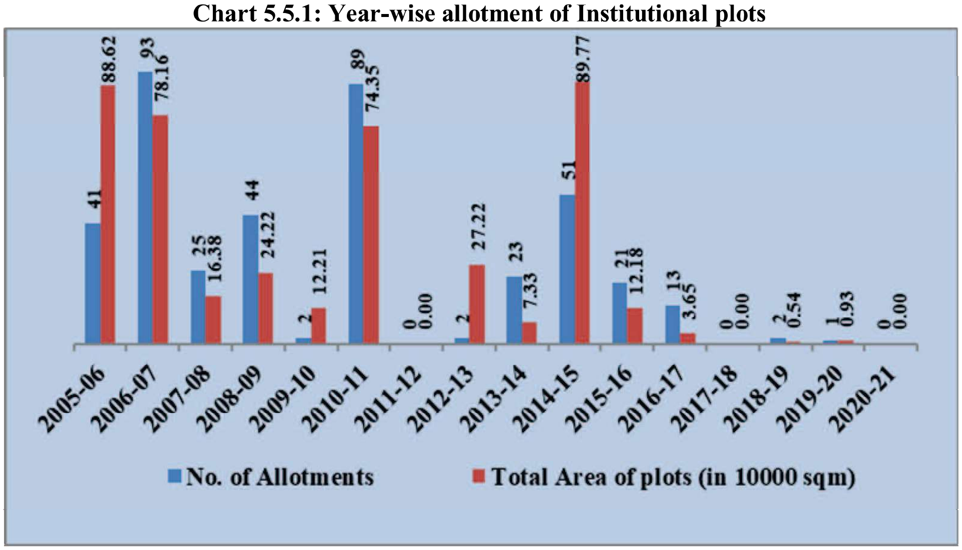
The process involved from launching the scheme till follow-up of compliances is discussed in ***Paragraph 5.1*** of Chapter-V on Allotment of Properties-General.

Status of allotments of Institutional and IT Plots in GNIDA

5.5.2 The allotment of Institutional plots commenced in March 1992 and 779 Institutional plots (area 1,123.64 hectare) were allotted under 15 schemes upto March 2021. Similarly, the allotment for IT Sector was started by GNIDA in November 1999 and 219 IT plots (area 604.65 hectare) were allotted in six schemes upto March 2021.

Year-wise number of plots allotted and their aggregate area during 2005-06 to 2020-21 is depicted in **Charts 5.5.1** and **5.5.2**.

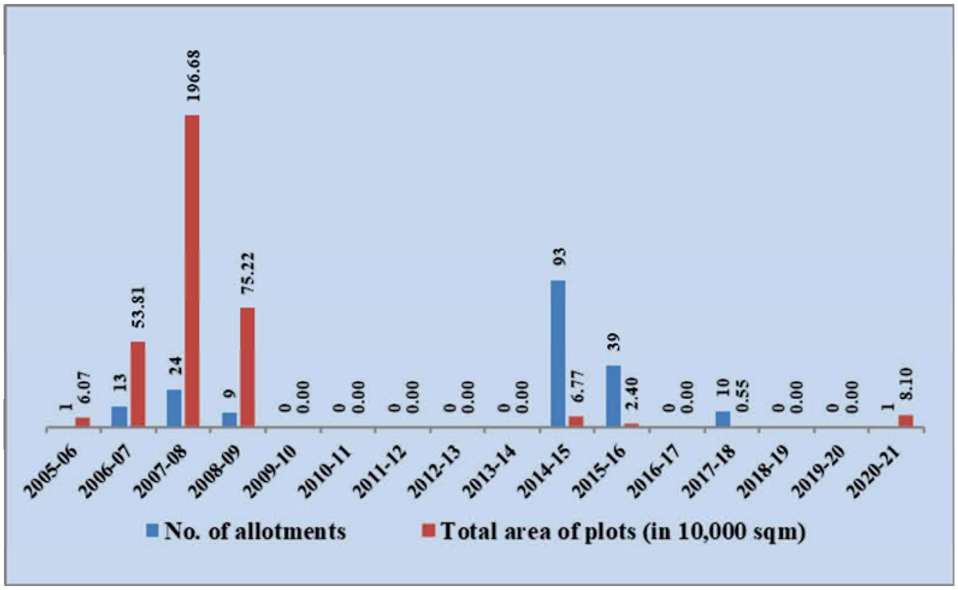
Chart 5.5.1: Year-wise allotment of Institutional plots



Source: Information furnished by GNIDA.

It is also clear from **Chart 5.5.1** that out of 407 allotments of Institutional plots measuring 435.56 hectare during 2005-06 to 2020-21, GNIDA allotted 294 Institutional plots measuring area 293.95 hectare during 2005-06 to 2011-12 which was 67.48 *per cent* of total area of allotment during 2005-06 to 2020-21.

Chart 5.5.2: Year-wise allotment of IT plots



Source: Information furnished by GNIDA.

It is evident from above Chart that out of 190 allotments of IT plots measuring 349.60 hectare during 2005-06 to 2020-21, GNIDA allotted 46 IT plots measuring area 325.71 hectare during 2006-07 to 2008-09 which was 93.17 *per cent* of total area of allotment during 2005-06 to 2020-21.

As of April 2021, overdue against the land premium (principal), lease rent and interest was ₹ 1,962.35 crore against 569 allottees (57.01 *per cent*) out of 998 allotments of Institutional and IT plots made since inception.

Further, out of 407 allottees of Institutional plots during 2005-06 to 2020-21, the overdue amounts against the land premium and other dues including lease rent, interest, penal interest accummulated to ₹ 1,002.18 crore against 272 allottees. Similarly, out of 190 allottees of IT plots, the overdue amounts against the land premium and other dues including interest, penal interest, lease rent accumulated to ₹ 496.82 crore against 137 allottees. The details are given below in **Table 5.5.1**.

Table 5.5.1: Overdue against allottees

Allottees category	Total No. of allotments	No. of allotments against which dues were outstanding	Overdue against defaulting allottees (₹ in crore)			
			Principal amount	Interest/ penal interest	Lease Rent	Total
Institutional (A)	407	272	306.58	558.41	137.19	1002.18
IT (B)	190	137	102.64	236.19	157.98	496.82
TOTAL (A+B)	**597**	**409**	**409.22**	**794.60**	**295.17**	**1499.00**

Source: Information furnished by GNIDA.

It is evident from the above that GNIDA has overdue of ₹ 1,499 crore to be recovered from Institutional and IT allottees as of April 2021.

The age-wise analysis of above overdue is detailed in **Table 5.5.2**.

Table 5.5.2: Age-wise analysis of overdue as of April 2021

Period of overdue	Institutional		IT	
	No. of defaulting allottees	Overdue against defaulting allottees up to April 2021 (₹ in crore)	No. of defaulting allottees	Overdue against defaulting allottees up to April 2021 (₹ in crore)
Above 10 years	14	73.81	3	31.88
Five to 10 years	82	475.01	16	163.02
Three to five years	41	120.24	11	17.15
Below three years	135	333.12	107	284.77
Total	**272**	**1002.18**	**137**	**496.82**

It may be seen from the above table that an amount of ₹ 881.11 crore was overdue from 167 allottees (137 Institutional allottees and 30 IT allottees) for more than three years, however, GNIDA did not cancel the plots of defaulting allottees in accordance with the terms and conditions[1] of the allotment.

GNIDA stated (November 2020) that notices had been issued to the defaulters from time to time and in case of failure in payment, allotments have also been cancelled. The fact however remains that the plots of above defaulting allottees have not been cancelled so far (April 2021).

Audit Coverage

5.5.3 As per data obtained (January 2018) from GNIDA at the time of selecting sample for detailed examination of land allotment cases, GNIDA had allotted 411 institutional plots having an aggregate area of 442.90 hectare and 219 IT plots having an area of 390.79 hectare during the period of Performance Audit, *i.e.,* 2005-06 to 2017-18. Out of these allotments, allotments of 47 institutional plots measuring 233.03 hectare and 73 IT plots measuring area of 333.61 hectare were selected (August 2018) on the basis of stratified random sampling through IDEA software for detailed examination in the Performance Audit. However, records relating to allotments of six IT plots (details in ***Appendix-5.5.1***) were not provided to Audit during the course of audit.

Audit examined the allotment files of 47 institutional[2] and 67 IT[3] plots. Besides, joint physical verification with GNIDA representatives was carried out in four sample cases[4] (three institutional and one IT plot).

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[1] 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.

[2] This includes two cases allotment of which was later cancelled by GNIDA, *viz.,* Youth IT Solutions Private Limited (Plot no. 17/2, Sector Knowledge Park 3) and Indogulf Diagnostics and Research Centre Private Limited (Plot no. 204/1 Sector Knowledge Park 5).

[3] This include 17 cases allotment of which was later cancelled by GNIDA, *viz*., Skylinker Projects Private Limited, Subha Infotech Private Limited, MMA Infrastructure and Developers Private Limited, Galaxy Technobuild Private Limited, Regalia Infotech Private Limited, Splender Infopark Private Limited, Diamond IT Infracon Private Limited, Pooja Infotech Private Limited, Sukhmani Technologies Private Limited, Tecxpert Software Private limited, Harbir Singh, Manbir Singh, Inderjit Arora, Himanshu Jain, Pradeep Kumar Jain, Mav Steels Private Limited, Rampal Singh Mukhtyaar Ahmed.

[4] Aster Institute of Management Private Limited, J. S. Furnishing (P) Limited, G B Educational Society and SDS Infotech Private Limited.

Audit findings

The Audit findings, as a result of examination of sample cases and analysis of outcome of the allotment of plots are discussed in succeeding paragraphs. These audit observations have been organised as under:

- Deficiencies in systems and procedures (***Paragraphs 5.5.4 to 5.5.4.3***);
- Irregularities in allotments (***Paragraphs 5.5.5 to 5.5.5.2***);
- Violation of Policy and procedures for property management (***Paragraphs 5.5.6 to 5.5.6.11***);
- Failure in compliance of terms and conditions of scheme brochures (***Paragraphs 5.5.7 to 5.5.7.7***); and
- Outcome of allotments of Institutional and IT plots (***Paragraph 5.5.8***).

Deficiencies in systems and procedures

5.5.4 Audit noticed that deficiencies existed in systems and procedures for property management in GNIDA which led to financial losses and failure in monitoring the projects in the allotted plots. These are discussed in succeeding paragraphs.

Allotment of plots without ensuring intactness and free from encumbrances

GNIDA allotted plots without ensuring their intactness, encumbrance free status and development of infrastructure facilities.

5.5.4.1 As a matter of prudence, GNIDA should ensure that plots proposed to be allotted are free from all encumbrances and all infrastructure amenities are well developed to enable the entrepreneurs to establish their institutional and IT projects within the time prescribed in the Policy/Rules of GNIDA so that there is no delay in issuing lease plan[5] and hand over is quick and smooth. Allotment without ensuring the intactness and encumbrance free status of plots, gives rise to disputes with the allottee later on resulting in unpaid dues and their re-schedulement, allowance of zero period and delay in construction of projects.

Audit noticed that GNIDA does not have a foolproof system to ensure the intactness (free from all encumbrances) of the plots before issuing allotment letters to the allottees. Audit found instances of allotting undeveloped/ disputed/ unacquired plots, which led to failure in establishment or delayed establishment of the institutional and IT units besides financial losses to GNIDA as discussed hereunder:

- In the scheme brochure it was mentioned that the list of available plots would be displayed on the notice board but no such record regarding preparation of list of available plots for allotment and its display on the notice board was found in files submitted to Audit. This indicates that GNIDA called applications for allotment without accurate assessment of available plots which resulted in delays in issue of lease plan, execution of lease deed and giving physical possession of the allotted plot.

- Out of 47 cases of institutional and 67 cases of IT allotments test-checked, Audit noticed that eight institutional plots (total area- 33.18 hectare) and six IT plots (total area- 52.73 hectare) were disputed/encroached/ undeveloped at the time of allotments (***Appendices-5.5.2(A) and 5.5.2(B))***.

[5] A map showing the area and boundaries of the plot.

Thus, allotment of plots by GNIDA without ensuring their intactness, encumbrance free status and development of infrastructure facilities resulted in not taking off of the above 14 projects[6] defeating the intended objective of institutional and IT Sector development which indicated lack of due diligence by the Planning and Project Divisions.

In its reply, GNIDA stated (November 2020) that in many cases, there were court cases for additional compensation and agitation of farmers after allotment of plots. Further, in many cases due to not constructing/taking possession by the allottees after allotment led to encroachment by the farmers. It was also stated that the Authority is a self-financed institution and is not financially aided by the State Government. The Authority brings schemes on acquired land after paying compensation to farmers. The development works are executed from the funds received from allottees. The actual area is known only after carrying out development works.

The reply is not acceptable as GNIDA was unable to hand over physical possession of allotted plots to the allottees in the pointed out cases in time due to allotment of plots without ensuring their encumbrance free availability and intactness.

Absence of parameters for evaluation of the projects

5.5.4.2 Although, GNIDA framed the Manual for Institutional Property Management (MIPM) in March 2008 but there has been no similar manual for Property Management for IT plots till now (March 2021). MIPM mainly provides procedure for allotment, screening of applications, guidelines for transfer of plot, change in shareholding, change in constitution, renting of premises, declaration of premises as functional, time extension, *etc*.

GNIDA had not prescribed defined criteria for evaluation of the projects and of minimum turnover, minimum net worth and minimum liquidity which resulted in complete discretion in the hands of the officials.

Audit noticed that in allotment of Institutional and IT plots, GNIDA had not prescribed defined criteria for evaluation of the applicant's projects by the Screening Committee, such as financial health of the applicant, experience in the same/similar industry for which applied and parameters of minimum turnover, minimum net worth and minimum liquidity for examination of the project report submitted by the applicant. Further, GNIDA did not provide any guideline for assessment of minimum and maximum land required for any project.

This resulted in complete discretion in the hands of the officials and allotment to ineligible applicants.

In its reply, GNIDA stated (November 2020) that GNIDA constituted a committee for allotment comprising officers from Finance, Project and Planning Divisions. The allotments were made on the recommendations of the above Committee after evaluation of all the documents mentioned in the project report and with the approval of the CEO. The points to be examined by the Committee are mentioned in the scheme brochures.

The reply is not acceptable as in absence of defined criteria/parameters for evaluation of projects in the scheme brochures, the Allotment Committee made recommendations for allotment of plots at its discretion. It shows lack of due diligence on the part of GNIDA as the prospective allottees were

[6] The completion period for IT projects is seven years and extendable by maximum 36 months. While the completion period for Institutional projects is three years which can be extended by maximum 36 months.

producing the documents on undefined parameters, which could not properly assess requirement, eligibility, *etc.,* of the allottees.

Timeline for issue of checklist not fixed

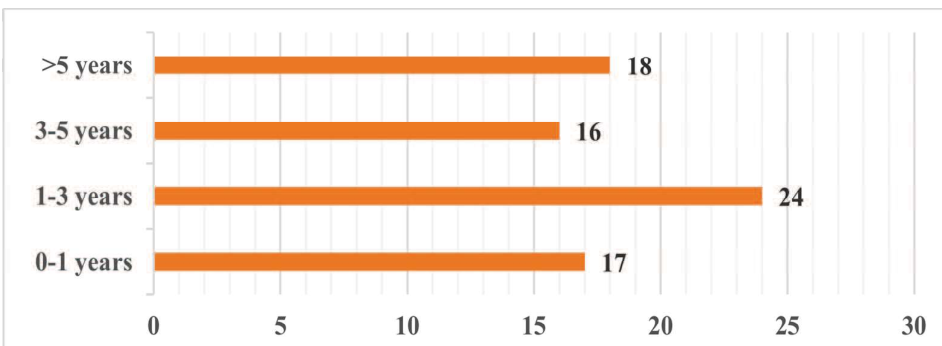
5.5.4.3 MIPM and the scheme brochure provide that the allottee is required to execute lease deed within 30 days from the date of issue of checklist[7] by GNIDA which shall be issued[8] after confirmation of receipts of allotment money. GNIDA provides 60 days for depositing allotment money from the date of allotment. However, GNIDA did not frame any time line for issue of checklist to allottees to execute lease deed.

There were delays in issue of the checklist in 75 cases of institutional and IT allotments which resulted in subsequent delays in execution of lease deed and deprived GNIDA of revenue from lease rent of ₹ 53.19 crore.

Audit noticed that out of 45 cases[9] of institutional allotment, in 31 cases allotted during May 2005 to September 2016, there were delays in issue of the checklist by GNIDA ranging from two months to 14 years which should have been issued immediately after receipt of allotment money[10]. These included nine cases with delays of more than five years. This delay in issue of checklist resulted in subsequent delay in execution of lease deed and deprived GNIDA of revenue from lease rent of ₹ 27.08 crore. (***Appendix-5.5.3 (A))***.

Similarly, out of 50 cases[11] of allotment of IT plots, in 44 cases there were delays in issue of the checklist by GNIDA ranging from seven months to nine years. These included nine cases with delays of more than five years. This resulted in delay in execution of lease deed and deprived GNIDA of revenue of lease rent of ₹ 26.11 crore ***(Appendix-5.5.3(B))***. It was also noticed that this delay was not monitored at any level. The age-wise analysis of such cases in institutional and IT plots are depicted in the **Chart 5.5.3**.

Chart 5.5.3: Delay in issue of checklist



Source: Information furnished by GNIDA.

Thus, 79 *per cent* of the test checked cases[12] were affected with this deficiency in the system, which resulted in losses to GNIDA on account of lease rent to the extent of ₹ 53.19 crore. This also led to extension in period of completion thereby delaying the projects.

7 Pre-requisite for execution of the lease deed.
8 As prescribed in the scheme brochure for allotment of Group Housing Plots.
9 Excluding two cases checked in Audit but cancelled later on, *viz.* Youth IT Solutions Private Limited and Indogulf Diagnostics and Research Centre Private Limited.
10 In absence of any time frame, Audit has taken five days as grace period for completion of formalities for issue of checklist in addition to 60 days period provided for depositing allotment money from date of allotment.
11 Excluding 17 cases checked in Audit but cancelled later on.
12 75 allotments out of total 95 allotments.

In its reply, GNIDA stated (November 2020) that delay in development work, lease plan and checklist was caused due to staff shortage. Further, in case of Vinayak Education Society GNIDA stated that there was no provision of penalty for delay in execution of lease deed in the scheme brochure. In case of Vanasthali Jain Society the lease deed was executed within the prescribed time period of 30 days after issue of checklist. In case of Shri Krishna Lifeline Hospital Limited checklist has not been issued due to complete area of plot not being available. In case of Ethnic Vastukar Private Limited, there have been delay in giving physical possession of the plot to the allottee due to farmers' agitation and court order. In case of Pelican Friends Shiksha Samiti, GNIDA stated that the checklist was issued on 23 September 2016 and allottee has been given time extension upto 31 December 2020 for execution of lease deed with penalty failing which the allotment will be cancelled as per terms and conditions of the scheme brochure. No case wise reply was given in respect of remaining allottees.

The reply is not acceptable as GNIDA should have prescribed the period to issue checklist after deposit of the allotment money. The reply of GNIDA in respect of Vinayak Education Society and Vanasthali Jain Society does not address the Audit observation relating to delay in issue of checklist by GNIDA. Further, reply of GNIDA in case of Shri Krishna Lifeline Hospital Limited and Ethnic Vastukar Private Limited is also not acceptable as GNIDA was required to ensure that the allotted plots are free from all encumbrances. In case of Pelican Friends Shiksha Samiti, the checklist was required to be issued by 5 May 2011 whereas the same was issued on 23 September 2016. The unusual delay in issuing checklists to allottees of plots increases scope for manipulation.

Irregularities in allotments

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

Allotment of plots to ineligible applicants

5.5.5.1 MIPM and the scheme brochures provide that applications would be examined by the Screening/Allotment Committee. The applicants had to submit the details regarding background of promoters, aims and objective of the institute, registration/certificate of incorporation, audited accounts and balance sheet of last three years, three years projected cash flow of the project, statement of sources of funds, liquidity certificate from any nationalised/ scheduled bank not older than six months, land use pattern, construction plan and schedule of implementation alongwith the applications.

44 plots of institutional and IT category were allotted to applicants who did not have one or more prescribed documents. Out of these, projects could be completed in only four cases.

Further, the scheme brochure also provided that if allotment is acquired through misrepresentation/suppression of material fact, GNIDA shall be free to exercise its right of cancelling the lease/allotment.

Audit noticed that out of 45 cases of allotment of institutional plots, 28 plots were allotted to applicants who did not have one or more prescribed documents relating to registration certificate, financial statements, turnover, net worth and liquidity certificate. Similarly, in 16 cases out of 50 cases of allotment of IT plots, the applicants did not have one or more documents relating to financial statements, turnover, net worth and liquidity certificate ***(Appendices 5.5.4(A) and 5.5.4(B))***. In spite of this, the Screening/Allotment

Committee recommended for these allotments which were approved by the Chief Executive Officer (CEO).

Out of above 44 cases[13] of allotment to applicants who did not submit the required documents, projects were due for completion in 31 cases as of April 2021. Of these 31 cases, projects were completed by the allottees in four cases only and in remaining 27 cases, projects were incomplete even after the expiry of the stipulated period. In seven other cases, even the lease deeds were not executed which was a pre-condition to start the project. The projects were neither due for completion nor were completed in four other cases. In remaining two cases, allotments were cancelled by GNIDA due to not complying with the terms and conditions of the scheme brochures. Failure to start and complete the projects corroborates the fact that allotments were made to applicants who were not competent to execute the projects timely. Four of the above 44 plots were transferred through change in 100 *per cent* shareholding before completion of the projects. One of these four projects was, however, completed after the transfer.

Thus, the Allotment Committee entertained the applications and recommended allotments to applicants who lacked requisite documents for allotment. On the basis of recommendations of the Allotment Committee, allotments were made by GNIDA after approval of CEO. GNIDA thus extended undue benefit to 44 allottees who were otherwise ineligible for allotment. This indicates that due diligence was not exercised by the Allotment Committee. The Government may get the matter investigated.

In its reply, GNIDA stated (November 2020) that the provisions of MIPM 2008 were not applicable on allotments prior to 2008. The allotment was made as per recommendation of Allotment Committee on the basis of documents submitted at the time of application with the approval of CEO.

GNIDA also accepted that the Authority has not prescribed any minimum norms for the applicants.

The reply only elaborates procedure for allotments. No reason for allotments made despite lack of required documents as per scheme brochure was given. Further, GNIDA not prescribing any minimum criteria for evaluation of the eligibility of the applicant for allotments of plots prior to 2008 or thereafter, shows lack of due diligence by GNIDA and leaving room wide open for manipulation and favouring ineligible applicants.

Short deposit of prescribed registration/allotment money

5.5.5.2 Clause A-1 (2) of the special terms and conditions of the scheme brochure provided that the registration money equivalent to ten *per cent*[14] of total premium of the plot area shall be submitted with application. Section A-3 of special terms and conditions of the scheme brochure provided that allotment money equivalent to 20 *per cent*[15] of total premium (after adjusting registration money) of the plot will be deposited within 60 days after issue of

[13] 28 Institutional plots and 16 IT plots.

[14] Registration money equivalent to five *per cent* of total premium of the plots for the Institutional Scheme 2009-10.

[15] Allotment money equivalent to 10 *per cent* of total premium of the plots for the Institutional Scheme 2009-10.

GNIDA failed to comply with conditions of the scheme brochure and irregularly made allotment/executed lease deed without full deposit of the registration/ allotment money.

allotment letter. Further, it stated that extension for depositing allotment money shall not ordinarily be allowed. In case of default, the allotment offer would be cancelled and the registration money will be forfeited. In exceptional circumstances, CEO may extend the time for deposit of allotment money. Clause A-5 of special terms and conditions of the scheme brochure provided that the lease deed would be executed only after deposit of allotment money.

Audit noticed that, in the following two cases, allotment/lease deed was made/executed by GNIDA despite short deposit of registration/allotment money, thereby extending undue benefit to the allottees as detailed in **Table 5.5.3.**

Table 5.5.3: Details of plots allotted without deposit of registration/allotment money

Sl. No.	Name of Allottee	Date of Allotment	Facts	Audit observation
1	Divya Foundation	20.01.2011	The allotment money of ₹ 37.73 lakh had to be deposited by 21.03.2011, *i.e.*, 60 days from the allotment letter. The checklist for execution of lease deed was issued (09.02.2011) and lease deed was executed on 22.02.2011. The allottee deposited the allotment money only on 21.03.2012.	In violation of terms and condition of scheme brochure, GNIDA executed lease deed without deposit of allotment money which was deposited after lapse of 13 months from the date of the lease deed. Instead of forfeiting the registration money amounting to ₹ 37.73 lakh, the Institutional Division extended undue favour to the applicant by executing the lease deed.
2	Divine Star Race Educational Trust	27.09.2016	The registration money ₹ 1.20 crore was to be deposited with the application. The allottee deposited only ₹ 1.09 crore, *i.e.*, short by ₹ 11.00 lakh at the time of application which was deposited (22 November 2016) after allotment.	GNIDA ignored short deposit of registration money and allotment was made to the allottee instead of rejecting the application. This resulted in undue favour to the applicant.

Source: Information furnished by GNIDA.

Thus, GNIDA failed to comply with conditions of the scheme brochure and irregularly made allotment/executed lease deed without full deposit of the registration/allotment money.

In its reply, GNIDA accepted (November 2020) the audit observation in respect of Divya Foundation and stated that responsibility of the Allotment Committee ends with issue of allotment letter. It was further stated that the allottee is not paying its dues presently and final show cause notice for termination of allotment has been issued to the allottee. No reply was furnished in respect of Divine Star Race Educational Trust.

The reply of GNIDA confirms the contention of Audit that undue benefit was extended to Divya Foundation by execution of lease deed without deposit of full allotment money.

Violation of policy and procedures for property management

5.5.6 The Management of GNIDA failed to ensure compliance to the policy and procedures for property management as discussed in the succeeding paragraphs.

Provisions of the Manual for Institutional Property Management not complied with

5.5.6.1 The MIPM stipulated terms and conditions for allotment of plots under institutional category in detail. The applications for allotment of plots were finalised as per terms and conditions mentioned in the scheme brochures of GNIDA. Any deviation or dilution of the provisions of MIPM without justification and due approval was irregular which could also lead to loss of revenue to GNIDA.

Audit test checked four schemes (INS06, INS09, INS10-14 and INS 11-2016) of institutional plots and noticed deviations in the scheme brochures *vis-à-vis* provisions of MIPM as detailed in **Table 5.5.4.**

Table 5.5.4: Deviations in the scheme brochures *vis-à-vis* provisions of MIPM

Sl. No.	Provision of the Manual	Deviation in Scheme Brochure from the provisions of the Manual				Implication
		Scheme INS06	Scheme INS09	Scheme INS 10-14	Scheme INS 11-16	
1.	*Eligibility for applying:* Para B 1 of MIPM stated that for allotment of institutional plots, an Individual, firm, trust, registered society or body corporate can apply. However, for allotment of plots for Educational Institution or Vocational Training Institute, Individual or Company were not eligible to apply. Further, vide amendment (June 2008[16]) in MIPM, the companies registered under Companies Act were made eligible for allotment of plots for above purposes, if recognising body permits the company for the same. The applicant was to submit an undertaking with the application for the above recognition and in case of failure to get recognition, the allottee had to surrender the plot.	Though the scheme brochure stated that Company registered under the Companies Act, 1956 can apply, it did not mention the condition of permission from the recognising body and submission of undertaking by applicant for above recognition.				The allotment of plots was made to eight allottee companies[17] without undertaking for recognition of the educational institute from the respective recognising bodies, *viz.,* UGC, AICTE, CBSE and others. The recognising bodies require that the applicant company should be registered as 'Not for Profit' Company under Section 25 of Companies Act, 1956. However, none of these companies was registered as Not for Profit Company under the Companies Act, 1956.
2.	*Forfeiture of registration money:* Para C-2 of MIPM stated that if felt necessary, the applicant will be invited for detailed discussion/ presentation of his/her project. In case of applicants	The Condition regarding forfeiture of registration money in case of failure to appear for presentation by the applicant was not mentioned in the scheme brochures.				-

16 70th Board meeting agenda item No. 12.

17 Conwood Medipharma Private Limited, Triupati Aircon Private Limited, Greater Noida Health And Education Private Limited, Aster Institute of Management Private Limited, Radiant Publishers and Information System Private Limited, J.S. Furnishings (P) Limited, Youth I.T. Solutions Private Limited and LEAD Infra services Private Limited.

Sl. No.	Provision of the Manual	Deviation in Scheme Brochure from the provisions of the Manual				Implication
		Scheme INS06	Scheme INS09	Scheme INS 10-14	Scheme INS 11-16	
	not appearing for presentation, registration money shall be forfeited without any further notice.					
3.	*Location charges:* As per Para F of MIPM, for plots on corner, facing park or green belt and 45-meter road, additional 5 *per cent* of premium for each would be charged. For plots having more than one location benefit, location charges would be added.	The provision of location charges for plots on corner, facing park or green belt was not mentioned in the brochures of scheme INS06 and INS09.				In three cases[18] of allotment of institutional plots, the location charges were not levied as discussed in the subsequent para.
4.	*Pre-payment:* No rebate on interest shall be allowable in case pre-payment is made in parts.	Provision not mentioned in the scheme brochures.				Violation of the condition in case of Shanti Devi Murlidhar Educational Society is discussed in the subsequent para.

Source: Information furnished by GNIDA.

Due to not including the MIPM provisions in scheme brochures, ineligible companies were allotted eight institutional plots and location charges of ₹ 1.77 crore were not levied.

It is evident from the above Table that the eight companies were allotted institutional plots on recommendation of the Screening Committee with the approval of CEO which were not registered as 'Not for profit' Company under Section 25 of Companies Act, 1956 – a pre-requisite for recognition as educational institution, hence they were ineligible for allotment as per amended clause of MIPM but not incorporated in the scheme brochures.

Further, due to not including the MIPM provision for location charges in respect of corner plot and plot facing park/green belt in the scheme brochures, GNIDA failed to charge corner charges of ₹ 1.77 crore with respect to three allottees as detailed in ***Appendix-5.5.5.***

Moreover, as per provision of MIPM no rebate on interest shall be allowable in case of pre-payment of installments of premium and interest thereon in made in part. Audit noticed that an institutional plot of area 27,000 sqm was allotted (June 2015) to Shanti Devi Murlidhar Educational Society at a premium of ₹ 35.63 crore. The Institutional Division allowed rebate of ₹ 0.44 crore for pre-payment of installments made in parts which was in violation of provision of the MIPM and resulting in loss to GNIDA.

In its reply, GNIDA stated (November 2020) that provisions of Property Manual had been incorporated in the aforesaid schemes. The recognition of the course is obtained by the allottee education institutions after allotment before commencement of the session and the MIPM did not prescribe requirement of recognition certificate from approving Authority/Body at the time of allotment. Further, GNIDA stated that the location charges were waived off by the Board in the 112th Board Meeting (7 July 2018) for those allottees who were not informed about location charges. The Authority is an autonomous and self-financed body and its Board is fully empowered to waive off location charges. In regard to pre-payment of interest, allottee can deposit

[18] LEAD Infra Services Private Limited, Chandralekha Foundation and Divya Foundation.

whole or part of the due amount as per rules of the Authority. Hence, there was no loss to GNIDA.

The reply is not acceptable as specific provisions of MIPM were not included in the above schemes brochures. The ineligible companies were allotted institutional plots who were not registered under Section 25 of the Companies Act, 1956 and undertakings for recognition of institution were not obtained from the allottees at the time of application. Further, regarding location charges and pre-payment of interest, the reply of GNIDA is also not acceptable as these losses occurred due to not incorporating laid down provisions of MIPM in the schemes brochures. The contention of GNIDA that location charges were waived off by the Board is unacceptable as GNIDA failed to intimate the levy of location charges to the allottees by its own mistake. The responsibility for not including such clauses in the scheme brochures should be fixed as it has impact on revenue of GNIDA.

Failure to withdraw 25 per cent rebate on the premium from the allottees who did not adhere to the completion schedule

5.5.6.2 According to the IT Policy 2004 of GoUP, Information Technology or Electronics units set up in the State with an investment of ₹ 50 crore or more shall be classified as mega investment units. The mega investment units shall be given land at a rate at least 25 *per cent* lesser than the sector rate by Development Authorities, Industrial Development Authorities and Uttar Pradesh Avas Evam Vikas Parishad. Further, the scheme brochure provided that the allottees will make the minimum investment of ₹ four crore per acre excluding land cost within seven years from the date of lease deed and an annual certificate of expenditure from Chartered Accountant and approved Valuer was required to be submitted in this regard. If the said investment is not made by the allottee then the rebate will lapse[19] and the allottee has to deposit the rebate amount with interest in the accounts of GNIDA. The scheme brochure also provided that the lessee shall have to invest 30 *per cent* of the minimum acceptable investment in the first three years (excluding land cost) and 100 *per cent* of the minimum acceptable investment in seven years.

GNIDA neither ensured the timelines of the execution of the mega investment IT projects nor withdrew the rebate of 25 *per cent* amounting to ₹ 102.27 crore for mega investment units.

Audit noticed that out of 50 cases of allotment IT plots, 19 allottees did not submit annual certificate of expenditure from Chartered Accountant and approved Valuer which indicates that required investment excluding cost of the land was not made by these allottees. However, the Planning Division neither ensured the time bound construction nor the Institutional Division demanded annual certificate of expenditure from the allottees. Therefore, the rebate of 25 *per cent* amounting to ₹ 102.27 crore (***Appendix-5.5.6***) for mega investment units was to be recovered from the allottees alongwith interest of ₹ 99.30 crore by the Institutional Division but it failed to do so.

Thus, GNIDA neither ensured the timeline of the execution of the mega investment projects nor withdrew the rebate there by extending undue benefit of ₹ 201.57 crore. Lack of due diligence on the part of the Institutional Division is evident in the matter.

In its reply, GNIDA accepted (November 2020) the audit observation and stated that notices have been issued for deposit of mega investment rebate

[19] The completion period for IT projects is seven years and extendable by maximum 36 months.

alongwith interest in accordance with the decision of 117th Board meeting that the rebate of mega investment will be withdrawn if the allottee did not complete the project within timeline and fails to submit certificate of investment. However, no responsibility has been fixed by GNIDA for not monitoring the submission of annual certificates of expenditure and completion of the projects within timeline by the allottees. Recovery of said rebate is awaited (March 2022).

Undue favour by allotting institutional plots for commercial activities

5.5.6.3 Clause 2 of Chapter I of the Greater Noida Industrial Development Area (Preparation, Revision and Finalisation of Plan), Regulations, 2012 defined the 'commercial use' and 'institutional use' as being defined in the Master Plan. The Master Plan 2021 stated that institutional land use comprised area of Government/Semi Government and private institutions and offices, regional level institutions (IT and ITeS use) and public utilities. The land rates for institutional categories ranged from ₹ 190 per sqm in 1993-94 to ₹ 11,590 per sqm in 2014-15 which were lower than the land rate for commercial category ranging from ₹ 2,375 per sqm in 1993-94 to ₹ 44,245 per sqm in 2014-15.

In the 46th Board meeting (25 March 2003), an issue regarding allotment for milk booth, nursing home and petrol pump through invitation of tenders was proposed on the ground that these activities are of commercial nature. The Board directed the Management to put up the proposal after analysing the rates.

Further, in its 47th meeting (30 June 2003), the Board approved the proposal for determining procedure for allotment of petrol pumps through tender considering it as commercial activity. However, the procedure for allotment was put up late in the 100th Board meeting (4 February 2015) wherein the Board decided to fix the reserve price for allotment of petrol pumps at the rate applicable for commercial category. The petrol pumps were accordingly allotted under commercial category during the schemes launched in February 2015 and September 2016. The milk/vegetable booths were also allotted under commercial category from the schemes launched in July 2006.

Further, the Board in its 51st meeting (8 November 2004) decided that it is not justifiable to allot land for office to private institutions in institutional category. This type of allotments fell under commercial category. Moreover, on comparing the allotment of offices in another development authority in the vicinity, Audit noted that allotment of office spaces is covered under commercial category in Delhi Development Authority (DDA) also.

Thus, the activities of petrol pump/CNG station, milk booth, private nursing home/hospitals, and offices for companies/firms were of the commercial nature. However, inspite of the approval of the Board in June 2003 to allot the petrol pumps under commercial category, the petrol pumps/CNG stations were continued to be allotted under institutional category upto year 2007-08 by the Institutional Division as the procedure for its allotment was not finalised. GNIDA took 11 years and eight months to finalise the procedure in February 2015.

Audit noticed that the GNIDA allotted 99 plots for petrol pumps, milk/vegetable booths, private nursing homes/hospitals and companies/firms' offices during the years 1993-94 to 2015-16[20] by considering them under the institutional category instead of under the commercial category though these uses did not conform to institutional land use.

Besides, Audit also cross checked the documents with Registrar of Companies which confirmed that none of the allottee companies have registration as non-profit company under Section 25 of the Companies Act, 1956/Section 8 of the Companies Act, 2013.

GNIDA extended undue benefit of ₹ 532.74 crore to 99 allottees by allotting the 'institutional' plots for 'commercial' activities.

Therefore, due to considering the allotment to entities with commercial nature under the institutional category at the corresponding lower rates, GNIDA lost revenue on account of land premium and lease rent aggregating to ₹ 268.36 crore during the years 1993-94 to 2015-16 and interest of ₹ 250.96 crore at the rate of eight *per cent* upto March 2021 (***Appendix-5.5.7***).

It was further observed that the stamp duty due on registration of properties was applicable at the rate of five *per cent* of premium amount *plus* one-time lease rent[21]. Consequent to allotment of the above 99 plots under institutional category, the State Exchequer was also put to loss of revenue amounting to ₹ 13.42 crore towards stamp duty.

Thus, GNIDA extended undue benefit of ₹ 532.74 crore to 99 allottees by allotting the institutional plots for commercial activities.

During the Exit Conference (January 2021), the State Government and GNIDA stated that action in the light of Audit observation will be taken after receipt of the Audit report and guidelines will be issued after consulting Chief Town and Country Planner (CTCP) which is awaited (March 2022).

Loss due to inadmissible allotment of institutional green area at token amount

5.5.6.4 In the 40th Board meeting (17 July 2001), it was decided that the institutional allottees will be allotted 25 *per cent* additional area free of cost in the institutional green category for development of green belt. However, in the 51st Board meeting (08 November 2004), it was decided not to allot 25 *per cent* green area to institutional allottees free of cost.

Audit noticed that out of 45 cases[22] of allotment of institutional plots, in two cases, Institutional Division allotted 25 *per cent* of the allotted land in institutional green category at token amount of one rupee per acre instead of the prevailing land rate against the decision of the Board. The details of allotments are given in **Table 5.5.5.**

Table 5.5.5: Details of allotment of Institutional green area at token amount

Sl. No.	Name of allottee	Date of allotment	Size of Plot (sqm)	25 *per cent* green area	Rate applicable at the time of allotment	Premium (₹ in crore)	One-time lease rent (27.5 *per cent* of premium) (₹ in crore)
1	**2**	**3**	**4**	**5 = col.4*25 *per cent***	**6**	**7=col.6*col. 5**	**8**
1.	Saket Education Society	12.05.2005	202350	50588	1250	6.32	1.74

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[20] 44 plots upto May 2003 and 55 plots from June 2003.

[21] 11 *per cent* of the premium amount applicable to Commercial category allotments.

[22] Excluding two allotment cases in sample which were subsequently cancelled by GNIDA.

Sl. No.	Name of allottee	Date of allotment	Size of Plot (sqm)	25 *per cent* green area	Rate applicable at the time of allotment	Premium (₹ in crore)	One-time lease rent (27.5 *per cent* of premium) (₹ in crore)
1	**2**	**3**	**4**	**5 = col.4*25 *per cent***	**6**	**7=col.6*col. 5**	**8**
2.	Icare Health Projects and Research Private Limited	12.05.2006	231934	57982	1375	7.97	2.19
Total			**434284**	**108570**		**14.29**	**3.93**

Source: Information furnished by GNIDA.

It is evident from the above table that GNIDA suffered loss of ₹ 18.22 crore on account of premium and lease rent due to allotment of 25 *per cent* area of allotted land at one rupee per acre. Besides, there was also loss of stamp duty of ₹ 0.91 crore at the rate of five *per cent* of premium and lease rent to the State Exchequer in above cases. There was also loss of interest amounting to ₹ 22.35 crore on the premium and lease rent upto March 2021.

GNIDA extended undue benefit of ₹ 41.48 crore to two allottees by allotting the green area at token money of one rupee per acre even after withdrawal of the provision for free allotment by the Board.

Thus, GNIDA extended undue benefit of ₹ 41.48 crore to two allottees by allotting the green area even after withdrawal of the provision for free allotment by the Board.

In its reply, GNIDA stated (November 2020) that the decision of the Board was not to allot green area free of cost. Therefore, green area was allotted at licence fee of one rupee per acre with approval of the CEO.

The reply of GNIDA is not acceptable as GNIDA violated decision of the Board not to allot green area free of cost and charged token money of one rupee per acre which tantamounts to giving it free. It is notable that GNIDA in another case of allotment under Institutional green scheme (Customised Call Centre Service Limited), allotted (March 2011) the total area of plot at the prevailing rate.

During the Exit Conference (January 2021), the State Government and GNIDA accepted the facts and assured action after investigation of the matter. The action in the matter was awaited (March 2022).

Short charging of premium due to lower fixation of land rate

5.5.6.5 An agenda pertaining to fixation/approval of sale price for the year 2013-14 of various land uses was placed in the 95th Meeting (27 May 2013) of the Board of GNIDA. The Board approved the land rate for allotment in electric sub-station category at the rate of ₹ 7,010 per sqm (an increase of 8.53 *per cent* over the rate of ₹ 6,460 per sqm for 2012-13. Further, in the 96th Meeting (29 November 2013) the Board of GNIDA reduced the rate to ₹ 4,165 per sqm as per recommendation of the Rate Fixation Committee which cited the request of the allottee (Noida Power Company Limited[23]) and public interest.

In the 97th Board meeting (12 February 2014), GNIDA fixed the land rate for allotment in electrical sub-station category at ₹ 4,590 per sqm (an increase of 10.21 *per cent*) for the year 2014-15 taking the base rate of ₹ 4,165 per sqm of

[23] A joint venture between a private party (72.73 *per cent* shareholding) and GNIDA (27.27 *per cent* shareholding).

Six plots were allotted to NPCL for electric sub-stations at lower rate in the year 2013-14 and 2014-15 due to which GNIDA suffered loss on account of premium and one-time lease rent aggregating to ₹ 38.66 crore. GNIDA had been charging market rate to NPCL before and after these allotments.

previous year 2013-14. Further, the land rate for electric sub-station was increased to ₹ 8,615 per sqm for the year 2015-16 without any linkage to the base rate of the previous year, *i.e.*, ₹ 4,590 per sqm. As full rates were restored in 2015-16, reduction of rates of electric sub-station category for 2013-14 and 2014-15 for allotment to NPCL was not justified.

Audit noticed that six plots were allotted to Noida Power Company Limited (NPCL) for electric sub-stations at lower land rate of ₹ 4,165 per sqm and ₹ 4,590 per sqm in the year 2013-14 and 2014-15 respectively instead of allotting the land by taking the base rate ₹ 7,010 per sqm for 2013-14 and ₹ 7,726 per sqm[24]for 2014-15. As a result, GNIDA suffered loss on account of premium and one-time lease rent aggregating to ₹ 23.66 crore as detailed in **Table 5.5.6**.

Table 5.5.6: Loss due to incorrect fixing of land rate

Sl. No.	Allotment Number	Date of allotment	Size of the plot (in sqm)	Rate applied for allotment (in ₹)	Rate to be applied for allotment (in ₹)	Loss of premium (₹ in crore)	One-time lease rent at the rate 27.5 *per cent* of premium (₹ in crore)
1	2	3	4	5	6	7=(col.6-col.5)* col.4	8
1	INS0900097	29.04.2013	37281.17	4165	7010	10.61	2.92
2	INS1000001	13.03.2014	2560.00	4165	7010	0.73	0.20
3	INS1000002	13.03.2014	2400.00	4165	7010	0.68	0.19
4	INS10-1400019	11.11.2014	16806.76	4590	7726	5.27	1.45
5	INS10-1400020	11.11.2014	2400.00	4590	7726	0.75	0.21
6	INS10-1400048	17.03.2015	1630.00	4590	7726	0.51	0.14
Total						**18.55**	**5.11**

Source: Information furnished by GNIDA

In addition to above, this also caused loss of stamp duty to the State Exchequer of ₹ 1.18 crore and there was consequential loss of interest ₹ 13.82 crore on the premium and lease rent. Thus, GNIDA suffered loss and also extended an undue benefit of ₹ 38.66 crore in above six allotments.

In its reply, GNIDA stated (January 2021) that on request of Noida Power Company Limited (NPCL), the plots were allotted for electric sub-stations at reduced land rate due to inclusion of only external development cost and land acquisition cost. Further, the rates were duly approved in 96th Board meeting (29 November 2013). Besides, GNIDA is in joint venture (27.27 *per cent*) with NPCL.

The reply is not acceptable as GNIDA is in joint venture with NPCL since its inception (November 1993), however, GNIDA itself allotted four plots[25] to NPCL for electric sub-stations at full land rate in the year 2013-14. Further, GNIDA allotted all plots to NPCL for electric sub-stations at full land rate in the year 2015-16. The contention of GNIDA that the lower rates were duly approved in 96th Board Meeting is also not acceptable as during 2013-14, on one single date (29 April 2013) three allotments were made at higher rate of ₹ 7,010 per sqm while one allotment was made at lower rate of ₹ 4,165 per sqm even prior to approval of lower rate by the Board (29 November 2013).

Failure to recover Location Charges from allottees

5.5.6.6 The scheme brochure (2003-04) provided levy of location charge at the rate of five *per cent* of total premium in case of allotted plot located in any

[24] Considering the increase of 10.21 *per cent* in base rate adopted by GNIDA.
[25] Plot numbers - INS0900095, INS0900096, INS0900098 and INS0900100.

phase of Knowledge Park or on 45 metre and above size roads, if plot size was 15 acre or less. Later on, as per Section F of MIPM, 2008, the location charges were levied for corner plot, park/green belt facing and plot facing 45 meters or above road at the rate of five *per cent* of the premium for each instance of advantage. Thus, if any plot was having more than one location benefit, the location charges for the same will be added. Further, the Board (112th meeting) had decided to waive off the location charges in those cases of charitable organisations where applicability of location charges was not intimated to the allottees.

GNIDA did not levy/short levied/waived the location charges amounting to ₹ 8.35 crore in 12 cases.

Audit noticed that inspite of levy of location charges being mentioned in the MIPM, GNIDA did not levy/short levied/waived the location charges amounting to ₹ 8.35 crore in 12 cases allotted during May 2005 to March 2015 (***Appendix-5.5.5***). Besides, on the unrecovered location charges there was loss of lease rent of ₹ 2.29 crore[26] and stamp duty of ₹ 0.52 crore in these cases as location charges is part of the premium of the allotted plot. Further, in one case (Delhi Public School Society) GNIDA recovered (November 2020) location charges of ₹ 0.72 crore after being pointed out by Audit.

Thus, GNIDA did not exercise due diligence and extended undue benefit of ₹ 11.16 crore to 12 allottees on account of not charging location charges.

In its reply, GNIDA stated (November 2020) that in cases of Sunshine Educational & Development Society, J. S. Furnishings (P) Limited and Vanasthali Jain Society, location charges were waived off in accordance with the decision of 112th Board meeting. Further, GNIDA informed that location charge was not levied on Vinayak Education Society as it was situated on 24 metre-wide road.

The reply is not acceptable as location charges were to be levied as per terms and conditions of scheme brochure (2003-04) and MIPM 2008. Moreover, the contention of GNIDA that location charges were waived off by the Board is not acceptable as GNIDA had failed to intimate the levy of location charges to the allottees due to its own mistake. In case of Vinayak Education Society also the contention of GNIDA is not acceptable as location charge was to be levied as per brochure condition for plot being situated in the Knowledge Park sector.

Charges for change in constitution/transfer for institutional plots not levied

5.5.6.7 Section P of the MIPM, 2008 provides that the 'Change in Constitution'[27] (CIC) may be allowed by Chief Executive Officer or its authorised officer with levy of CIC charges (10 *per cent* of total premium prevailing at the time of granting permission levied on *pro-rata* basis in proportion of shares transferred). In case where 100 *per cent* CIC charges are levied, such cases would be treated at par with transfer cases.

Audit noticed that out of 45 cases of allotment of institutional plots, in four cases, the Institutional Division did not levy CIC charges (at the rate of 10 *per cent*) for 100 *per cent* change in shareholders/members which resulted in loss to GNIDA. The details are given in **Table 5.5.7.**

[26] One time lease rent at the rate 27.5 *per cent* of the short recovered location charges.
[27] 'Change in Constitution' imply change in the partners/members/shareholders of the entity.

Table 5.5.7: Details of not-levying of Change in Constitution/Transfer charges for institutional plots

Sl. No.	Name of allottee	Date of Allotment	Date/ Year of CIC/ Transfer	Premium at the time of CIC/ Transfer (₹ in lakh)	Rate of CIC/ Transfer (in *per cent*)	Amount of CIC/ Transfer charges to be levied (₹ in lakh)
1	2	3	4	5	6	7=(col.5*col.6/100)
1.	Radiant Publishers and Information Systems Pvt. Limited	14.02.2006	05.05.2017	3213.21	10	321.32
2.	Family Care India Private Limited	01.12.2014	11.05.2015	150.05	10	15.01
3.	Vinayak Educational Society	14.08.2006	2008-09	755.02	10	75.50
4.	GB Educational Society	20.05.2005	12.10.2015	2652.64	10	265.26
					Total	**677.09**

Source: Information furnished by GNIDA.

In four cases, GNIDA did not levy CIC charges for 100 *per cent* change in shareholders/ members which resulted in loss of ₹ 6.77 crore to GNIDA.

This resulted in undue advantage of ₹ 6.77 crore to four allottees and corresponding loss to GNIDA on account of CIC/transfer charges not levied by GNIDA. Further, change in ownership through transfer of 100 *per cent* shareholding after allotment of plots has resulted in non-transparent allotments by manipulation of system to entities who otherwise may not have been eligible.

In its reply, GNIDA stated (November 2020) that in case of Vinayak Educational Society the allottee has not sought permission for transfer of plot and transfer charges will be leviable if the allottee submits transfer documents. As per Societies Registration Act, 1860 the members of the society can be changed. No reply was given in respect of remaining three cases.

The reply is not acceptable as in cases of Vinayak Educational Society and others, GNIDA did not levy the CIC charges though the details of change in 100 *per cent* shareholders/members were available in the records submitted to Audit.

Charges for transfer of shareholding for IT plots not levied

5.5.6.8 The Board of GNIDA in its 75th Meeting (23 December 2008) allowed upto 100 *per cent* Change in Shareholding (CIS) in respect of IT/ITeS plots which were still not functional, on payment of transfer charges upto 10 *per cent* of the current premium rate applicable at the time of transfer on pro-rata basis. Further, as per Government of Uttar Pradesh Order (October 2009), the transfer charges were reduced to two *per cent* upto March 2011 due to global economic slowdown.

Audit observed that out of 67 cases[28] of allotment of IT plots, in six cases GNIDA did not levy transfer charges for change in shareholding of the allottees' company as detailed in **Table 5.5.8.**

[28] Including 17 cases allotment of which was cancelled by GNIDA.

Table 5.5.8: Details of transfer charges for IT plots not levied

Sl. No.	Name of the allottee	Date of allotment	*Per cent* of Share-holding change	Date of share-holdings transfer	Premium amount at date of transfer (₹ in crore)	Rate of Transfer charge for 100 *per cent* share holding	Transfer charges not levied (₹ in crore)
1	2	3	4	5	6	7	8= (col 6*col 7/100*col 4/100)
1	S. P. Sai I.T. Pvt. Ltd.	03.10.2008	25	18.01.2013	43.77	10	1.09
2	Pivotal Infotech Pvt. Ltd.	05.09.2008	80	28.09.2010	7.53	2	0.12
3	Splender Infopark Pvt. Ltd.	09.04.2006	70	27.08.2014	23.11	10	1.62
4	Grand Peak Infrastructure Pvt. Ltd.	16.11.2007	80	24.01.2011	22.88	2	0.37
5	Regalia Infotech Pvt. Ltd.	29.01.2007	100	07.12.2010	9.46	2	0.19
6	RMA Software Park Pvt. Ltd.	30.10.2008	100	24.04.2014	52.32	10	5.23
Total							**8.62**

Source: Information furnished by GNIDA.

In six cases GNIDA did not levy transfer charges of ₹ 8.62 crore for change in shareholding of the allottees' company.

Thus GNIDA did not charge transfer of share-holding charges of ₹ 8.62 crore which constituted undue favour to above allottees and corresponding loss to GNIDA. Besides, allotment of two plots, *viz.*, Splender Infopark Private Limited and Regalia Infotech Private Limited were cancelled in 2016 and 2018 respectively without recovery of transfer charges amounting ₹ 1.81 crore, chances of recovery of which are remote. Further, change in ownership through transfer of 100 *per cent* shareholding after allotment of plots has resulted in non-transparent allotments by manipulation of system to entities who otherwise may not have been eligible.

In its reply, GNIDA stated (November 2020) that CIS charge was withdrawn as per decision of 86th Board Meeting (based on GoUP order dated 11 October 2010) and no further permission was required before change in shareholding. Hence, no CIS was charged from the allottees.

The reply is not acceptable as the Government order dated 11 October 2010 was regarding not levying of stamp duty and nothing was mentioned in the order about CIS charges. It may also be noted that GoUP has rescinded (February 2020) the order stating that this resulted in decrease in revenue of the Government.

Short levy of additional course fee

5.5.6.9 According to the GNIDA Order (March 2014), 10 *per cent* of prevailing rate of premium is chargeable as 'permission fee' for additional courses to be added by the allottee educational institutions to originally approved courses. The additional courses are to be made operational within two years from the date of permission otherwise it lapses *suo moto*.

Due to short levy of additional course fee GNIDA suffered loss of ₹ 8.56 crore.

Audit noticed that in two cases of allotment of institutional plots, the allottees requested GNIDA to grant permission to add additional courses to originally approved course to operate on the allotted plot which was permitted by GNIDA. In one[29] of these cases, the additional course fee was short levied by ₹ 0.86 crore. Further, as the additional courses were not made operational within two years from the date of permission, the permission lapsed *suo moto* in both the cases. However, GNIDA failed to monitor and levy the additional

[29] Good Enough Education Trust.

course fee afresh at the rate of 10 *per cent* of prevailing rate of premium as detailed in **Table 5.5.9.**

Table 5.5.9: Details of short levy of additional course fee

Sl. No.	Name of the allottee	Date of allotment	Date of permission for additional course	Additional course fee not levied (₹ in crore)	Interest at the rate eight *per cent* p.a. upto March 2021 (₹ in crore)	Status of project
1	Good Enough Education Trust	14.11.2008	29.05.2014	3.51	1.49	Functional since 15.03.2018
2	Vishwanath Educational Charitable Trust	13.04.2006	04.02.2015	2.84	0.72	Not functional
	Total			**6.35**	**2.21**	

Source: Information furnished by GNIDA.

Thus, GNIDA suffered loss of ₹ 8.56 crore due to short levy of additional course fee and not levying of additional course fee afresh after lapse of earlier permission amounting to ₹ 6.35 crore and interest of ₹ 2.21 crore thereon and thereby extended undue benefit to the allottees.

In its reply, GNIDA accepted (November 2020) the short recovery of additional course fee and stated that recovery process for short recovered fee has been initiated.

Not levying of penalty for delay in completion of projects

5.5.6.10 As per GNIDA office orders[30], a project of institutional plot shall be completed within three years from execution of lease deed. Thereafter, the time extension for completion shall be granted with levy of penalty at the rate of 0.5 *per cent* of premium per month upto three additional years and beyond that, the rate of penalty will be at the rate of one *per cent* of premium per month upto 31 December 2017. Thereafter, the penalty shall be levied at the rate of 1.5 *per cent* and two *per cent* of premium per month for the years 2018 and 2019 respectively as decided in 113th Board meeting (4 December 2018).

GNIDA extended undue benefit of ₹ 297.84 crore to 36 allottees due to not levying of penalty for not completing projects in time.

Audit noticed that out of 45 cases of allotment of institutional plots, in 36 allotments[31], allottees neither completed their project within stipulated time and the Institutional Division did not levy or short levied penalties amounting to ₹ 297.84 crore (***Appendix-5.5.8***). It is the prime responsibility of GNIDA's Planning and Institutional Divisions to ensure the compliance of terms and conditions of the execution and completion and to impose penalty accordingly on defaulters.

Thus, GNIDA extended undue benefit of ₹ 297.84 crore to 36 allottees due to not/short levying of penalty for not completing projects on time and suffered significant loss of revenue as adequate due diligence was not exercised by the Planning and Institutional Divisions. This also affected timely development of the area.

In its reply, GNIDA accepted (November 2020) the audit observation and stated that the penalty amount for delay in project completion is recovered from the allottee at the time of application for completion certificate of project

[30] 24 August 2012, 31 May 2013, 9 September 2014 and 13 January 2016.

[31] Out of 45 cases, in 37 cases lease deeds were executed while in remaining 8 cases lease deed were not executed. Out of 37 cases where lease deeds were executed, in 36 cases the completion period of three years had already expired while in one case project was yet not due for completion as of March 2021.

and penalty is calculated upto date. After deposit of penalty, time extension certificate is issued.

The fact remains that penalty has been not/short levied for delays in completion of projects. The contention of GNIDA regarding recovery of penalty at the time of application for completion certificate for the project by the allottee is not acceptable as it further delays the project in absence of levy of penalty in due time and it also impacts the revenue of GNIDA.

Penalty not levied on allottees for not obtaining functional certificate

Five allottees did not apply for functional certificate within the stipulated time but GNIDA did not levy penalty amounting to ₹ 6.05 crore.

5.5.6.11 Section O of MIPM 2008 and scheme brochures provide that it is essential to obtain functional certificate from GNIDA within six months from issue of completion/occupancy certificate. In case of failure to obtain such certificate, the allottee would be liable to pay penalty at the rate of four *per cent* of the total premium per year (calculated on monthly pro-rata basis).

Audit noticed that out of 45 cases of allotment of institutional plots, five allottees did not apply for functional certificate within the stipulated time after obtaining the completion/occupancy certificate as per the Manual but the Institutional Division did not levy penalty amounting to ₹ 6.05 crore in the five completed projects as detailed in the **Table 5.5.10.**

Table 5.5.10: Details of penalty for delay in issuance of functional certificate not levied

Sl. No.	Name of allottee	Area (in Sqm)	Premium (₹ in crore)	Date of completion	Due date of being functional	Delay in issue of functional certificate (in months upto March 2021)	Penalty not levied (₹ in crore)
1	2	3	4	5	6	7	8
1	Four Seasons Foundation	1,13,316	13.31	30.07.2014	28.01.2015	74	3.28
2	Accurate Education & Research Society	60,954	7.92	10.02.2017	11.08.2017	44	1.16
3	Sunshine Educational & Development Society	20,500	14.73	30.05.2019	30.11.2019	16	0.79
4	Vinayak Education Society	20,251	3.84	28.02.2017	29.08.2017	43	0.55
5	Sri Sai Kirpa Society	6,435.55	1.01	09.01.2014	10.07.2014	65	0.27
Total							**6.05**

Source: Information furnished by GNIDA.

In its reply, GNIDA stated (November 2020) that the lease deed of Accurate Education and Research Society was executed in the year 2005 when functional certificate was not made mandatory. The requirement of functional certificate can be imposed as per terms and conditions of brochure and lease deed.

The reply is not acceptable as completion certificate was issued in case of Accurate Education and Research Society in February 2017, *i.e.,* after application of provisions of MIPM. Therefore, the functional certificate was to be obtained by the allottees within six months of completion otherwise penalty was to be levied.

Failure in compliance of terms and conditions of scheme brochures

5.5.7 During the course of audit of sample cases, it was noticed that several terms and conditions of the brochures of the schemes were not complied with, which led to financial loss to GNIDA. These Audit observations are discussed in the succeeding paragraphs.

Short levy of penalty for delay in execution of lease deed

5.5.7.1 The scheme brochure for allotment of institutional plots provides that the allottees are required to execute lease deed and take physical possession of the plot within 30 days from the date of issue of check-list. In the event of failure to do so, the allotment would be liable for cancellation. In exceptional circumstances, Chief Executive Officer or its authorised officer can grant time extension for a maximum of 12 months on payment of penalty equivalent to annual lease rent.

Further, GNIDA Orders (24 August 2012 and 09 September 2014) provided the rate of penalty for institutional properties equal to proportionate annual lease rent during the first year of delay; thereafter at the rate of 1.5 times of proportionate annual lease rent upto 24 months and beyond 24 months at the rate of one *per cent* of premium amount per month on delayed execution of lease deed.

In case of IT plots allotment, GNIDA decided (85th Board meeting dated 31 August 2010) that the allottee will have to execute the lease deed within 30 days from the date of issue of the checklist and take physical possession of the plot within fifteen days after issue of possession order thereafter. The extension, if granted, will be subject to payment of penalty as per the rule prevailing at the time of grant of extension on pro-rata basis.

In 26 cases of Institutional and IT allotments, the lease deeds were executed beyond the prescribed time but GNIDA did not levy penalty amounting to ₹ 14.68 crore.

Audit noticed that in six cases out of 45 cases of allotment of institutional plots and in 20 cases out of 50 cases of allotment of IT plots, the lease deeds were executed beyond the prescribed time but GNIDA did not levy penalty for delay in execution of lease deed amounting to ₹ 7.00 crore **(*Appendix-5.5.9*)** for institutional plots and penalty amounting to ₹ 7.68 crore for IT plots **(*Appendix-5.5.10*).**

Thus, GNIDA extended undue benefit of ₹ 14.68 crore to 26 allottees on account of not imposing penalty for delay in execution of lease deed and suffered loss to that extent as adequate due diligence was not exercised by the Institutional Division.

In its reply, GNIDA stated (November 2020) that in case of institutional plots the condition of 30 days time limit for execution of lease deed from the date of issue of checklist was adopted in the year 2008. Further, in case of allottee Pelican Friends Shiksha Samiti, time extension upto December 2020 with penalty was granted as per Board's decision[32]. If the allottee fails to execute the lease deed within extended period, action will be initiated for cancellation. In case of IT plots, GNIDA stated that in some cases possibly the penalty has not been recovered due to excess money deposited by the allottee under premium head and stamp duty paid by the allottee within the prescribed time limit.

The reply is not acceptable because as per the terms and condition of the scheme brochure for institutional plots and Board decision (85th Board meeting) for IT plots, penalty for delay in execution of lease deed after issuance of checklist was to be charged. Further the checklist issued to allottees in the instant cases explicitly mentioned that extension of time

[32] The Board in its 117th meeting dated 10 February 2020 decided to extend the last date for execution of the lease deed with penalty upto 31 December 2020 for those allottees whose time period of execution of lease deed had already expired.

beyond prescribed 30 days would be granted after levy of penalty. Moreover, GNIDA had executed lease deed in all cases of institutional plots mentioned in the para after approval (April 2008) of MIPM which provided for levy of penalty for delay in execution of lease deed. In case of Pelican Friends Shiksha Samiti, the lease deed has not been executed till date (July 2022) despite lapse more than 11 years from the date of allotment (March 2011), however, no action has been taken for cancellation of allotment.

Incorrect fixation of premium

GNIDA extended undue benefit of ₹ 183.26 crore to seven allottees towards premium, lease rent, interest and stamp duty due to the incorrect application of land rate.

5.5.7.2 The terms and conditions in Payment Plan of the scheme brochures for the years 2003-04 and 2008-09 provide that the date of issuance of allotment letter shall be reckoned as the date of allotment. This condition in the scheme brochure of the year 2009-10 stated that in the event of the allotment of an institutional plot, the premium should be charged at the rate prevailing on the date of issue of the allotment letter.

Audit noticed that in seven cases of allotment of institutional plots the rate of allotment was incorrectly applied due to adoption of rate prevailing at the time of application instead of at the time of allotment or adoption of rate of different category. The details are given in **Table 5.5.11**:

Table 5.5.11: Details of loss due to incorrect fixation of premium

Sl. No.	Name of the allottee	Date of allotment	Area (in sqm)	Rate applied pertain to period	Rate to be applied for the period	Short charge of the land premium (₹ in crore)	Short charge of One-time lease rent at the rate of 27.5 *per cent* of the premium (₹ in crore)	Interest on Premium and lease rent at the rate of eight *per cent* p.a. upto March 2021 (₹ in crore)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9=(7+8)*8%*n**
1	Accurate Education and Research Society	26.05.2005	60954.52	2004-05	2005-06	1.58	0.43	2.55
2	G B Educational Society	20.05.2005	20328.36	2004-05	2005-06	0.56	0.15	0.90
3	Vishwanath Educational & Charitable Trust	13.04.2006	6411.89	2005-06	2006-07	0.40	0.11	0.61
			5882.96	2005-06	2010-11	2.18	0.60	2.28
4	Saket Educational Society	12.05.2005	202342.80	2004-05	2005-06	3.49	0.96	5.67
5	Steller Parks Private Limited	30.05.2005	10000.62	2004-05	2005-06	0.26	0.07	0.42
6	Jagannath Gupta Memorial Educational Society	10.02.2006	111.45	2005-06	2017-18[33]	0.15	0.04	0.05
7	Sunhill Health Care Private Limited	17.07.2009	121410	Incorrectly applied lower land rate for University instead of Hospital rate		62.83	17.28	75.30
		31.03.2011	40500					
Total						**71.45**	**19.64**	**87.78**

Source: Information furnished by GNIDA.

The incorrect application of land rate resulted in loss of land premium of ₹ 71.45 crore and lease rent ₹ 19.64 crore along with interest of ₹ 87.78 crore upto March 2021. Besides, the State Exchequer was also put to loss on account of short deposit of stamp duty of ₹ 4.39 crore.

[33] Additional land area measuring 111.45 sqm allotted in November 2017.

Thus, GNIDA extended undue benefit ₹ 183.26 crore to seven allottees towards premium, lease rent, interest and stamp duty and suffered loss to that extent as due diligence was not exercised by the Institution and Finance Divisions for which Government/GNIDA may consider fixing responsibility of the concerned officials.

During the Exit Conference (7 January 2021), the State Government and GNIDA accepted the audit observation. Further, the State Government instructed GNIDA to investigate the deviation from the scheme brochure. GNIDA stated that appropriate action will be taken against the erring staff and allottees after investigation result of which is awaited (March 2022).

Short charging of premium

5.5.7.3 An agenda pertaining to fixation/approval of sale price of land for various uses for the year 2006-07 was placed in the 57th meeting (20 March 2006) of Board of GNIDA. The Board accorded approval stating that in case of land allotted for IT use, the rate of allotment would be determined on the basis of Institutional or Industrial rate, whichever is higher. The rates approved for Institutional and Industrial land use for the year 2006-07 are given below in **Table 5.5.12**:

Table 5.5.12: Details of Institutional and Industrial land rate for the year 2006-07

Slab (area in sqm)	Industrial (₹ per sqm)	Institutional (₹ per sqm)
Below 1000	2850	2850
1000-4000	2150	2275
4000-8000	2050	1780
8000-12000	1950	1760
12000-20000	1850	1760
20000-30000	1750	1740
30000-40000	1600	1740
40000-50000	1450	1720
50000-60000	1300	1720
60000-80000	1200	1375
80000-100000	1150	1375
100000-120000	1100	1375
Above 120000	1050	1375

Source: Information furnished by GNIDA.

21 plots were allotted at lower institutional land rate instead of higher industrial land rate which resulted in undue benefit of ₹ 2.68 crore to allottees.

Audit noticed that out of 24 allotments of IT plots made in 2006-07, 21 plots were allotted by GNIDA at institutional rates without verifying whether the applied rates were higher than the rates approved for industrial land use as decided by the Board. As a result, GNIDA suffered a loss on account of premium and one time lease rent aggregating to ₹ 2.17 crore[34] (***Appendix-5.5.11***). In addition to above, this also caused loss to the State Exchequer (stamp duty at the rate of five *per cent*) of ₹ 0.11 crore[35].

Audit, further, noticed that out of 21 allotments, 11 allotments[36] were cancelled due to failure in payment of dues/completion of project. In these

[34] Premium: ₹ 1.29 crore and one-time Lease Rent (27.5 *per cent*): ₹ 0.88 crore. This amount does not include premium pertaining to 11 cancelled plots.

[35] Calculated at premium *plus* one-time lease rent in respect of all the 21 plots.

[36] Skylinker Projects Private Limited, M.M. Infotech Private Limited, D.M. Infotech Private Limited, Vaj Soft Solution Private Limited, Subha Infotech Private Limited, MMA Infrastructure & Devlopers Private Limited, Galaxy IT Infrastructure Private Limited, Regalia Infotech Private Limited, Splender Infopark Technobuild Private Limited, Galaxy Technobuild Private Limited and Vikas IT Parks Devlopers Private Limited

cancelled cases, an amount of ₹ 0.40 crore was less forfeited[37] from the allottees due to lower charging of premium by ₹ 2.01 crore based on institutional rates. Thus, GNIDA suffered a total loss of ₹ 2.57 crore.

Thus, GNIDA suffered loss and extended undue benefit of ₹ 2.68 crore[38] to 21 allottees on account of incorrect fixing of land rate due to lack of due diligence by the concerned officers/staff.

In its reply, GNIDA stated (November 2020) that allotments were made at the prescribed rate and there was no financial loss to GNIDA.

The reply is incorrect as in the cases pointed out by Audit, plots were allotted at lower institutional land rate instead of higher industrial land rate as per decision of the Board.

Undue benefit to allottees due to change in interest rate

5.5.7.4 According to Section A-3 of Special Terms and Conditions of the scheme brochure (INS10-2014), balance premium amount (after adjusting application money and allotment money) shall have to be paid in 12 equal six monthly installments along with interest at the rate of 13 *per cent* per annum.

Audit noticed that in eight allotment cases under the above scheme, the Institutional Division charged interest on installments at the rate of 12 *per cent* per annum (p.a.) instead of 13 *per cent* p.a. in violation of the condition of the scheme brochure as detailed in **Table 5.5.13.**

Table 5.5.13: Details of loss due to change in interest rate

(₹ in lakh)

Sl. No.	Name of the allottee	Installment as per scheme brochure at the rate of 13 *per cent*	Installment as per allotment letter at the rate of 12 *per cent*	Short recovery in install-ment (₹ in lakh)	No. of install-ments	Total short recovery in install-ments
1	Sunshine Educational & Development Society	126.36	122.96	3.39	12	40.71
2	St. Xavier's Education Trust	375.86	365.77	10.09	12	121.11
3	Deshraj Jan Kalyan Samiti	74.27	72.27	1.99	12	23.93
4	Gyan Gangotri Educational Society	66.80	65.01	1.79	12	21.53
5	Shri Krishna Life Line Super Speciality Hospital Ltd.	62.20	60.53	1.67	12	20.04
6	Family Care India Private Ltd.	9.94	9.68	0.27	12	3.20
7	Delhi Public School Society	124.03	120.70	3.33	12	39.96
8	Shri Adichunchangiri Shikshana Trust	287.07	279.37	7.70	12	92.40
Total						**362.88**

Source: Information furnished by GNIDA.

GNIDA charged interest from eight allottees at lower rate which resulted in loss of ₹ 3.63 crore.

It is evident from the above Table that the GNIDA failed to charge prescribed interest from the above eight allottees resulting in loss of ₹ 3.63 crore and thereby extended undue benefit to these allottees.

In its reply, GNIDA stated (November 2020) that the rate of interest was 12 *per cent* vide Finance Division order (09 June 2014) at the time of allotment, therefore interest at the rate 12 *per cent* was charged instead of 13 *per cent* as per the scheme brochure. Hence, the Authority did not bear any

[37] As per brochure condition, in case of cancellation of allotment due to default by the allottee, 20 *per cent* of premium was to be forfeited.

[38] Premium and one-time lease rent: ₹ 2.57 crore; and stamp duty: ₹ 0.11 crore.

financial loss. Further, GNIDA informed that it had recovered the amount from DPS Society.

The reply is not acceptable as the said scheme was launched on 28 January 2014 while the above Finance Department order was applicable on schemes launched after 5 June 2014. Notably, GNIDA has made recovery of ₹ 34.67 lakh out of ₹ 39.96 lakh from DPS Society after being pointed out in audit but not in the other cases.

Loss to State Exchequer due to not obtaining/getting renewed the bank guarantees in lieu of the due stamp duty

5.5.7.5 The scheme brochures for IT and ITeS plots provided that:

- In case the allottee wishes to avail exemption in stamp duty on the lease deed, the amount of exempted stamp duty shall be secured by execution of a Bank Guarantee (BG) of the nationalised bank in favour of GNIDA and the allottee will continue to get it renewed after expiry of every term till the project/unit is not complete and functional and also completion certificate is not issued by the lessor.

- In the event of any breach of the norms and standards set out by the Department of IT and Electronics, GoUP, for setting up the project and not complying with the conditions of the scheme brochures to make the units functional, the allottee shall be liable to pay to lessor the amount equivalent to the stamp duty along with interest thereon at the rate of 18 *per cent* per annum. In case, he fails to deposit the said amount, the bank guarantee shall be invoked and encashed by the lessor and be deposited in the treasury.

GNIDA extended undue benefit of ₹ 26.31 crore to 10 allottees due to not obtaining/getting renewed the bank guarantees in lieu of the due stamp duty despite default in compliance of conditions by the allottees.

Audit noticed that 10 allottees, who were granted exemption of stamp duty, failed to adhere to the time schedule of making the project functional. However, out of these allottees, BG aggregating to ₹ 17.98 crore submitted by seven allottees expired without renewal while three lessees had not submitted the BG of ₹ 5.64 crore against stamp duty exemption. Thus, GNIDA failed to obtain or monitor renewal of BGs in above cases. This resulted in loss of ₹ 26.31 crore to the State Exchequer towards stamp duty (₹ 9.51 crore) and interest (₹ 16.80 crore) thereon (***Appendix-5.5.12***) as despite default in compliance of conditions of stamp duty exemption, the amount could not be recovered from the allottees.

Thus, GNIDA extended undue benefit of ₹ 26.31 crore to 10 allottees due to negligence on the part of concerned officers/staff of the Institutional and Finance Divisions. GNIDA may consider fixing responsibility for the lapse.

In its reply, GNIDA stated (November 2020) that action for recovery of exempted stamp duty alongwith interest is being initiated against those IT allottees who failed to complete the projects within the prescribed time limit. Further, allotments have been cancelled where allottees have overdue amounts and not completed the projects within prescribed time limit and their refund is finalised after recovery of stamp duty exemption with interest.

The reply confirms the Audit observation. Further, actual recovery made by GNIDA in above cases is awaited (March 2022).

Deficiencies in monitoring of projects

5.5.7.6 It is duty of GNIDA to monitor that after execution of lease deed, the allottee establishes its project within stipulated time period. The Planning

Division of GNIDA is responsible to ensure compliance of building completion. The Institutional Division is responsible for ensuring compliance of terms and conditions mentioned in allotment letter and lease deed.

(i) Failure to monitor completion of projects as per time schedule

The terms and conditions of the scheme brochure/lease deed issued for IT/ITeS plots stipulated submission of the broad layout within one year and detailed building plan for the approval of GNIDA within two years from the date of execution of lease deed. The allottees were bound to complete construction of the first phase of 30 *per cent* of the permitted covered area and had to invest a minimum of 30 *per cent* of the minimum acceptable investment at the rate of ₹ 4.00 crore per acre excluding land cost within three years. The allottees were to complete the project fully in seven years and if stamp duty exemption is availed by the allottee, the project completion period would be five years from the date of execution of lease deed. As a proof of investment excluding land cost, the allottee were required to submit the annual certificate of Chartered Accountant (CA) and approved valuer to GNIDA on yearly basis within one month of the completion of each year, *i.e.,* by April of next year.

Further, the scheme brochure provided that if the allottee breaches/violates the terms and conditions of registration/allotment/lease, GNIDA has right to cancel the allotment. In the event of cancellation, 20 *per cent* of the total premium or the amount deposited upto date of cancellation, whichever is the less, shall be forfeited.

Out of 50 cases of allotment of IT plots checked in audit, in 22 cases audit noticed that:

Despite violation of the terms and conditions of the allotment letter and lease deed by the allottees, GNIDA neither cancelled allotment of 22 IT plots nor forfeited 20 *per cent* of the premium amounting to ₹ 67.58 crore.

- Three allottees[39] have neither submitted the layout nor the detailed building plan so far (March 2021) even after lapse of more than 10 years.
- Layout/building plans were approved by GNIDA against 19 allottees but none of these allottee has either completed the construction of first phase of the project till date (March 2021) or applied for any time extension. Further, none of the allottees were submitting annual certificate of investment of Chartered Accountant (CA) and approved valuer to GNIDA.

Despite violation of the terms and conditions of the allotment letter and lease deed by the allottees, GNIDA neither cancelled these allotments nor forfeited 20 *per cent* of the premium amounting to ₹ 67.58 crore from these allottees (***Appendix-5.5.13***).

Thus, due to failure on the part of GNIDA to ensure the compliance of the terms and conditions of the scheme brochure/lease deed by the allottees, none of these projects could be completed till date (31 March 2021) to achieve the intended objective of IT industries development.

In its reply, GNIDA stated (November 2020) that if the allottee does not complete the construction timely as per terms of lease, then action for cancellation of the allotment after giving notice is taken.

The reply was general and was silent on the specific instances of violation of terms and conditions pointed out in the audit observation.

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[39] Agbros Builders & Engineers Pvt. Ltd., Ahuja & Aanand Real Estate Pvt. Ltd. and Pivotal Infotech Pvt. Ltd.

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The fact remains that projects were delayed beyond the prescribed time and no action has been taken against the above allottees as per the terms and conditions of allotment.

(ii) ***Violation of conditions of lease deed***

Times Shopee Centre Private Limited was allotted (March 2008) an IT plot measuring 80,940 sqm (20 acres) for establishment of IT Park at a premium of ₹ 17.30 crore. The lease deed was executed in March 2010 which provided that the residential and commercial spaces are to be utilised for captive use by the sub-lessees of IT/ITeS spaces and the developer (allottee) will exercise right to sell (transfer) the commercial and residential space to the sub lessees of IT/ITeS areas in proportion of developed IT/ITeS areas. The first phase of the project was completed for which 'part completion certificate' was issued (March 2017).

Audit noticed that the Institutional Division failed to monitor the violation of the following conditions of the lease deed by the allottee:

Picture 5.5.1: Times Shopee IT space being rented for storage purposes (blue roof)

GNIDA failed to ensure the compliance of terms and conditions of the lease deed by the allottee who irregularly allowed use of IT space for commercial activity and transferred residential and commercial space for other than captive use.

- IT Policy 2012 states that IT Industry includes IT Hardware and IT/ ITeS units/companies. IT units/companies include IT Applications, software and IT services and IT enabled Services includes BPO/ KPO[40]/ Consulting/Animation and Gaming and other Knowledge Industry units such as Nanotechnology, Telecommunications, *etc.* However, GNIDA**,** in 103[th] Board meeting (14 December 2015) permitted the allottee to rent the IT space to Gati Kintetsu Express India Private Limited (Gati KWE) for mobile phone assembling, back office, R&D and storage purposes.

In this regard, Audit noticed that Gati KWE is in logistics business and its services include express distribution, commerce, air freight and supply chain management. Further the rented space was being utilised by it for storage, *i.e.*, commercial use (***Picture 5.5.1***) which was violation of the IT Policy and terms and conditions of the lease deed. Here it is pertinent to note that allotment rates for commercial use were higher than rates for IT use.

[40] Business Process Outsourcing/ Knowledge Process Outsourcing.

- The allottee submitted single expenditure certificate of CA for ₹ 22.14 crore during the period 2009-10 to 2011-12 instead of requirement of annual certificates and minimum expenditure of 24 crore investment in first three years as per the conditions of the lease deed.

- As per the conditions of the lease deed, the residential and commercial spaces were to be utilised for captive use by the sub-lessees of IT/ITeS spaces. However, it was noticed that the allottee entered into agreement for transfer of 84 residential units and shops with the persons other than sub-lessees of IT spaces in violation of the terms and conditions of the lease deed.

Thus, GNIDA failed to ensure the compliance of the terms and conditions of the lease deed by the allottee who irregularly allowed use of IT space for commercial activity such as storage business and transferred residential and commercial space for other than captive use.

In its reply, GNIDA stated (November 2020) that permission was given to the allottee to rent the IT space to Gati Kintetsu Express India Private Limited for mobile phone assembling, back office, R&D and storage, which was not in violation of the lease deed conditions. It was further stated that the allottee was permitted to sell the developed area as per term and condition of the lease deed and accordingly residential spaces have been developed but no sub lease deed has been executed for residential spaces.

The reply is not acceptable as the scheme brochure provided that the developer (allottee) will exercise right to sell (transfer) the commercial and residential space to the sub lessees of IT/ITeS space for their captive use only. Further, the terms and conditions of the lease deed did not permit use of IT/ITeS space for commercial activities but the allottee rented out the space to Gati Kintetsu Express India Private Limited which is engaged in storage activity in the rented space which is not IT/ITeS related use as per IT Policy 2012. Moreover, the contention of GNIDA that no sub-lease has been executed for residential spaces is not acceptable as the allottee had entered into agreement for transfer of shops and residential units with the persons who are not sub-lessee of IT/ITeS.

Re-allotment of already allotted plot

5.5.7.7 The scheme brochures provide that the list of plots available for allotment should be displayed on the notice board of the Authority. Such listing of available plots will also avoid the allotment of a plot to multiple applicants.

Due to deficiency in the system of maintenance of details of available plots, re-allotment of already allotted plot was made.

Audit noticed that GNIDA had allotted and executed (September 2004) the lease deed for the institutional plot (F-14/2), having an area of 2,460.30 sqm at Sector Swarn Nagri, in favour of Gomti Auto Private Limited at a premium of ₹ 33.21 lakh.

It was further noticed that Shri Krishna Lifeline Super Specialty Hospital (Shri Krishna Hospital) was allotted (March 2015) plot (F-14/1,2) at Sector Swarn Nagri having area of 5,000 sqm which included the plot already allotted to Gomti Auto Private Limited, to establish a Super Specialty Hospital. The Allotment letter (March 2015) was issued to the allottee Shri Krishna Hospital at a premium of ₹ 7.25 crore.

The re-allotment of the plot already allotted indicates a deficiency in the system of maintenance of details of available plots as GNIDA failed to assess the availability of the said plot.

In its reply, GNIDA accepted (November 2020) the audit observation and stated that checklist will be issued after acceptance from the allottee (Shri Krishna Hospital) for the smaller plot. If the allottee does not accept the reduced size plot, then refund will be made.

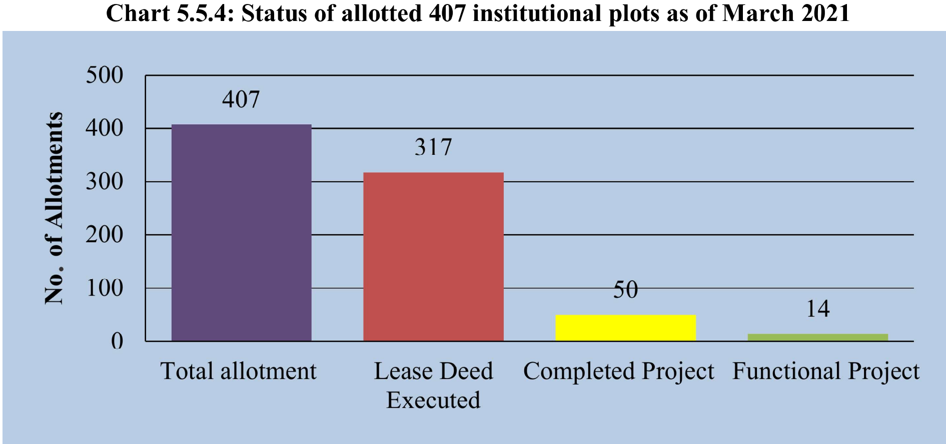
Outcome of allotments of Institutional and IT plots

5.5.8 The terms and conditions of the scheme brochure for allotment of Institutional plots stipulated for completion of the project on the plot within three years of execution of lease deed. A further period of six months was allowed to make these projects functional. As regards allotment of IT plots, the project was required to be completed within seven years from the execution of lease deed. There was no provision of the issue of functional certificate by GNIDA in IT allotments.

Audit noticed that out of 407 Institutional and 190 IT plots allotted during the period 2005-06 to 2020-21, 301 Institutional plots (allotted during 2005-06 to 2016-17) were due for being made functional and 40 IT plots (allotted during 2005-06 to 2007-08) were due for completion by March 2021. Against these, projects on 14 Institutional plots (4.65 *per cent*) were made functional and only one IT plot (2.5 *per cent*) was completed by March 2021. Due to this, the objective of GNIDA to develop Institutional and Information Technology Sectors could not be achieved.

The completion and functional status of projects on Institutional plots are detailed in ***Appendix-5.5.14***. The **Chart-5.5.4** depicts the status of allotted 407 institutional plots.

Chart 5.5.4: Status of allotted 407 institutional plots as of March 2021



Source: Data and information provided by GNIDA

It is evident from above that during the period 2005-06 to 2020-21, GNIDA allotted 407 institutional plots (area of 435.56 hectare), out of which lease deed of only 317 institutional plots (78 *per cent*) having area of 376.08 hectare was executed despite the requirement/provision of execution of lease deed within 30 days of issue of checklist. Further, out of 317 executed lease deeds, only 50 allottees (16 *per cent*) could complete the project having area of 94.60 hectare and only 14 allottees (four *per cent*) could make the project functional having area of 12.54 hectare. Thus, 97 *per cent* of the total number of the allotted plots with 97 *per cent* of the total allotted area remained non-functional as of March 2021.

Similarly, the status of allotted 190 IT plots is depicted in **Chart 5.5.5**.

Chart 5.5.5: Status of allotment of 190 IT plots as of March 2021

Source: Information provided by GNIDA

It is evident that out of 190 IT/ITeS plots allotted during years 2005-06 to 2020-21 having an area of 349.60 hectare, lease deeds of 132 plots (69 *per cent* having area of 316.83 hectare) were executed as of March 2021. Out of 132 executed lease deeds, only one allottee (less than one *per cent*) could complete the project having area of 8.50 hectare. The detailed status of execution of lease deed and completion is given in ***Appendix-5.5.15***.

Most of the projects on the allotted plots remained non-functional/ incomplete and possibility of trading in these plots cannot be ruled out.

Audit also noticed that in four[41] out of 47 sampled cases of institutional allotment and in six[42]out of 67 sampled cases of IT/ITeS allotment, plots were transferred by the original allottee through change in part/full shareholding even before establishing the envisaged projects. This indicates that these allottees had obtained the plots for the purpose of trading. This was facilitated due to lack of objective criteria for evaluation of the projects by the Screening Committee of GNIDA in allotment of the plots as detailed in ***Paragraph 5.5.4.2***. Further, out of total 301 institutional allotments due for being made functional by March 2021, 287 institutional projects were not made functional as of 31 March 2021. Similarly, in case of IT/ITeS plots, out of 40 allotments due for completion by March 2021, none of the allottees, except one, completed the project as of 31 March 2021. Thus, the possibility of trading in plots rather than setting up of envisaged projects by the allottees in these cases also cannot be ruled out.

In its reply, GNIDA stated (November 2020) that lease deeds have been executed in most of the cases in the years 2018 and 2019 due to which it could not be made functional. Further, it was stated that approximately 21 allotments of IT plots have been cancelled due to not completing of the projects by the allottees.

The reply corroborates the audit observation that most of the projects on the allotted plots could not be completed/made functional. Further, the contention of the GNIDA regarding projects remaining not functional due to delay in execution of lease deed is also not acceptable as GNIDA failed to ensure

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[41] Radiant Publishers and Information Systems Private Limited, Family Care India Private Limited, Vinayak Educational Society and GB Educational Society.

[42] SP Sai I.T. Private Limited, Pivotal Infotech Private Limited., Spendor Infopark Private Limited, Grand Peak Infrastructure Private Limited, Regalia Infotech Private Limited and RMA Software Park Private Limited.

timely execution of lease deeds due to allotment of encumbered plots and delay in issue of checklist as discussed in ***Paragraphs 5.5.4.1 and 5.5.4.3.***

During the Exit Conference (7 January 2021), the State Government and GNIDA agreed to similar audit observation in the Chapter on Allotments of Commercial Plots. The State Government stated that a new law has been framed to address the issue of protracted delay in completion/making the projects functional and that cancellation of allotments would be effected in such cases.

5.5.9 Conclusion

The system and procedures of GNIDA in respect of allotments of Institutional and IT plots were deficient. Plots were allotted without ensuring intactness and development of infrastructure facilities. The absence of objective criteria for evaluation of the projects left field wide open to discretion of Allotment Committee.

There was marked disregard for the conditions for allotment as plots were allotted without submission of the prescribed documents and required registration/allotment money. Allotments were made under institutional category for commercial activities giving benefit of lower allotment rate. Undue benefits were extended to the allottees by allotting the green area at token money of ₹ one per acre in violation of the orders of GNIDA's Board. Interest was charged at lower rates in violation of the conditions of the scheme brochures. GNIDA also failed to levy charges for change in constitution and shareholding and additional course fee in accordance with the terms and conditions of the scheme brochures and had to waive off location charges due to its own failure to intimate it to the allottees.

GNIDA also failed to prescribe timelines for issue of checklist which led to delay in execution of lease deed and extending the period for completion of projects. This was further compounded by its failure in monitoring the completion of projects by the allottees and levying penalty for delays. This all translated in delay in completion of the projects. Thus, GNIDA failed in its objective to develop Institutional and Information Technology Sectors.

5.5.10 Recommendations

Recommendation Number	Recommendation
29.	**The State Government should clearly define the activities permitted under the Institutional category to maintain integrity of the category. The State Government has accepted the recommendation and stated that while doing so, Chief Town and Country Planner (CTCP) will be duly consulted in the matter.**
30.	**GNIDA should ensure compliance with the terms and conditions of allotment and fix responsibility on defaulters.**
31.	**Timeline for issuing of checklist should be prescribed and objective criteria should be built for allotments.**