

EXECUTIVE SUMMARY

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The Government of Uttar Pradesh (GoUP) constituted Greater Noida Industrial Development Authority (GNIDA) in January 1991 with the main objective to secure the planned development of the industrial area. Its functions include acquisition of land, demarcation and development of sites for various land use, *i.e.*, industrial, commercial, and residential purposes and to provide supporting infrastructure.

In July 2017, the GoUP entrusted the audit of GNIDA to the CAG. The primary focus of this performance audit was to assess effectiveness and transparency of the policies and procedures adopted by GNIDA for land acquisition and allotment of properties under the Industrial, Builders/Group Housing, Commercial, Sports Cities, Institutional and IT and Farm Houses land uses categories during 2005-06 to 2017-18. Preparation of Master Plans, pricing of properties and internal control were also scrutinised. The audit was conducted during December 2018 to November 2019 and the audit findings were updated upto April 2021.

Audit found significant lapses in allotments and lack of transparency in the procedures adopted by GNIDA in the area of planning, acquisition of land, pricing of properties and allotment of properties. Failures were observed at the level of Board of GNIDA, its management and officials. In the course of acquisition of land, the rights of farmers were side-stepped through misuse of statutory provisions of urgency meant to be used under exceptional circumstances. The allotments of properties were replete with contravention of rules and orders and instances of lack of transparency and due diligence. The milieu created by GNIDA and in several instances not even approved or endorsed by the Board of GNIDA with respect to selective changes in brochure conditions, under-pricing of certain categories of plots, reduction of allotment money, permission to mortgage given to builders despite outstanding dues, sub-divisions of plot, permission to exit and transfer before completion of projects clearly suggest that officials in GNIDA had acted in clear breach of public trust and in complete disregard to the interest of GNIDA and the ultimate buyers of residential and commercial projects. These resulted in loss of revenue to GNIDA and State exchequer, short recoveries, undue benefits to allottees and irregular and additional/avoidable expenditure of ₹ 13,362 crore. Besides, there was overdue of ₹ 19,500 crore to GNIDA as on April 2021 towards defaults in land premium, lease rent and interest, largely against the allotments made since inception (1991) to the period covered in Audit, *i.e.*, up to 2017-18.

Large number of industrial projects (48 *per cent*) remained incomplete which defeated the prime objective of GNIDA to industrialise the area which would have led to employment generation. GNIDA focused on developing Greater Noida township as a residential township instead of developing it as an industrial township as required under the UPIAD Act, 1976. However, GNIDA also failed to uphold the trust of home buyers as only 14.52 *per cent* of Builders/Group Housing allotments made (period covered by Audit) could be completed. In spite of the clear evidence of breaches, GNIDA failed to act against builders/allottees and take action against its own officials for their dereliction of duty and role in permitting/abetting the continuing infractions. These issues bring out serious lapses of probity, integrity and ethics in

governance of the Authority. The infractions observed by Audit are outlined in the succeeding paragraphs.

Planning

(a) Implementation of Master Plan 2021 without its finalisation and publication

The Planning Division of GNIDA deals with preparation and implementation of Master Plan. GNIDA executed land acquisition, development and allotments during the period 2005-06 to October 2011 under Master Plan 2021 (MP 2021) without its approval by NCRPB, as was required. Out of five conditions, three conditions of NCRPB relating to achieving density level, provision for Economically Weaker Section (EWS)/Lower Income Group (LIG) housing and preservation and protection of green area, were not complied with. GNIDA did not incorporate the condition for developing 20-25 *per cent* EWS and LIG housing stocks in the schemes brochures of the Builders/Group Housing plots, which were allotted till 2014-15. Thereafter, no allotment was made under Builders/Group Housing category till date (March 2021). GNIDA included provision for development of EWS and LIG housing in the brochure for 'Builders Plot for development of Pradhan Mantri Avas Yojana unit in Greater Noida' (BRS 2021-22) launched in October 2021.

(Paragraphs 2.6.1 at page-13, 2.6.5 to 2.6.5.3 at page-17 to 19)

(b) Dilution of the objective of industrialisation in Master Plan 2021

GNIDA was created to develop industrial area nearby National Capital, *i.e.*, Delhi. However, development and allocation of land for industrial purposes did not receive priority at planning as well as implementation stages. As on September 2019, even after 28 years of the formation of GNIDA, the development of industrial land was only 67.47 *per cent* of the area planned for industrial activities, whereas development of residential land was 104.04 *per cent* of residential area planned.

(Paragraph 2.6.2 at page-15)

(c) Land use conversion without approval of GoUP and NCRPB

GNIDA launched Group Housing schemes and Sports City schemes for allotment of plots to private builders by changing land uses from recreational to residential (in January 2009), industrial to residential (in November 2009) and recreational to sports city (in February 2011) under Master Plan 2021 even before due approvals of GNIDA's Board, GoUP and NCRPB.

(Paragraphs 2.7.1 at page-20, 2.7.2 at page-21 and 2.7.3 at page-22)

Acquisition of Land

(a) Misuse of Urgency Clause for bulk of acquisitions made

Audit noticed that all 38 cases (test-checked in Audit) of land acquisition made by GNIDA under LAA, 1894 during the period April 2005 to January 2011 were based on use of urgency clause. The invocation of urgency clause enabled the Collector to dispense with the rights of landowners in respect of hearing on objections to proposed land acquisition and acquire the land for GNIDA. Audit also noticed that GNIDA furnished a standard and routine justification for invoking the urgency clause which cited requirement of land for industrial development. However, this standard justification given by

GNIDA did not fall under the ambit of conditions laid down in LAA, 1894 for invoking the urgency clause. On the one hand GNIDA claimed urgency in acquisition of land while on the other, inordinate administrative delays ranging more than six years was noticed.

(Paragraph 3.5.1 at page-32)

(b) Irregular payment of No Litigation Bonus/Incentive Bonus

There is no provision for 'No Litigation Bonus' under both LAA, 1894 and LAA, 2013. On the basis of recommendation of a Committee and approval (27 May 2013) by the Board of GNIDA, payment of ₹ 9.61 crore was disbursed by the Land Division as 'No Litigation Bonus/Incentive Bonus' to 92 farmers/landowners of 17 villages for acquisition through process of direct purchase.

(Paragraph 3.5.4 at page-42)

(c) Avoidable payouts on account of additional compensation and delay

Audit noticed failure in due diligence on the part of GNIDA leading to frequent revisions in acquisition proposals and avoidable expenditure on account of delays, avoidable payment of additional compensation to cases of direct purchases and purchase of land at higher rate resulting in additional payouts to the extent of ₹ 527.84 crore. Post-acquisition, land measuring 54.99 lakh sqm remained encroached and mutation of 19 out of 367 cases of land acquisitions during the period 2005-06 to 2017-18 was pending which indicated lack of follow-up on the part of GNIDA.

(Paragraphs 3.5.2 to 3.5.3 at page-40 to 41, 3.6 at page-43, 3.8.1 and 3.8.2 at page-50)

Pricing of properties

(a) Arbitrary fixation of sale price

GNIDA neither adopted 'model directive principles' issued (November 1999) by the GoUP to determine the cost of properties nor framed any standard costing guidelines of its own nor did it adopt guidelines of any other similar Authority/Organisation for costing and fixation of premium/reserve prices for various land uses.

Further, the basis of determining sale price was not consistent as it was determined on the basis of capital budgeting by including various cost inputs during 2007-08 to 2010-11, while it was determined during 2011-12 to 2014-15 by increasing the sale price of the previous year on the basis of rise in Cost Inflation Index (CII) without any reason on record for the change in the method of determination. It was, however, again determined on the basis of capital budgeting during 2015-16. The prices were not revised in 2009-10 and during the period 2016-17 to 2018-19. The sale price for various categories of land use were not fixed strictly as per the prices worked out after considering various input costs in the capital budgeting.

(Paragraphs 4.3 at page-58, 4.3.1 and 4.3.2 at page-58)

(b) *Undue enrichment of allottees due to inadequate consideration of essential inputs and Floor Area Ratio (FAR)/Ground Coverage (GC) in fixation of sale price*

Due to inadequate consideration of essential inputs, viz., additional property, rehabilitation and resettlement, payment of annuity, *Abadi* allotments, interest expenses and internal development in a uniform manner in fixation of sale price, GNIDA fixed the sale price at lower side. Further, GNIDA allowed excess FAR and GC over and above the Building Regulations causing undue enrichment of the allottees overlooking its own interest. Thus, the combined effect of inadequate consideration of essential inputs in a uniform manner and not considering of FAR and GC in fixation of sale price, deprived GNIDA of extra revenue of ₹ 6,411.29 crore during the period 2007-08 to 2016-17.

(Paragraphs 4.4 at page-64, 4.4.1 at page-67, 4.4.2 at page-69, 4.4.3 at page-71 and 4.5 at page-72)

(c) *Failure in recovery of other costs*

The nature of costs which are specific to certain allottees and the costs which are not in the nature of regular feature or which cannot be apportioned to all the allottees, viz., additional compensation paid on land acquisition, cost of additional *Abadi* plots, cost of land from the allottees of *Abadi* plots and *ex-gratia* payments should be recovered specifically and separately from the respective allottees.

GNIDA decided (November 2011) to recover the cost towards payment of additional compensation from the allottees as allowed to farmers by the Hon'ble Allahabad High Court. However, GNIDA could not recover ₹ 5,136.93 crore¹ mainly due to not issuing notices for recovery. Further, GNIDA did not recover additional compensation of ₹ 20.02 crore from 1,005 *Abadi* allottees during the period November 2011 to December 2017. GNIDA did not also recover ₹ 307.37 crore of *ex-gratia* payments made to farmers due to excluding this payment from the cost of special projects in the year 2015-16 for determining sale price of properties. Thus, GNIDA short recovered other costs amounting to ₹ 5,464.32 crore from the specific allottees.

(Paragraphs 4.6 at page-75, 4.6.1 to 4.6.4 at page-76 to 78)

Allotment of Industrial Plots

(a) *Objective of industrialisation: Position there against*

Out of 2,580 industrial plots allotted by GNIDA from January 1991 upto March 2021, industrial units on only 1,341 plots (52 per cent) were made functional which included 1,194 units made functional with delays up to 19 years. GNIDA also failed in cancelling of projects which were not made functional beyond stipulated time which gave undue favour to the allottees and encouraged profiteering in transfer of land through change in constitution of the allottees. As on April 2021, overdue against the land premium, lease rent and interest was ₹ 630.56 crore against 972 defaulting allottees of industrial plots.

(Paragraphs 5.1.2 at page-89 and 5.1.9 at page-113)

¹ Notice not issued (₹ 2,697.04 crore) plus Notice issued but pending for recovery of (₹ 2,067.35 crore) plus incorrect computation of recoverable amount (₹ 372.54 crore).

(b) Loss due to allotment of plots without developing sector or ensuring intactness of plots

GNIDA allotted 193 plots (6.41 lakh sqm) for industrial land use during the period 2007-08 to 2016-17 in Sector Ecotech-XI without developing this Sector. As a result, the Board of GNIDA from time to time² (since December 2015) waived off penalty for not executing lease deed and extended the time for making the units functional up to March 2021.

Similarly, in three allotments in Sector Ecotech-I made during 2005-06 and 2006-07, GNIDA did not ensure the intactness of the plots (free from all encumbrances) and its development before issuing allotment letters. GNIDA could have avoided loss of ₹ 142.35 crore on account of premium due to difference in land rate between the two periods.

(Paragraph 5.1.4.1 at page-91)

(c) Lack of parameters for evaluation of the industrial projects

Audit evaluated the reasons, constraints and loopholes causing delays in the development of industrial area and observed that the system of allotment was riddled with infirmities. Out of 41 sampled cases of allotment of industrial plots, plots were transferred in five cases by original allottees through change in shareholding even before establishing industrial units. This indicates that these allottees had applied for industrial plots with the objective of trading the plot. This was facilitated because GNIDA did not prescribe any criteria for evaluation of the industrial projects, such as financial health of the applicant (minimum turnover, minimum net worth and minimum liquidity) and experience in the same/similar industry for which plot was applied. As a result, the decisions taken by the Screening Committee of GNIDA for allotment of industrial plots were discretionary and lacked any transparency. A system of objective criteria was introduced by GNIDA from July 2018 and the criteria of minimum turnover, minimum net worth and minimum solvency was included in a subsequent scheme (ONLIND 2022-01) launched in December 2022.

(Paragraphs 5.1.4.2 at page-96 and 5.1.9 at page-113)

(d) Delay in lease deed due to lack of time frame for issuing 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, GNIDA had issued checklist with delays³ of 223 days to 1,804 days from the date of receipt of allotment money in 10 cases, allotted during 2005-06 and 2015-16, out of 41 cases of allotments checked in audit. Resultantly, the lease deeds in these cases were also delayed leading to loss of lease rent of ₹ 4.08 crore for the period of delay.

(Paragraph 5.1.4.3 at page-96)

(e) Charges for change in shareholding not recovered

GNIDA did not recover charges for change in shareholding to the extent of ₹ 14.77 crore in seven cases of change in shareholding since 2015-16. Audit

² 103rd meeting held on 14 December 2015, 110th meeting held on 20 November 2017, 112th meeting held on 7 July 2018 and 113th held on 4 December 2018.

³ In the absence of any timeline for issue of check list after receipt of allotment money, Audit has computed delays after allowing five days for issue of check list.

also noticed a case of misrepresentation of facts and falsifying documents by allottee due to which lease deed was executed (September 2008) by GNIDA with a Company other than allottee.

(Paragraphs 5.1.5.3 at page-101 and 5.1.6.2 at page-104)

Allotment of Builders/Group Housing Plots

(a) Group Housing Projects: Delay in completion and spiraling dues

GNIDA allotted 94 Builder/Group Housing plots during the period 2005-06 to 2014-15 which were subsequently sub-divided from time to time and converted into a total of 186 (Builders: 183; Group Housing: 3) builders/group housing plots as at the end of March 2021. Audit observed that only 27 builder/group housing allottees could complete (15 *per cent*) their projects as against targeted completion of 148 projects as of April 2021. The first phase was due for completion in 140 projects, however, 68 builders/group housing (49 *per cent*) allottees could not complete the first phase of construction despite delays of upto eight years. GNIDA failed to take action for large dues against the builders even after lapse of the tenure for payment. Dues of GNIDA, pending receipt as on April 2021, was ₹ 10,732.44 crore.

(Paragraphs 5.2.1 at page-117 and 5.2.8.1 at page-168)

(b) Irregular allotment to technically ineligible bidders

In four cases, the allottees did not submit the complete documents in support of their eligibility, therefore, their financial bid should not have been opened. The Bid Evaluation Committee of GNIDA not only opened their financial bids but also recommended the allotment of plots valuing ₹ 272.70 crore to four bidders which was also approved (February 2009 to July 2010) by the CEO in violation of brochure conditions.

(Paragraph 5.2.6.2 at page-150)

(c) Allotment of plots to defaulters

GNIDA extended undue favour by allotting (March 2010 to July 2014) seven plots valuing ₹ 635.47 crore to five builders inspite of their defaults against the already allotted plots. Audit further noticed that these builders kept on defaulting against the subsequent allotments also which accumulated to ₹ 877.03 crore as of April 2021. Besides, the amount of default in case of their earlier allotments accumulated to ₹ 461.99 crore. The allottees not only defaulted in payment of dues but also failed to complete the project in the stipulated period as only one project was complete as of April 2021.

(Paragraph 5.2.6.3 at page-153)

(d) Allowing exit of key members of consortium leaving the project to ineligible applicants

In 11 cases, the consortium members did not form the Special Purpose Company (SPC) as required by the terms and conditions of the brochure. Further, in eight other cases, SPCs were formed but were not in accordance with the shareholding proposed in the MoA. GNIDA allowed exit of the key consortium members, whose net worth had been basis for allotment of the plots/projects leaving the land/project to companies who by themselves were incapable of qualifying for allotment. The exit of key members of the consortium immediately after allotment indicates lack of monitoring,

regulatory control and nullification of the very objective of creating an SPC besides undue benefit by allowing back door entry to ineligible allottees.

(Paragraphs 5.2.5.6 at page-133 and 5.2.5.7 at page-135)

(e) Sub-division of plot to ineligible member(s) of the consortium

In respect of the plots allotted in April 2010 to August 2014, GNIDA allowed the sub-division of plots in favour of 15 ineligible members of the consortium without ensuring the technical and financial eligibility prescribed for size corresponding to the sub-divided plots. These allottees did not pay dues amounting to ₹ 725.99 crore to GNIDA (April 2021). Only one allotment (Kinetic Buildtech Private Limited) was cancelled for failure to pay dues.

(Paragraph 5.2.5.9 at page-137)

(f) Reduction in reservation and allotment money

CEO, GNIDA exceeded its powers and reduced the reservation and allotment money from the existing 30 per cent to 20 per cent while approving (January 2009) the terms and conditions of the scheme BRS 1/2008-09. The terms and conditions were not put up to the Board even *ex-post facto* (April 2021). The reservation and allotment money was further reduced with approval of Board to 10 per cent during opening of six schemes (January 2010 to February 2011) which resulted in deferment of the financial commitment of the builder and facilitated it to garner more land by paying less upfront money at the time of allotment. This resulted in 20 per cent less inflow of funds to the extent of ₹ 1,438.46 crore against the allotment of 137 plots to the builders during the above period. As of April 2021, the overdue of premium against the builders who were extended this facility accumulated to ₹ 8,060.18 crore⁴. Further, 35 out of above 137 builders did not even pay the deferred allotment money of 20 per cent amounting to ₹ 294.02 crore so far (April 2021). 121 out of above 137 projects⁵ were not completed (April 2021) by the builders within the stipulated period of seven years. While allotting the plots at miniscule price of 10 per cent did not help in their completion, GNIDA had taken loan of ₹ 16,419.10 crore during the period April 2009 to March 2014 for land and infrastructure development.

(Paragraph 5.2.5.13 at page-142)

(g) Issue of mortgage permission without clearing of dues

GNIDA granted 17 mortgage permissions during the period March 2006 to August 2019 on nine allotments up to the scheme BRS 03/2010 test checked in Audit despite outstanding dues of premium ranging between ₹ 0.36 crore and ₹ 72.01 crore. The total outstanding dues of premium of the aforesaid nine allottees accumulated to ₹ 1,156.53 crore (April 2021). Thus, GNIDA not only failed to secure its future dues but also continued to issue permission to mortgage in spite of outstanding overdue in violation of the conditions of the brochures.

(Paragraph 5.2.5.3 at page-128)

⁴ Principal amount: ₹ 3,339.74 crore and Interest: ₹ 4,720.44 crore.

⁵ Completion of project was not due in four cases.

(h) Clause for opening Escrow Account not included in scheme brochures

To prevent the diversion of funds collected by the developer from the ultimate buyers/dwellers for other use, the provision of Escrow Account was a reliable mechanism. However, GNIDA failed to include the condition for opening of Escrow Account by the builder in the terms and conditions of the schemes launched so far. As of April 2021, the allottees defaulted continuously in payment of instalments of the premium of the allotted plots causing accumulation of dues of ₹ 2,234.81 crore upto April 2021 in 28 cases out of 34 cases allotted during 2005-06 to 2014-15 which were test checked in audit. Out of 34 allotments, only seven projects could be completed up to April 2021. Further, out of these seven completed projects, overdue of premium of ₹ 486.26 crore was outstanding for payment as on April 2021 in respect of four cases. By failing to impose the requirement of escrow account, GNIDA has imperiled its own interests as well as those of home buyers. GNIDA had however, in its scheme BRS 2021-22, 'Builders plot for development of Pradhan Mantri Avas Yojna unit in Greater Noida' launched in October 2021, incorporated a clause for opening escrow account by the allottee.

(Paragraph 5.2.5.1 at page-125)

(i) Inadequate and ineffectual penal provisions for not executing lease deeds

Amount of penalty for delay in execution of lease deeds was not commensurate with the value of plots, particularly in the case of Builder/Group Housing category schemes launched during the period from 2005-06 and 2014-15. Instead, it worked as a catalyst for delaying execution of lease deed and eventually the completion of the project, even without paying any time extension charges to that effect. There was also failure to review and revise the rates since January 2010. This resulted in delay in execution of lease deeds, extension of the completion period of the projects and consequent delay in delivery of home to the ultimate buyers.

(Paragraphs 5.2.5.14 at page-145 and 5.2.5.15 at page-148)

Allotment of Commercial Properties

(a) Change in technical eligibility criteria for consortium applicants

Manual for Commercial Property Management, 2008 (MCPM), approved (April 2008) by the Board of GNIDA, provides that, in case of bidding by a consortium for allotment of Commercial Property, the technical qualification of only the Lead Member shall be considered for technical eligibility. This clause was significant to hold the Lead Member, being major shareholder, accountable for the project. However, GNIDA changed it in the brochure of very first scheme of Commercial allotment launched (August 2010) after the approval of MCPM. The changed criteria provided that technical qualification of the Lead Member as well as its Relevant Members shall be jointly considered for technical eligibility of the bid.

Due to dilution of technical eligibility criteria, the Lead Members in five cases of allotments of Commercial Builder Plots had Nil turnover/experience/network. Four out of five of these projects remained incomplete after prescribed period for completion.

(Paragraph 5.3.5.1 at page-178)

(b) Failure to cancel allotments despite lapse of prescribed period of construction

GNIDA did not cancel four allotments of commercial plot/shops despite failure of allottees to make these functional even after lapse of more than eleven years in three cases and more than four years in one case from the prescribed timeline. The deposits of allottees amounting to ₹ 9.42 crore were also not forfeited which led to undue favour to allottees.

(Paragraph 5.3.6.1 at page-184)

(c) Failure in ensuring completion/making functional of commercial properties

Out of 335 commercial plots (23,33,952 sqm area) and 428 built-up shops/kiosks (13,178 sqm spaces) allotted by GNIDA since inception to April 2021, construction was completed in only 28 plots (nine per cent) whereas even the lease deed was not executed in seven other cases. Further, out of 428 built-up shops/kiosks allotted, only 289 built-up shops/kiosks were made functional due to lack of monitoring by GNIDA in ensuring construction/completion of the building by the allottees.

(Paragraph 5.3.8.1 at page-190)

Sports City and Recreational Entertainment Park

GNIDA allotted (March 2011 to July 2014) two plots under Sports City and two plots under Recreational Entertainment Park (REP) schemes (20,98,266 sqm.) to four consortiums of companies. Four golf courses, two cricket academies, two amusement parks along with other sports facilities were envisaged in the Sports City and REP plots.

(a) Scheme launched without approvals

Audit noticed that there was no approval of GoUP and NCRPB in place, when GNIDA launched the first Sports City scheme (Sports City-01) and allotted plot under it in March 2011.

(Paragraphs 5.4.4.1 at page-196)

(b) Insufficient technical eligibility criteria

Sports City and REP schemes did not lay down any specification for the level of intended sports infrastructure. The technical eligibility criteria specified in the brochures of the schemes of Sports City and REP were based on real estate development rather than experience in developing sports related infrastructure. Further, there was no condition in the bid document for submission of a Detailed Project Report (DPR) for undertaking a project of such magnitude. Absence of such critical eligibility conditions in brochures led to selection of allottees who lacked necessary experience in developing required sports related infrastructure. The technical and financial eligibility criteria in the brochures of Sports City and REP schemes did not vary with the size and value of plots.

(Paragraphs 5.4.4.4 at page-198, 5.4.4.5 and 5.4.4.6 at page-198 and 199)

(c) Flaws in conditions of allotment of land to consortiums

Sports City/REP plots were allotted through bidding to consortiums of companies. The Brochures for these schemes provided for sub division of

plots with independent liability of the respective allottees for payment of premium and lease rent. It facilitated allotment of plots to individual consortium members, who were not eligible for allotment of Sports City plots on their own. Further, the consortium allottees, which were original allottees, did not remain responsible for development of Sports City/REP. None of the project has been completed (March 2022).

Finance Division of GNIDA directed (March 2019) Property Divisions to execute Escrow Agreement immediately with the defaulter allottees (except in case of allottees of residential property). Further, out of 20 allottees of the sub-divided plots of Sports City and REP schemes, 19 allottees had defaulted their payments to GNIDA with accumulated dues of ₹ 2,329.42 crore. Out of these 20 allottees, five allotments were cancelled by March 2023 and five other allottees had opened escrow account. Thus, GNIDA could not ensure opening of Escrow Accounts with the remaining 10 allottees, though notices were issued to these allottees for opening of escrow accounts. As such, not only the purpose of creation of integrated sports facilities was lost but also the dues of the sub divided plots of sports city and REP accumulated.

(Paragraphs 5.4.5, 5.4.5.1, 5.4.5.2, 5.4.5.3, 5.4.5.4 and 5.4.5.5 at page-199 to 206)

(d) Brochure's terms and conditions not complied with

Irregularities were noticed in screening of applications and complying with brochures' conditions. GNIDA extended undue favour to allottees of Sports City/REP plots by accepting deficient Memorandum of Agreements (MoAs) amongst consortium members without specifying their roles and responsibilities in contravention of brochures' terms and conditions. Further, charges amounting to ₹ 37.40 crore for Change in Constitution (CIC) were also not levied on allottees, as GNIDA removed the requirement of taking approval for CIC misinterpreting GoUP order. Further, GNIDA issued mortgage permission to allottees despite dues of premium and lease rent. As noticed, the practice of issuing permission to mortgage in spite of outstanding overdue was prevalent in GNIDA since March 2006.

(Paragraphs 5.4.6.1 at page-208, 5.4.6.2 at page-209 and 5.4.6.4 at page-212)

(e) Thrust on development of group housing rather than sports infrastructure

Audit observed that no sporting infrastructure had been completed by allottees as of March 2022 and the land parcel for Sports City and REP plots had been utilised by allottees mainly for developing residential assets. GNIDA also failed to prevail upon the allottee builders to honour their commitments. There was no mechanism for monitoring of progress of project or its functionality which resulted in delays in execution of the project. Further, the layouts of sub divided plots were approved by GNIDA without ensuring congruity and intactness of land for developing golf courses as envisaged. Although spaces for some sports facilities like putting one-hole golf course, tennis court, swimming pool have been marked in the plots, these are in nature of similar facilities being provided in any other residential/group housing projects. Further, in the absence of technical specifications for level of sports infrastructure envisioned, the facilities being created will at best only serve the

respective group housing societies and their use for hosting public sports events does not seem to be feasible.

The allowance of higher effective FAR and GC under group housing/residential land use in the Sports City resulted in incentive of ₹ 470.12 crore to the allottees in Sports City-01 and Sports City-02 plots. After considering the development of group housing projects and the absence of corresponding development of sports infrastructure, this incentive is tantamount to undue benefit of ₹ 470.12 crore in respect of the two Sports City plots.

(Paragraphs 5.4.8, 5.4.8.1, 5.4.8.2, 5.4.8.4, 5.4.8.5 and 5.4.8.6 at page-218 to 225)

Allotment of Institutional and IT Plots

(a) Timeline for issue of checklist not fixed

GNIDA did not frame any time line for issue of checklist to allottees to execute lease deed. Audit noticed that in 31 cases of allotment of institutional plots during May 2005 to September 2016, there were delays in issue of the checklist by GNIDA ranging from two months to 14 years. Similarly, in 44 cases of allotment of IT plots, delays in issue of checklist ranged from seven months to nine years. This resulted in subsequent delay in execution of lease deeds thereby depriving GNIDA of revenue from lease rent of ₹ 53.19 crore. It was also noticed that this delay was not monitored at any level.

(Paragraph 5.5.4.3 at page-234)

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

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 were classified as mega investment units which were given land at a rebate of 25 per cent on the sector rate. As per the scheme brochure, the allottees were bound to complete construction of the first phase and had to invest 30 per cent of the minimum investment at the rate of ₹ four crore per acre excluding land cost within three years. The allottees were required to complete the project fully in seven years from the date of execution of lease deed. An annual certificate of expenditure from Chartered Accountant and approved Valuer was required to be submitted by the allottees. If the said investment was not made by the allottee then the rebate was to lapse and the allottee had to deposit the rebate amount with interest in the accounts of GNIDA.

Audit noticed that 19 allottees did not submit annual certificate of expenditure from Chartered Accountant and approved Valuer and required investment was not made by these allottees. However, GNIDA neither ensured the timely execution of these mega investment projects nor withdrew the rebate thereby extending undue benefit of ₹ 201.57 crore.

(Paragraph 5.5.6.2 at page-240)

(c) Allotment of institutional plots for commercial activities

The institutional land use comprised of area of Government/Semi Government and private institutions and offices, regional level institutions (IT and ITeS use) and public utilities as per Master Plan 2021 of GNIDA. However,

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 by considering them under the institutional category instead of under the commercial category though these uses did not conform to institutional land use. Due to allotment for commercial activities under the institutional category at the corresponding lower rates, GNIDA lost revenue of ₹ 519.32 crore towards land premium, lease rent and interest thereon.

(Paragraph 5.5.6.3 at page-241)

(d) Loss due to inadmissible allotment of institutional green area

In two cases, GNIDA allotted (May 2005 and May 2006) 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 in violation of the decision of the Board thereby extending undue benefit of ₹ 41.48 crore to these allottees.

(Paragraph 5.5.6.4 at page-242)

(e) Failure to recover Location Charges from allottees

In spite 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. Besides, on the unrecovered location charges there was loss of lease rent of ₹ 2.29 crore and stamp duty of ₹ 0.52 crore as location charge was part of the premium of the allotted plot.

(Paragraph 5.5.6.6 at page-244)

(f) Purpose of allotments not achieved

Audit noticed that less than five per cent of the allotments made during 2005-06 to 2016-17⁶ under the Institutional/IT category were functional and ownership of a large number of plots was transferred during September 2010 to May 2017, defeating the very purpose of allotments under the Institutional category.

(Paragraph 5.5.8 at page-258)

Allotment of Farm Houses Plots

(a) Launching of Krishi Farm Houses scheme in the flood plain area of river Hindon

In violation of the directions (March 2010) of GoUP and Regional Plan 2021 prohibiting any kind of construction inside the flood plain zone, GNIDA allotted (September 2015) nine Krishi Farm Houses in the flood affected area. GNIDA subsequently cancelled (November 2019) these allotments in view of encroachment of land. The inaction of GNIDA to remove encroachment was also in violation of GoUP's order (March 2010) to ban all kinds of constructions in flood plain zones.

(Paragraphs 5.6.2 at page-261, 5.6.4.1 at page-264 and 5.6.7 at page-268)

⁶ No allotments were made during 2017-18 and allotments made during 2018-19 to 2021 were not due for being made functional.

(b) Violation of green buffer norms in launching of Institutional Farm Houses Scheme

GNIDA launched (January 2011) Institutional Farm Houses scheme in the area which was to be kept as green buffer in view of advice of NCRPB and subsequent assurance of GNIDA. This area was indicated for agriculture use in land use map of MP 2021. Audit noticed that in the scheme brochures for Institutional Farm Houses, Lessee/Sub lessees of Institutional Farm Houses were permitted to build one dwelling unit, swimming pool and playground in each farm house which were not permitted under either green buffer area in the Zoning Regulations of RP 2021 or agriculture use land in MP 2021. As per the approved layout plan, 91 farm houses were to be developed on two Institutional Farm Houses plots. Thus, effectively these areas will shape into multiple farm houses with private utilities consisting of construction on 1,45,647 sqm out of allotted area of 9,70,982 sqm (at FAR of 15 *per cent*) and thereby, change the very complexion of land use which was to be maintained as green buffer area.

(Paragraph 5.6.4.2 at page-265)

Internal Control***Deficient internal control mechanism***

The Internal Control system in GNIDA was found to be significantly weak. The GoUP and Board of GNIDA failed to perform their oversight roles. Annual Reports of GNIDA were not prepared and laid before the State Legislature, inhibiting legislative oversight over the activities of GNIDA. GoUP also failed to prescribe the form in which accounts of Authority was to be maintained. GNIDA incurred expenditure for other departments which was beyond its mandate under UPIAD Act, 1976. The Board of GNIDA did not object to its authority being taken for granted in routine way by not taking cognizance of the schemes' terms and conditions and change in important conditions not being submitted and/or putting up only for *ex-post facto* approval. Deposits of money by allottees was not verified or reconciled with banks which was a high risk area and could lead to fraud. There was no Internal Audit put in place by GNIDA for periodical review of its working. Lack of co-ordination between the different Divisions and weak MIS system in GNIDA were also seen. All of these translated into failure to achieve the objectives of GNIDA, distress for end-use stakeholders like home buyers who invested their life savings in schemes of GNIDA and losses to GNIDA and the Government involving thousands of crore of rupees.

(Paragraphs 6.2.1 at page-273 to 6.6.2 at page-283)