

CHAPTER–V

Allotment of Properties (General)

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V. General

Introduction

5.1 The main objective of the Greater Noida Industrial Development Authority (GNIDA) is to develop industrial area within its jurisdiction and development of residential, commercial and institutional area is subservient objective to achieve the objective of industrialisation.

The four Property Divisions of GNIDA, viz., Builder Division, Commercial Division, Institutional Division and Industry Division deal with the allotments of various categories of properties and its post-allotment follow up. The Planning Division of GNIDA is responsible for approval of building plans and maps of the allotted plots and ensuring the construction of building as per the approved building plans and maps. Certain categories of properties, viz., builders/group housing, commercial, sports city, recreational entertainment parks and institutional farm house were allotted on bid basis, while others, viz., institutional, IT and industrial plots were allotted based on interviews by the Screening Committee in GNIDA. *Krishi* farm houses were allotted on the basis of draw of lots. The process adopted in each is detailed in the succeeding sections.

Process of allotment on bid basis

The process involved in stages from launching the scheme till follow-up and post-allotment compliances in respect of allotments made through inviting bids under the categories of group housing/builder, commercial, sports city, recreational entertainment parks and institutional farm houses, is depicted in **Chart 5.1**.

Chart 5.1: Process of allotment on bid basis and post-allotment follow-up

Finalising terms and conditions of brochure

- GNIDA finalises the terms and conditions of the brochures for launch of scheme which include the technical and financial eligibility for submission of bids, allotment process, completion schedule, payment terms, sub-lease, cancellation, etc.

Launching of the scheme

- For allotment of plots under the categories of Builder/Group Housing, commercial, sports city, recreational entertainment parks and institutional farm houses, bids are invited under two bid system viz. technical bid and financial bid against the reserve price fixed by GNIDA for the plots included in the scheme.

Bid evaluation

- Bids are evaluated against prescribed technical and financial parameters such as net worth, solvency, turnover during last three years and past work experience along with registration money (adjusted in payment of premium in case of allotment) and non-refundable processing fee.

Recommendation and approval for allotment

- Financial bids of those bidders are opened who qualify in the technical bid. The bidder who quotes the highest bid against the reserve price is recommended by the Allotment Committee for allotment of specific plot, which is approved by the Chief Executive Officer (CEO).

Issue of Reservation cum acceptance and Allotment letter

- After approval of CEO, reservation cum acceptance letter is issued for deposit of reservation money within one month, except in case of Commercial category, where allotment letter is issued directly after the approval of allotment by CEO.
- On receipt of reservation money, GNIDA issues allotment letter in favour of the applicants for deposit of allotment money within the prescribed time and remaining amount to be deposited in instalments.

Issue of checklist for execution of lease deed

- On receipt of allotment money, GNIDA issues checklist (containing the formalities to be completed for execution of lease deed) and lease plan to the allottee for execution of lease deed within prescribed timeline. Consequent to the execution of lease deed, physical possession of land is given.

Approval of building plan and maps

- After execution of lease deed, the allottee obtains approval of the building plan and map from GNIDA and constructs the building as per the approved plan.
- Planning Division of GNIDA is responsible to ensure compliance of building completion and respective Property Division is responsible for ensuring compliance of terms and conditions of allotment and lease deed.

Completion of project

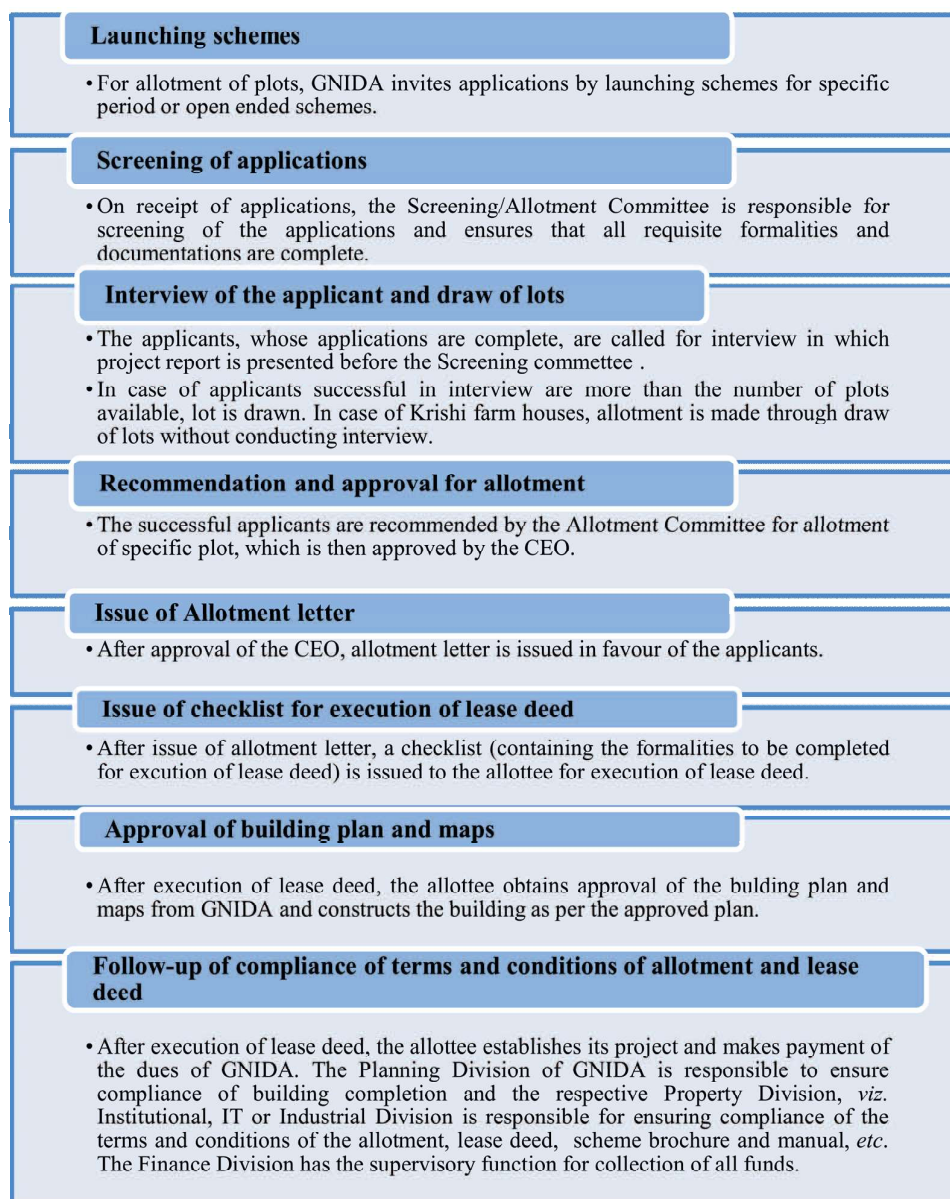
- The project is required to be completed within the period as prescribed in the scheme brochure, failure of which attracts penalty.
- On completion of the project, occupancy/completion certificates are issued and permission is given to the builder/developer for tripartite sub-lease of units to the ultimate users.

Source: Allotment files of GNIDA

Process of allotment on interview basis

The institutional, IT and industrial plots are allotted on fixed land rates to the entrepreneurs who are successful in interview. If applicants successful in interview are more than the number of plots available, lot is drawn in their name and allotment is made to the applicant whose name appears in the draw of lot. Krishi farm house is allotted on fixed land rates through draw of lots without conducting interview.

The process involved in stages from launching the scheme till follow-up and the post allotment compliances in respect of allotments made through interview, viz., Institutional/IT and Industrial plots and through draw of lots, viz., Krishi farm house is depicted in **Chart 5.2**.

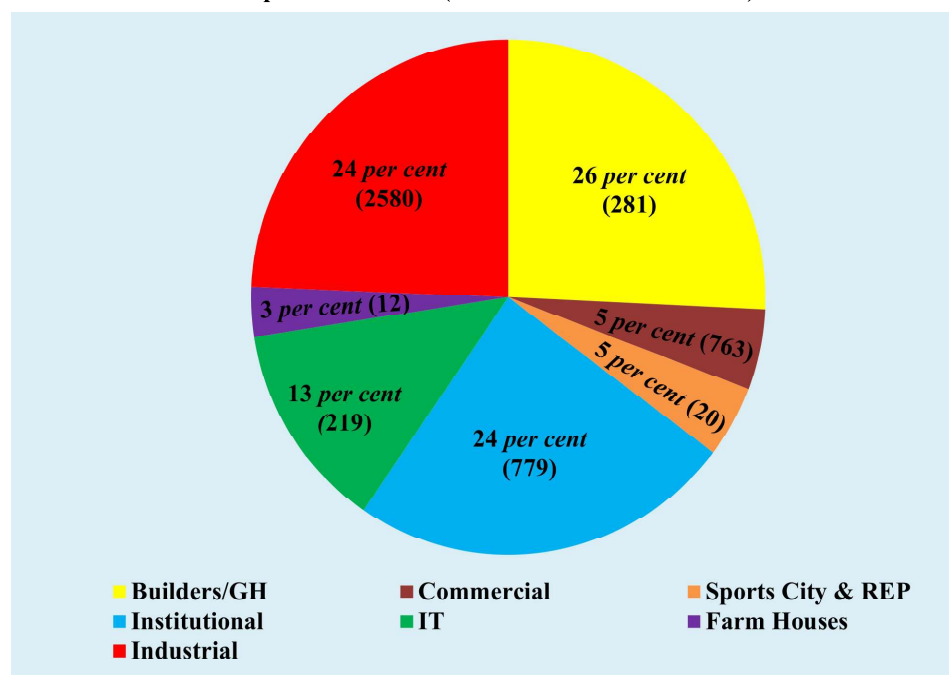
Chart 5.2: Process of allotment on interview basis and post-allotment follow-up

Source: Allotment files of GNIDA

Status of allotments

5.2 GNIDA allotted 4,654 properties (including sub-divided plots) measuring 4,643.28 hectare under various categories (excluding residential) since its inception (January 1991) to 2020-2021 as depicted in **Chart 5.3**.

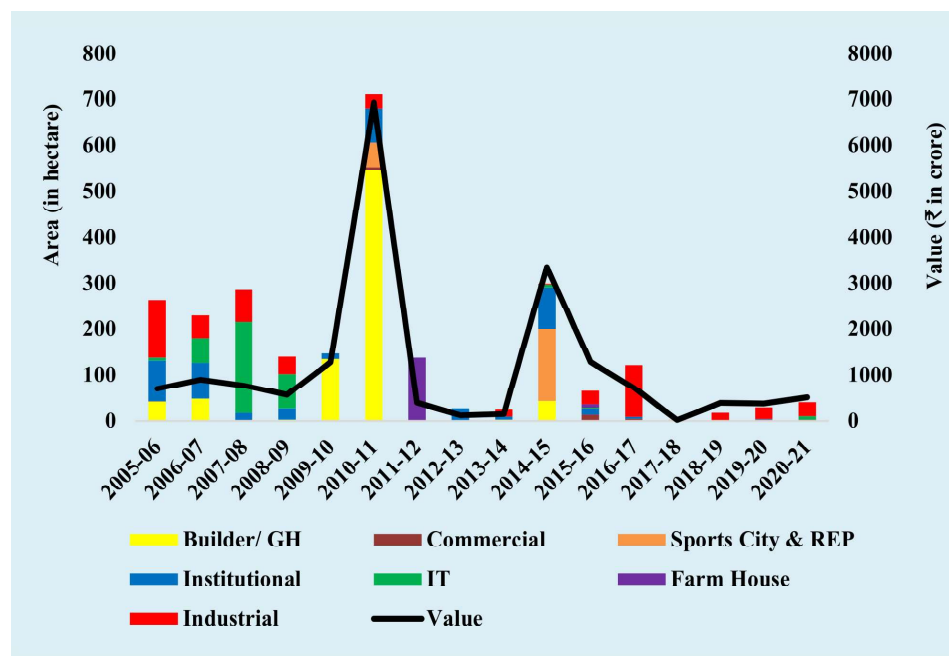
Chart 5.3: Area-wise allotment of plots (in per cent) under various categories since inception to 2020-21 (No. of allotments in bracket)



Source: Data provided by GNIDA

During the period 2005-06 to 2020-21 (period covered in Performance Audit), GNIDA allotted 2,459 properties measuring 2,535.45 hectare under various categories (excluding residential). The year-wise allotments of properties during the period 2005-06 to 2020-21 is depicted in **Chart 5.4**.

Chart 5.4: Year-wise allotments of plots during 2005-06 to 2020-21



Source: Data provided by GNIDA

From Chart 5.4, it is evident that:

- The highest allotment both in terms of area and value was done in the year 2010-11 with an allotment of an area of 710.02 hectare with allotment premium of ₹ 6,927.12 crore.
- Most of the allotments of builders/group housing category, viz., 66.81 *per cent* in terms of area took place in 2010-11;
- The industrial allotments were concentrated during the period 2005-06 to 2008-09, accounting for 52.09 *per cent* of total industrial allotments in the period. Thereafter, in 2016-17 again there was 20.61 *per cent* allotment in industrial category; and
- IT allotments in terms of area were largely during the period 2006-07 to 2008-09.

The development activities were stopped during the period 21 October 2011 to 24 August 2012 as per the orders of Hon'ble Allahabad High Court in its judgement dated 21 October 2011 in the case of the Gajraj and Others *vs.* State of Uttar Pradesh and Others¹ directing for carrying development activities only after approval of Master Plan 2021 by NCRPB.

Allotment of properties under various categories

5.3 This Chapter contains six sub chapters which deal with the allotment of properties under various categories, viz.,

- Sub-chapter V (1): Allotment of Industrial Plots;
- Sub-chapter V (2): Allotment of Builders/Group Housing Plots;
- Sub-chapter V (3): Allotment of Commercial Properties;
- Sub-chapter V (4): Allotment of Sports City and Recreational Entertainment Park;
- Sub-chapter V (5): Allotment of Institutional and IT Plots; and,
- Sub-chapter V (6): Allotment of Farm Houses Plots.

Common irregularities in allotment of properties

5.4 Audit noted serious irregularities in the process of allotment and post allotment compliances in all allotment categories during test check. These have been discussed in detail in the Sub-chapters V (1) to V (6). A number of irregularities of similar nature were observed across the categories of allotments. While these are discussed in detail in the respective Sub-chapters, some of the issues having a common thread across various categories are highlighted in the succeeding paragraphs.

(i) Terms and conditions of allotment not approved by Board: Scheme brochure containing the terms and conditions of allotment is a significant document governing the process of bidding, allotment, realisation of premium and execution of the project. Therefore, it should be approved by the Board prior to launch of the scheme. Audit observed that out of 22 schemes², only

¹ Writ Petition C. No. 37443 of 2011.

² Out of 46 schemes for allotment of properties test checked in audit, GNIDA did not provide information regarding approval of scheme brochures by Board in 24 cases.

one scheme brochure (*Krishi Farm Houses*) was approved by the Board before launching the scheme. GNIDA submitted 12 schemes to the Board *ex-post facto*, out of which Board granted approval of 10 scheme brochures while in other two cases (*Sports City-02* and *REP-01*), it merely perused these brochures without approval or rejection. Remaining nine scheme brochures were not submitted to the Board even for *ex-post facto* approval.

(ii) Change in terms and conditions of brochures to the detriment of GNIDA: The existing terms and conditions of allotments relating to ineligibility of the defaulters of earlier schemes and the requirement for obtaining bank guarantee from the allottees were removed and the conditions relating to the deposit of reservation and allotment money and the sub-division of plots were relaxed in the subsequent scheme brochures of Group Housing/Builder, Commercial and Sports City categories. Further, the existing condition of payment plan in the categories of Group Housing/Builder, Commercial and Sports City which provided for levy of interest on the balance³ premium from the 'date of allotment' was changed (June 2014 and onwards) imprudently in the subsequent scheme brochures to the 'date/due date of deposit of allotment money' which was 60 days to 120 days after the date of allotment. Due to this, GNIDA suffered loss of interest besides deferment of premium instalments.

(iii) Screening of application and allotment: There was absence of objective criteria for evaluation of applications of Industrial and Institutional/IT plots, which were allotted on interview basis. As a result, the decision of Screening/Allotment committee for allotting these plots lacked any transparency. Audit also noticed undue favour in allotment of Industrial, Institutional and IT plots, despite one or more essential documents, such as registration certificate, financial statements, statement of net worth and liquidity certificate, not submitted by the applicants along with the application form. Builders/Group Housing Plots were also allotted to ineligible applicants who did not meet the brochure conditions for technical and financial eligibility.

(iv) Allotment of plots without ensuring intactness: GNIDA should ensure that plots being allotted are free from all encumbrances/encroachment and dispute so that there is no delay in preparation of lease plan and issue of checklist thereon for ensuring smooth handover of the possession of plot to allottees. This would also enable allottees to construct the project within the prescribed period and fulfil the desired objective for allotment. Audit observed that in all the categories, GNIDA failed to ensure allotment of encumbrance free plots which adversely affected the objective of its allotment.

(v) Delay in issue of checklist: Consequent to allotment and receipt of allotment money, GNIDA is required to issue checklist for execution of lease deed. GNIDA, however, did not prescribe any time frame for issuing the checklist. Due to this, the checklists were issued with delay of two months to five years from receipt of allotment money. This resulted in delay in execution of lease deed and consequent loss of lease rent, besides extension of the period for completion of the project by allottees.

³ remaining after adjustment of registration money, reservation cum acceptance money and allotment money from the premium of the plot.

(vi) Escrow account not opened with allottees: In order to safeguard the interest of GNIDA as regard to the payment of dues by the developer and also ensuring the application of funds collected by the developer from the ultimate buyers/dwellers on the concerned projects, the provision of Escrow Account with the developer is a reliable mechanism. However, GNIDA did not include the condition for opening of escrow account by allottees in scheme brochures for any category of allotment. GNIDA also failed to ensure opening of escrow accounts by defaulting allottees despite GoUP orders (December 2016) and its own direction (March 2019). As a result, GNIDA failed to secure timely payments of its dues and timely completion of projects to ensure the financial interest of ultimate buyers.

(vii) Grant of mortgage permission: In spite of up-to-date dues against the premium and lease rent not cleared by the allottees, GNIDA granted permission to mortgage the plots of Builders/Group Housing, Sports City, Farm House and Industrial categories in violation of the conditions of the brochures/manual.

(viii) Allotment of plots to consortium allottees: GNIDA allotted plots to consortium allottees despite deficient Memorandum of Associations delineating roles and responsibility of each consortium member in the project. Subsequent to allotments, consortium members sub-divided plots and became independent allottees of sub-divided plots. As a result, plots got allotted to those allottees who were themselves not financially or technically eligible for allotment. As a result, the projects could not be completed within the prescribed period. In fact, the extent of sub-division of plots in the Sports City was so pronounced that the very objective of creating sports infrastructure like golf course has been rendered impossible.

(ix) Delay in execution of projects: A number of projects/units were not completed or made functional by the allottees within the prescribed period under all the categories of allotments. Audit noticed change in shareholding of allottees before completion of project or making the units functional, even sometimes without levy of CIS charges. This indicates that allottees had obtained plots for the purpose of trading rather than setting up of projects.

The ensuing chapters bring out the various irregularities in allotment of properties, position of development of allotted properties and the responses of the State Government and GNIDA thereto.