

CHAPTER–VI (2)
**Allotment of Industrial, Institutional,
Mixed Land Use and Other Properties**

CHAPTER-VI

Allotment of Properties

VI (2) Allotment of Industrial, Institutional, Mixed Land Use and Other Properties

YEIDA allotted 30,675 plots between 2008-09 and 2020-21 under industrial, institutional, mixed land use, commercial and residential categories admeasuring 3,04,23,185.68 sqm, out of which 1,666 plots (five *per cent*) admeasuring 1,16,20,021.00 sqm were cancelled/surrendered.

Of the remaining 29,009 plots admeasuring 1,88,03,164.68 sqm, lease deeds were not executed in respect of 23,832 plots (82 *per cent*) admeasuring 1,24,86,474 sqm. Further, none of the units/projects on the allotted plots were completed as of April 2022 there by defeating the purpose of allotment.

Several deficiencies and omissions were noticed in the scheme brochures which adversely affected execution of projects and interests of YEIDA. Compliance to the terms and conditions of the scheme brochures was also deficient. Besides, the systems and procedures for allotment of properties and ensuring post-allotment compliances were found to be lacking.

Introduction

6.2.1 The main objective of YEIDA is to develop the industrial development area within its jurisdiction as per the approved Master Plan and to achieve the above objective, YEIDA undertakes development of residential, commercial, industrial, institutional and mixed land use zones.

For development of residential zones, YEIDA either allots plots to builders on the basis of competitive bidding who further develop plots/flats/individual residences and sell them to end users or allots plots/flats directly to end-users on the basis of draw of lots.

For development of Special Development Zones¹ (SDZ) and non-residential zones such as commercial, industrial, institutional and mixed land use, YEIDA allots plots to applicants on different basis as detailed in **Table 6.2.1** below:

Table 6.2.1: Details of basis of allotment of various types of properties

Type of property	Basis of allotment
Special Development Zone	Pre-determined eligibility criteria and assessment of past experience, track record, financial arrangements, availability of technical and non-technical resources and preliminary project report
25 to 250 acre plot scheme ²	Interview

¹ As per the policy framed (December 2007) by GoUP for development of YEIDA's area, development of land equal to or more than 1,000 hectare was termed as Special Development Zone (SDZ). The allottees of SDZ were required to utilise the allotted area for at least one core activity (industrial, information technology, bio technology, institutional, sports, recreational or service industry) along with other permissible activities (commercial, institutional and amenities, roads and open spaces and residential).

² In order to meet the demand for plots of smaller sizes, YEIDA launched (July 2009) a scheme for allotment of plots of size between 25 and 250 acres (25-250 acre plot scheme). Allottees of 25-250 acre plot scheme were required to utilise the allotted area for one core activity (industrial, information technology, bio technology, institutional, sports, recreational or service industry) along with other permissible activities (commercial, institutional and amenities, roads and open spaces and residential).

Type of property	Basis of allotment
Institutional	Interview
Industrial – Up to 2000/4000 sqm	Draw of lots
Industrial – Above 2100/4000 sqm	Initially on the basis of interview and later on the basis of pre-determined criteria and project presentation
Mixed Land Use	Initially on the basis of interview and later on the basis of pre-determined criteria and project presentation
Commercial	Competitive bidding

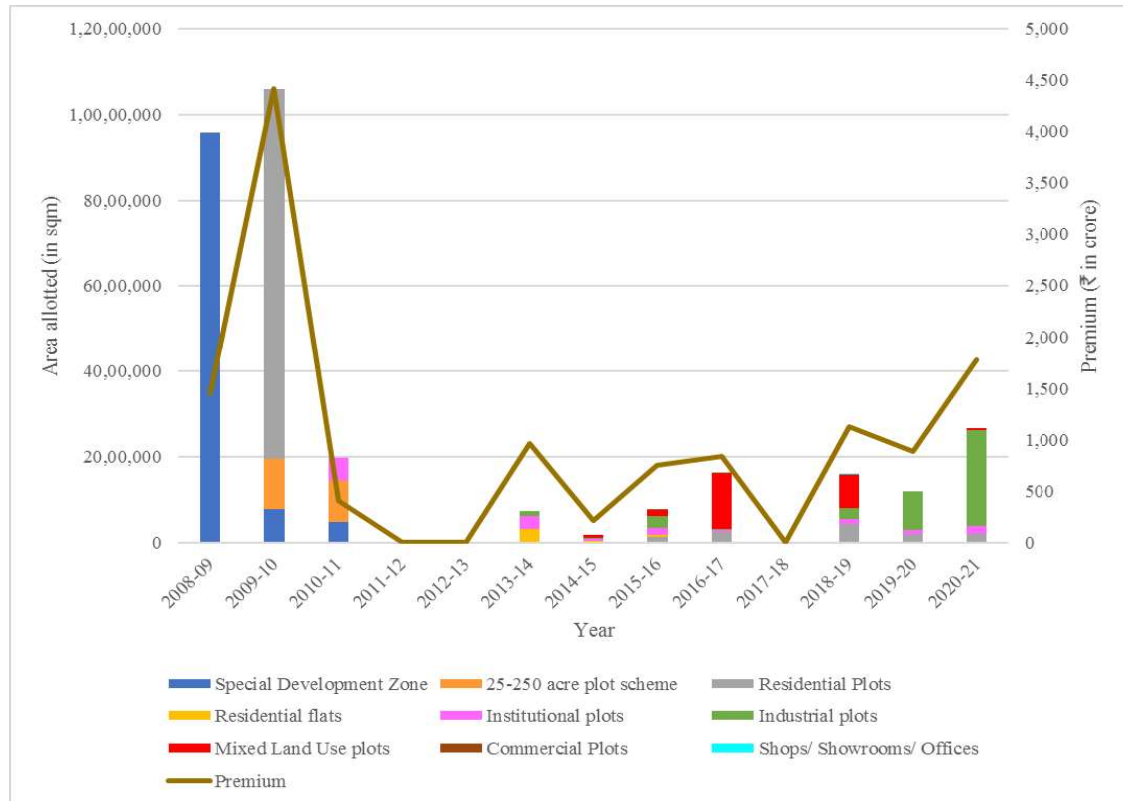
Source: Brochures of schemes launched by YEIDA

Audit observations on allotment of plots to builders (residential township and group housing plots) have already been discussed in **sub-chapter VI (1)**. This sub-chapter deals with audit observations on allotment of industrial, institutional, mixed land use and other categories of properties.

Status of allotments

6.2.2 YEIDA allotted 39,397 properties³ admeasuring 3,08,28,844.68 sqm and valuing ₹ 12,831.93 crore during the period 2008-09⁴ to 2020-21. The year-wise allotment of various categories of properties during the period 2008-09 to 2020-21, is depicted in **Chart 6.2.1** below:

Chart 6.2.1: Year-wise allotment under various categories



Source: Information furnished by YEIDA

From the above chart it would be seen that maximum area of 2,01,68,208.00 sqm (65 per cent of total allotted area) was allotted by YEIDA during the

³ Including constructed properties *i.e.*, flats and shops/showrooms/offices but excluding residential township and group housing plots allotted to developers covered in sub-chapter VI (1).

⁴ No allotments were made by YEIDA before the year 2008-09.

initial two years, viz., 2008-09 and 2009-10. No allotments were made during three years, viz., 2011-12, 2012-13 and 2017-18.

Out of the 39,397 allotments made by YEIDA during the period 2008-09 to 2020-21, 4,548 allotments admeasuring 1,18,11,963.13 sqm (38 per cent of total allotted area) and valuing ₹ 2,803.25 crore were cancelled/surrendered as of April 2022. An amount of ₹ 1,710.09 crore was overdue against 9,339 allottees out of the remaining 34,849 allottees as of April 2022. The details are given in **Table 6.2.2** below:

Table 6.2.2: Details of allotments made and amount overdue against allottees

Category of property	No. of properties allotted	No. of properties cancelled/surrendered	No. of properties remaining	No. of properties with overdues	Amount of overdues (₹ in crore)
Plots:					
Special Development Zone	1	1 (100 per cent)	0	0	0
25-250 acre plot scheme	14	1 (7 per cent)	13	4 (31 per cent)	172.54
Institutional plots	134	2 (1 per cent)	132	80 (61 per cent)	388.22
Industrial plots	2,428	46 (2 per cent)	2,382	1,449 (61 per cent)	318.58
Mixed Land Use plots	9	0	9	6 (67 per cent)	255.55
Residential plots	28,073	1,603 (6 per cent)	26,470	5,139 (19 per cent)	450.87
Commercial plots	16	13 (81 per cent)	3	2 (67 per cent)	0.05
Total	30,675	1,666 (5 per cent)	29,009	6,680 (23 per cent)	1,585.81
Constructed properties:					
Residential flats	8,709	2,882 (33 per cent)	5,827	2,656 (46 per cent)	124.23
Shops/Showroom/Offices	13	0	13	3 (23 per cent)	0.05
Total	8,722	2,882 (33 per cent)	5,840	2,659 (46 per cent)	124.28
Grand Total	39,397	4,548 (12 per cent)	34,849	9,339 (27 per cent)	1,710.09

Source: Information furnished by YEIDA

Audit coverage

6.2.3 Out of 39,397 properties allotted by YEIDA during the audit period, 287 (one per cent) properties were selected for detailed examination by Audit on the basis of stratified random sampling. The details are given in **Table 6.2.3** below:

Table 6.2.3: Details of properties selected for detailed examination

Category of property	No. of properties allotted	No. of properties selected for detailed examination	Percentage of properties selected for detailed examination
Plots:			
Special Development Zone	1	1	100.00
25-250 acre plot scheme	14	9	64.29
Institutional plots	134	28	20.90
Industrial plots	2,428	64	2.64

Category of property	No. of properties allotted	No. of properties selected for detailed examination	Percentage of properties selected for detailed examination
Mixed Land Use plots	9	6	66.67
Residential plots	28,073	100	0.36
Commercial plots	16	16	100.00
Total	30,675	224	0.73
Constructed properties:			
Residential flats	8,709	50	0.57
Shops/Showroom/ Offices	13	13	100.00
Total	8,722	63	0.72
Grand Total	39,397	287	0.73

Source: Information furnished by YEIDA

Audit examined allotment files of the above properties during the course of audit from October 2021 to April 2022.

Audit findings

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

- Deficiencies relating to scheme brochures and brochure conditions not complied with (*Paragraphs 6.2.5 to 6.2.5.11*);
- Deficiencies in systems and procedures (*Paragraphs 6.2.6 to 6.2.6.7*); and
- Outcome of allotments (*Paragraph 6.2.7*).

Deficiencies relating to scheme brochures and brochure conditions not complied with

6.2.5 Audit noticed deficiencies in the terms and conditions included in the scheme brochures which adversely affected execution of projects and interests of YEIDA. Besides, there were instances where the terms and conditions prescribed in the scheme brochures were not adhered to. These deficiencies are discussed in succeeding paragraphs.

Minimum technical and financial eligibility criteria not prescribed

6.2.5.1 Technical and financial eligibility criteria in terms of required experience in execution of project(s) of similar nature and size, minimum net worth, minimum solvency and minimum turnover from similar activities serves as an objective and efficient criteria to filter in only those applicants who are capable of executing the project and paying off YEIDA’s dues in time.

Audit noticed that YEIDA allotted 2,571 institutional, industrial and mixed land use plots and 14 plots under 25-250 acre plot scheme during the period 2009-10 to 2020-21 admeasuring 97,31,182.68 sqm and valuing ₹ 4,007.21 crore. YEIDA, however, did not prescribe any technical and financial eligibility criteria to be fulfilled by the applicants in order to be eligible for allotment of plots under the above categories. Thus, the process of allotment adopted by YEIDA in the above cases was deficient as it did not enable YEIDA to shortlist only those applicants who were technically and financially capable of executing the project and in paying off YEIDA’s dues in time.

In its reply, YEIDA stated (November 2022) that allotment of industrial plots above 4,000 sqm was made on the basis of objective criteria which included elements such as net worth, solvency/liquidity, turnover, project viability, etc.,

YEIDA did not prescribe any technical and financial eligibility criteria for allotment of plots under institutional, industrial and mixed land use categories.

on the basis of which eligibility of applicants was determined. It further stated that allotment of plots under 25-250 acre plot scheme was made after examination of prescribed documents and project presentation by the applicants.

The reply does not address the audit query of why there was no minimum eligibility requirement for allotment of plots under 25-250 acre plot scheme and institutional plots.

Discretionary allotment of plots on the basis of interview

6.2.5.2 The terms and conditions laid down in the scheme brochures for allotment of institutional, industrial (one scheme launched in December 2013 for allotment of industrial plots above 2,100 sqm)⁵ and mixed land use (four schemes launched during 2014-16)⁶ plots and plots under 25-250 acre plot scheme *inter-alia* provided that the applicant shall along with its application submit a Project Report giving details of the key activity and time schedule for completion of the project. The application along with the requisite documents shall be screened by a Screening Committee and applicants whose application is submitted with complete information shall have to appear for interview for examining the viability of the project. The allotment of the plot was subject to the recommendation of Allotment/Screening Committee after interview of the applicant.

Audit noticed that YEIDA allotted (November 2009 to February 2021) 135 institutional, industrial and mixed land use plots and 14 plots under 25-250 acre plot scheme admeasuring 47,10,602.68 sqm and valuing ₹ 1,432.36 crore on the basis of interview under the above mentioned schemes. Audit observed that evaluation of projects was based on project reports submitted by the applicants instead of on the basis of pre-determined eligibility.

In its reply, YEIDA stated (November 2022) that allotment of plots under one industrial scheme and three mixed land use schemes were done on the basis of interviews as the standards of objective criteria were not determined at that time. As regards institutional plots, YEIDA stated that allotments were made after examination of prescribed documents and project presentation by the applicants.

The reply is not acceptable as allotment of plots under the above schemes was done on the basis of interview without any pre-determined parameters. Moreover, it conferred discretionary powers upon the Allotment Committee.

Recommendation No. 24

YEIDA should frame model brochure/scheme terms and conditions for allotment of various categories of properties prescribing objective eligibility criteria commensurate to the size and value of the property to be allotted.

⁵ YEIDA launched (June 2013 to June 2016) three schemes for allotment of industrial plots up to 2,000 sqm on the basis of draw of lots and one scheme (December 2013) for allotment of industrial plots above 2,100 sqm on the basis of interview. In subsequent schemes launched since March 2018, YEIDA allotted industrial plots up to 4,000 sqm on the basis of draw of lots and plots above 4,000 sqm on the basis of pre-determined criteria and project presentation.

⁶ In four schemes launched (2014-2016) by YEIDA for allotment of mixed land use plots, plots were allotted on the basis of interview. In two schemes launched subsequently (2018-2019), plots were allotted on the basis of pre-determined criteria and project presentation.

Deficiencies in scheme brochure (July 2009) of 25-250 acre plot scheme

6.2.5.3 The terms and conditions laid down in the scheme brochure of 25-250 acre plot scheme *inter-alia* required the allottees/lessees to complete various activities such as execution of lease deed, submission of detailed drawings/ maps and completion of development and construction works.

Audit noticed the following deficiencies in provisions regarding activities required to be completed by the allottees/lessees:

- **Time limit for execution of lease deed and penalty for delays not prescribed:** The terms and conditions laid down in the scheme brochures *inter-alia* provided that in addition to the premium of plot and external development charges, lease rent shall be chargeable from the date of execution of lease deed at the rate of 2.5 *per cent* of the premium per annum and shall be payable annually in advance. Since, lease rent was chargeable from the date of execution of lease deed and any delay in execution of lease deed would result in loss to YEIDA, it was necessary that suitable conditions be incorporated in the scheme brochure prescribing the time limit for execution of lease deed and penalty to be levied in case of delay. YEIDA, however, did not prescribe any time limit and penalty in the brochure of 25-250 acre plot scheme.

Audit noticed that there were delays of eight to 77 days in execution of lease deeds in four cases, considering a period of 60 days from the date of issue of checklist as period allowable⁷ for execution of lease deed. However, as there was no prescribed time limit for execution of lease deed and penalty in case of delay, YEIDA could not levy penalty of ₹ 14.25 lakh⁸ on the allottees as detailed in **Table 6.2.4** below:

Table 6.2.4: Details showing delays in execution of lease deeds

Sl. No.	Name of the allottee	Area as per lease plan (in sqm)	Date of issue of checklist	Date of execution of lease deed	Delay in execution of lease deed (in days)	Penalty (₹ in lakh)
1.	G.L. Bajaj Educational Trust	1,01,953.00	04-08-2010	11-10-2010	8	0.72
2.	Satilila Educational Foundation	2,42,655.13	09-06-2011	25-08-2011	17	3.58
3.	Chandralekha Constructions (P) Ltd.	2,02,868.60	09-06-2011	25-08-2011	17	2.99
4.	Shanti Educational Society	1,03,879.59	12-04-2011	27-08-2011	77	6.96
Total						14.25

Source: Concerned allotment files and information furnished by YEIDA

Audit observed that YEIDA in the brochure of scheme launched (December 2013) for allotment of industrial plots had provided that the allottee shall be required to execute the lease deed and get the same registered within 60 days from the date of issue of checklist. The scheme brochure further provided that extension of six months can be granted on payment of penalty equal to three *per cent* of the total premium of the plot on pro-rata basis.

⁷ Allowable period of 60 days for execution of lease deed has been considered by Audit on the basis of time allowed by YEIDA in the scheme launched by it in December 2013 for allotment of industrial plots.

⁸ Calculated at the rate prescribed in the scheme launched by YEIDA in December 2013 for allotment of industrial plots.

In its reply, YEIDA stated (November 2022) that lease rent was charged from the allottees as per the provisions of scheme brochure from the date of execution of lease deed. Therefore, there was no loss to YEIDA.

The reply is not acceptable as it does not address the audit observation regarding not prescribing any time limit for execution of lease deed and penalty to be levied in case of delay.

• **Time limit for submission of detailed drawings/maps and penalty for delays not prescribed:** The terms and conditions laid down in the brochure *inter-alia* provided that the allottee can start development/construction works after getting the requisite approvals of detailed drawings/maps from YEIDA.

Since, development/construction work was to be started only after getting the requisite approvals it was necessary that suitable conditions be incorporated in the brochure prescribing the time limit for submission of detailed drawings/maps by the allottees and penalty to be levied in case of delays. YEIDA, however, neither prescribed any time limit for submission of detailed drawings/maps nor any penalty in case of delays.

Audit noticed that out of 13 allottees (excluding one cancelled plot) only three allottees⁹ had got detailed drawings/maps approved from YEIDA as of April 2022. The remaining 10 allottees had not submitted the detailed drawings/maps even after lapse of more than 10 to 12 years since execution of lease deeds.

Thus, due to not incorporating suitable provision prescribing the time limit for submission of detailed drawings/maps and for levy of penalty in case of delays, YEIDA failed to check such delays.

In its reply, YEIDA stated (November 2022) that the allottees could not start construction works on the allotted plots due to farmers' agitation demanding additional compensation. It further stated that penalty is prescribed in the scheme brochure for delay in completion of construction and action would be taken for not completing construction within the prescribed time.

The reply is not acceptable as it does not address the audit observation regarding not including suitable provision prescribing the time limit for submission of detailed drawings/maps and for levy of penalty in case of delays.

Short charging of lease rent

6.2.5.4 The terms and conditions for allotment of plots under Special Development Zone (SDZ) scheme and 25-250 acre plot scheme provided that in addition to the premium of plot¹⁰, the allottees shall pay external development charges at applicable rates and lease rent at the rate of 2.5 per cent of premium per annum.

Audit observed that the allotment rates fixed by YEIDA for allotment of various properties within its industrial development area comprises of four cost components *viz.*, cost of land, cost of external development, cost of internal development and cost of special projects. Further, YEIDA charges lease rent in case of institutional, industrial and mixed land use plots at the rate

⁹ Maruti Educational Trust, Smt. Shakuntala Educational and Welfare Society and S.K. Contracts Pvt. Ltd.

¹⁰ Comprising of cost of land.

of 2.5 per cent of the total premium of the plot which comprises of the aforesaid four cost components.

YEIDA suffered loss of ₹ 33.70 crore due to providing for levy of lease rent only on premium recovered against land cost and not on external development charges.

Since, external development charges being recovered by YEIDA in the SDZ scheme and 25-250 acre plot scheme were also part of the total premium of the plots, lease rent should have been charged on external development charges also and not only on premium recovered against cost of land. Thus, YEIDA suffered loss of ₹ 33.70 crore¹¹ due to providing for levy of lease rent only on premium recovered against land cost.

In its reply, YEIDA stated (November 2022) that the Board of YEIDA in its 26th meeting held on 23 December 2008 decided to charge lease rent only on cost of land. Accordingly, lease rent has not been charged on external development cost.

The reply is not acceptable as external development charges are part of total premium and hence, lease rent should have been recovered on external development charges as well, as was being levied by YEIDA in allotment of institutional, industrial and mixed land use plots.

Loss due to incorrect provision of various land uses

6.2.5.5 Master Plan (Phase-I) 2031 approved by the Board of YEIDA on 19 August 2013 prescribes the type of land uses and their extent in mixed land use zone as follows:

Industrial/Institutional/Recreational	Minimum 75 per cent
Residential	Maximum 12 per cent
Commercial	Maximum 8 per cent
Institutional (Facilities)	Minimum 5 per cent

YEIDA launched its first scheme for allotment of mixed land use plots in January 2014. As per the scheme brochure, the type of permissible land uses and their extent was as follows:

Industry/Institution/Warehouse/IT and ITES	91 per cent minimum
Institution and other facilities	5 per cent minimum
Commercial (only for self-use)	1 per cent maximum
Residential (Flatted) (For Staff Housing only)	3 per cent maximum

The land use pattern prescribed in the scheme brochure was not in consonance with the land use pattern prescribed in the Master Plan (Phase-I) 2031 for mixed land use zone resulting in loss of ₹ 23.37 crore on allotment of two plots.

The allotment rates were also fixed according to the aforesaid land use pattern.

Audit noticed that the land use pattern prescribed in the scheme brochure was not in consonance with the land use pattern prescribed in the Master Plan (Phase-I) 2031 for mixed land use zone. As the rates for industrial/institutional use are less than that for residential and commercial use, provision of excess area under industrial/institutional use and less area under residential and commercial use in the scheme has resulted in loss of ₹ 23.37 crore to YEIDA on allotment of two plots. Besides, the objective of development of mixed land use zone was also compromised.

In its reply, YEIDA stated (November 2022) that the allotments were done as per the permissible land usage approved by the Board of YEIDA in its 48th meeting held on 8 January 2014. It further assured that in future schemes the allotments would be made according to permissible land uses as per Master Plan (Phase-I) 2031.

¹¹ As the plot allotted under SDZ scheme was cancelled by YEIDA in February 2020, loss of lease rent has not been calculated on plot allotted under SDZ scheme.

The fact remains that the land use pattern prescribed in the scheme brochure was not in accordance with the Master Plan resulting in loss to YEIDA.

Deficiencies regarding provisions for levy of location charges

6.2.5.6 Location charges are generally levied by Authorities in case the allotted plot is located at some preferential location giving it a location advantage. In order to have uniformity in levy of location charges across all types of properties, it was necessary that YEIDA formulated a policy prescribing the criteria (including exceptions, if any) for levy of location charges.

Audit noticed that YEIDA had not formulated any policy for recovery of location charges from allottees of various categories of properties. As a result, there was no uniformity in levy of location charges in respect of different categories of properties as discussed below:

- **Industrial plots** – The terms and conditions laid down in the brochures of schemes launched by YEIDA for allotment of industrial plots¹² provided that if the allotted plot is located on 30/45 metre or more wide roads or corner plot or plots facing green belts/parks, the allottee shall pay location charges in lumpsum at the rate of five *per cent* of the total premium for each preferential location subject to a maximum of 15 *per cent* of the total premium, before execution of lease deed.
- **Institutional plots** – The terms and conditions laid down in the brochures of schemes launched by YEIDA for allotment of institutional plots provided that location charges shall be payable by the allottee/lessee at the rate of five *per cent* of the total premium before execution of lease deed in lump sum, in case the allotted plot is located on 45 metre or more wide road, provided that the size of the allotted plot is 60,000 sqm¹³ or less. No location charges shall be levied if the size of the allotted plot is more than 60,000 sqm.
- **Mixed Land Use plots** – The first scheme launched (January 2014) by YEIDA for allotment of mixed land use plots provided for levy of location charges at the rate of five *per cent* of the premium of plot in case the plot is situated on 45 metre and above wide road. The aforesaid clause, however, was not included in the terms and conditions of schemes launched thereafter. As a result, no location charges were recoverable in case of schemes launched after the scheme of January 2014.

Thus, due to not providing for levy of location charges in respect of corner plots and plots facing park/green belt in case of institutional plots/mixed land use plots allotted under the scheme of January 2014; and not including provision for levy of location charges for any preferential location in mixed land use plot schemes launched after January 2014, YEIDA suffered loss of ₹ 2.99 crore in seven test checked cases as detailed in **Appendix-6.2.1**.

In its reply, YEIDA stated (November 2022) that it is an autonomous body and it has the right to take appropriate decisions for development of its area. It further stated that the brochures are approved by the Board of YEIDA and

Due to not providing for levy of location charges on certain preferential locations, YEIDA suffered loss of ₹ 2.99 crore.

¹² Except scheme YEA/OPEN-IND (2013)-01 which provided for levy of location charges at the rate of five *per cent* of total premium in case the allotted plot is located on 45 metre or above size roads.

¹³ 60,705 sqm (15 acres) in case of three schemes launched in November 2010, January 2014 and June 2016.

location charges are being recovered from allottees as per brochure conditions. In case of mixed land use plots, YEIDA stated that to attract allottees to invest in YEIDA’s area for speeding up industrial development, decisions regarding levy of location charges were taken as per demand of time. YEIDA, however, assured that in future schemes location charges would be levied on all three locations.

The reply is not acceptable as exclusion of some preferential locations for levy of location charges for some categories of properties was not justified which resulted in loss to YEIDA.

Short levy of transfer charges

6.2.5.7 The Government of Uttar Pradesh (GoUP), with a view to counter the challenges posed by the economic slowdown, announced (January 2009 and October 2009) various relief measures applicable up to March 2010 which was further extended up to March 2011. The said relief measures *inter-alia* provided that the allotted plot can be transferred to another eligible legal person competent to own property, without making it functional after levying transfer charges at the rate of two *per cent* of premium of land.

YEIDA launched (November 2010) a scheme for allotment of institutional plots. The terms and conditions of the scheme brochure *inter-alia* allowed transfer of plot within 60 days from the date of issuance of reservation letter after levying transfer charges at the rate of one *per cent* of the total premium instead of two *per cent* of the total premium as prescribed in the aforesaid Government Orders.

Audit noticed that an institutional plot admeasuring 4,00,000 sqm was allotted (29 March 2011) to Sharcon Infrastructure Pvt. Ltd. for establishment of an educational institute at a total premium of ₹ 93.10 crore under the aforesaid scheme. YEIDA allowed transfer of the above plot by Sharcon Infrastructure Pvt. Ltd. to Bahujan Prerna Trust without making it functional after levying transfer charges amounting to ₹ 93.10 lakh being one *per cent* of the premium. Audit further noticed that there was no mechanism to ensure capability of the transferee to execute the project on the plot.

Thus, YEIDA suffered loss of ₹ 93.10 lakh on transfer of the aforesaid plot due to levy of transfer charges at a rate lower than that prescribed in the Government Orders.

In its reply, YEIDA stated (November 2022) transfer charges have been recovered as per conditions prescribed in the scheme brochure.

The reply is not acceptable as YEIDA levied transfer charges at rates lower than that provided in the Government Order.

Loss due to charging short premium

6.2.5.8 YEIDA launched (November 2010) a scheme for allotment of institutional plots. The terms and conditions laid down in the brochure *inter-alia* provided the following rates for allotment of land for establishment of educational institutes:

Area of plot (in sqm)	Rate per sqm (in ₹)
Up to 4000 sqm	3,175
Addition to 4000 sqm to 20000 sqm	2,475
Addition to 20000 sqm to 60000 sqm	2,400
Addition to 60000 sqm	2,375

Similarly, YEIDA launched (June 2019) another scheme for allotment of institutional plots wherein the following rates were prescribed for allotment of plots for establishment of senior secondary school:

Area of plot (in sqm)	Rate per sqm (in ₹)
Up to 4000	7,870
4001 to 8000	7,100
8001 to 20000	6,340
20001 to 40000	5,570
40001 to 80000	4,810
Above 80001	4,150

YEIDA allotted two institutional plots at rates lower than the applicable rates resulting in loss of ₹ 2.71 crore.

Audit noticed that YEIDA allotted two plots under the aforesaid schemes at rates lower than that applicable resulting in loss of ₹ 2.71 crore as detailed in Table 6.2.5 below:

Table 6.2.5: Details of plots allotted at lower rates

Sl. No.	Name of the allottee	Date of allotment	Area allotted (in sqm)	Allotment rate applied (₹ per sqm)	Applicable allotment rate (₹ per sqm)	Loss to YEIDA (₹ in crore)
1.	Sharcon Infrastructure Pvt. Ltd.	29-03-2011	4,00,000	2,327.54	2,389.50 ¹⁴	2.48
2.	Shri Shri Ravishankar Vidya Mandir Trust	10-11-2020	19,016	6,699.58	6,821.70 ¹⁵	0.23
Total						2.71

Source: Concerned allotment files of YEIDA

YEIDA accepted (November 2022) the audit observation and stated that it had issued revised payment plan to the allottees.

Short levy of charges for delay in execution of lease deed

6.2.5.9 The terms and conditions of scheme (MLU/2016/04) for allotment of mixed land use plots *inter-alia* provided that the allottee shall execute the lease deed and take physical possession within 60 days from the date of issue of the checklist. In case of failure to execute the lease deed and taking over of possession within the above stipulated time period, the allotment was liable to be cancelled and amount deposited was to be forfeited as per rules prevailing at the time of cancellation. In exceptional circumstances, the CEO or authorised officer of YEIDA was authorised to grant extension of time for execution of lease deed and taking over of possession. The extension, if granted, was subject to payment of following penalty:

Delay	Penalty
For first six months	1.5 times of annual lease rent
06 months to 01 year	2 times of annual lease rent
1 years to 2 years	3 times of annual lease rent
More than two years	Plot will be cancelled

YEIDA allotted (6 February 2017) a plot (No. 01A, Sector 24A) admeasuring 8,18,190 sqm to Patanjali Food and Herbal Park Noida Pvt. Ltd. at a premium of ₹ 253.07 crore. The checklist for execution of lease deed was issued to the allottee on 1 November 2017. The allottee, however, did not execute the lease deed within the prescribed period of 60 days. Subsequently, the allottee requested (October and December 2018) YEIDA to execute the lease deed. Thereafter, YEIDA issued (18 December 2018) revised checklist to the

¹⁴ [(4,000 sqm x ₹ 3,175) + (16,000 sqm x ₹ 2,475) + (40,000 sqm x ₹ 2,400) + (3,40,000 sqm x ₹ 2,375)] = ₹ 95,58,00,000/4,00,000 sqm = ₹ 2,389.50 per sqm.

¹⁵ [(4,000 sqm x ₹ 7,870) + (4,000 sqm x ₹ 7,100) + (11,016 sqm x ₹ 6,340)] = ₹ 12,97,21,440/19,016 sqm = ₹ 6,821.70 per sqm.

allottee against which the allottee executed lease deed on 7 August 2019 with further delay of more than five months. YEIDA charged penalty of ₹ 17.63 crore for delay in execution of lease deed. The delay in execution of lease deed was, however, calculated from the date of issue of revised checklist instead of from the date of issue of initial checklist resulting in short-levy of penalty.

In its reply, YEIDA stated (November 2022) that at the time of issue of first checklist, orders regarding exemption of stamp duty were not applicable, hence, the matter was referred to GoUP for directions. GoUP vide order dated 25 June 2018 extended the concessions available to Patanjali Ayurved Ltd. under GO dated 2 November 2016 to the allottee (Patanjali Food and Herbal Park Noida Pvt. Ltd.) also. Thereafter, checklist was issued to the allottee in accordance with the revised lease plan. As the allottee did not execute the lease deed within the stipulated period of 60 days, penalty was levied for delay of up to six months.

The reply is not acceptable as the issue regarding the allottee not being eligible for stamp duty exemption arose only after execution (7 August 2019) of lease deed when the allottee approached office of the Sub-Registrar, Gautam Buddha Nagar for registration of the lease deed after which GoUP granted exemption from stamp duty vide GO dated 28 January 2020. Prior to execution of lease deed, the allottee was in correspondence with GoUP regarding permission to sub-lease 20 *per cent* of the area which was allowed by GoUP vide order dated 25 June 2018. The terms and conditions of the scheme were deficient as they did not provide for dealing with situations like above. The terms and conditions should clearly mention the circumstances for exemption from levy of penalty for delay in execution of lease deed in order to deter the allottees from delaying execution of lease deed after issue of checklist in matters not concerning YEIDA.

Short levy of location charges

6.2.5.10 YEIDA launched (June 2019) a scheme for allotment of institutional plots. The terms and conditions laid down in the scheme brochure *inter-alia* provided that location charges shall be payable by the allottee/lessee at the rate of five *per cent* of the total premium before execution of lease deed in lump sum, in case the allotted plot is located on 45 metre or more wide road, provided that the allotment is of size 60,000 sqm or less.

YEIDA allotted (10 November 2020) an institutional plot admeasuring 13,492 sqm under the aforesaid scheme to Kent Foundation for establishment of a senior secondary school at a premium of ₹ 9.47 crore. Check-list for execution of lease deed for the above plot was issued to the allottee on 12 May 2021.

Audit noticed that as per the lease plan the plot was located on 45 metre wide road. YEIDA, however, did not demand location charges in the checklist issued to the allottee resulting in loss of ₹ 47.35 lakh.

YEIDA accepted (June 2022) the audit observation and stated that it had issued (May 2022) revised checklist including location charges to the allottee.

Undue favour to allottee on surrender of plot

6.2.5.11 The terms and conditions of scheme launched (June 2019) by YEIDA for allotment of institutional plots *inter-alia* provided that an allottee can surrender the allotted plot to YEIDA before its cancellation. The request for

surrender shall contain signatures of allottee/lessee and in case of incorporated company/society/charitable society/trust, the request for surrender shall be accompanied with a certified copy of the resolution of Board of Directors/ Executives. The terms and conditions provided for the following deductions in case of surrender of plot:

- Up to 30 days from the date of issuance of allotment letter, no deductions shall be made.
- From 31 to 60 days from the date of issuance of allotment letter, 10 *per cent* of registration money shall be deducted.
- Beyond 60 days, 10 *per cent* of the total premium or the amount deposited up to the date of surrender, whichever is less, shall be forfeited. The balance if any shall be refunded without interest.

YEIDA allotted (1 June 2020) an institutional plot admeasuring 8,000 sqm to Jagat Narayan Samajik Kalyan Samiti at a premium of ₹ 6.30 crore. The allottee had deposited reservation money amounting to ₹ 59.88 lakh and was required to deposit balance reservation money amounting to ₹ 3.08 lakh within seven days of issue of allotment letter and allotment money amounting to ₹ 1.26 crore within 60 days from the date of issue of allotment letter. YEIDA received (24 June 2020) an application for surrender of the aforesaid plot on the basis of which YEIDA refunded (3 February 2021) the entire amount of ₹ 59.88 lakh deposited by the allottee without any deduction considering the request for surrender received within 30 days from the date of issuance of allotment letter.

Audit observed that the application dated 24 June 2020 was neither signed by the authorised signatory of the allottee nor accompanied with a certified copy of the resolution of Board of Executives. Audit further observed that the Board of Executives of the allottee had decided to surrender the plot in meeting held on 14 August 2020 and the application for surrender duly signed by the authorized signatory accompanied with certified copy of the resolution of Board of Executives was forwarded by the allottee to YEIDA on 11 September 2020. Thus, proper application for surrender of plot authorised by the Board of the allottee was made after 60 days of issuance of allotment letter. In view of above, the entire amount of ₹ 59.88 lakh deposited by the allottee should have been forfeited by YEIDA. YEIDA, however, refunded the entire amount without any deductions resulting in undue favour of ₹ 59.88 lakh to the allottee.

In its reply, YEIDA stated (November 2022) that the allottee had applied for surrender of plot on 24 June 2020. Accordingly, after obtaining required documents from the allottee the amount deposited was refunded as the application for surrender was made within 30 days of issue of allotment letter.

The reply is not acceptable because the authorised and proper application for surrender of plot as per scheme brochure's terms and conditions was made after 60 days of issue of allotment letter.

Deficiencies in systems and procedures

6.2.6 Audit noticed several deficiencies in the systems and procedures adopted by YEIDA for allotment of properties and ensuring post-allotment compliances which are discussed in the succeeding paragraphs.

Allotment of plots without ensuring availability of encumbrance free land and completion of development activities

6.2.6.1 YEIDA 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 for execution of lease deeds 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 fulfill the purpose of allotment.

Audit noticed that YEIDA allotted 29,009 plots (excluding cancelled/surrendered plots) during the period 2008-09 to 2020-21. Against the aforesaid allotments, YEIDA had issued checklists for execution of lease deeds to 10,547 allottees (36 *per cent*) only till April 2022. Thus, YEIDA had failed to issue checklists to 18,462 allottees even after delays¹⁶ of 371 to 4,510 days (till April 2022) as detailed in **Table 6.2.6** below:

Table 6.2.6: Details of delays in issue of checklist in cases where checklists have not been issued till April 2022

Delay in issue of checklist (in days)	No. of plots	Area (in sqm)
Up to 1000	2,635	31,35,925.00
1001 to 2000	1,881	6,11,585.00
2001 to 3000	2,373	6,90,144.00
3001 to 4000	13	7,18,525.00
Above 4000	11,560	42,39,700.00
Total	18,462	93,95,879.00

Source: Information furnished by YEIDA

Besides, even in cases where checklists had been issued, there were delays of 12 to 4,488 days in their issue as detailed in **Table 6.2.7** below:

Table 6.2.7: Details of delays in issue of checklist in cases where checklists have already been issued

Delay in issue of checklist (in days)	No. of plots	Area (in sqm)
Up to 1000	790	34,02,089.68
1001 to 2000	813	3,01,795.00
2001 to 3000	78	56,650.00
3001 to 4000	296	1,10,800.00
Above 4000	1,370	6,20,500.00
Total	3,347¹⁷	44,91,834.68

Source: Information furnished by YEIDA

The aforesaid delays indicate that YEIDA had launched schemes and allotted plots without ensuring availability of encumbrance free land and completion of development activities leading to failure in timely execution of lease deeds and hand over of possession of plots to the allottees. Thus, the objective of allotment of plots remained unfulfilled and had also resulted in unwarranted hardships to the allottees.

¹⁶ Delays have been calculated after allowing a period of 60 days from the date of issue of allotment letter for deposit of allotment money, wherever applicable, and a further period of five days from due date of deposit of allotment money for issue of checklist.

¹⁷ Out of 10,547 cases where checklists were issued by YEIDA, the date of issue of checklist was not available in the data furnished by YEIDA in 7,197 cases. Further, in three cases the checklists were issued in time.

YEIDA had issued checklists for execution of lease deeds to 10,547 allottees only against 29,009 plots allotted due to allotment of plots without ensuring availability of encumbrance free land and completion of development activities.

Since lease rent was chargeable from the date of execution of lease deed, the delays in issue of checklists and consequent delays in execution of lease deeds had resulted in loss of lease rent¹⁸ amounting to ₹ 498.96 crore to YEIDA till April 2022 as detailed in **Table 6.2.8** below:

Table 6.2.8: Details of loss of lease rent due to delay in issue of checklist

Sl. No.	Property category	No. of plots allotted (excluding cancelled/ surrendered plots)	Checklists issued	Checklists not issued till April 2022	Delays ¹⁹ in issue of checklist (in days)	Loss of lease rent (₹ in crore)
1.	25-250 acre plot scheme	13	13	0	38 to 232	0.91
2.	Institutional	132	82	50	87 to 3,989	70.55
3.	Industrial	2,382	453	1,929	12 to 2,975	122.10
4.	Mixed Land Use	9	7	2	31 to 2,213	19.40
5.	Residential	26,470	9,992	16,478	39 to 4,510	285.77
6.	Commercial	3	0	3	1,878 to 2,436	0.23
	Total	29,009	10,547	18,462		498.96

Source: Information furnished by YEIDA

In its reply, YEIDA stated (November 2022) that checklists could not be issued to allottees in time as infrastructure facilities could not be developed due to agitation by farmers for payment of additional compensation. It further stated that after judgment (19 May 2022) of the Hon'ble Supreme Court the hindrance due to farmers' agitation has been resolved and checklists would be issued to the allottees after completing development works.

The fact remains that YEIDA should have ensured availability of encumbrance free land before allotment. Further, invoking of urgency clause invariably in almost all cases had led to litigation and agitation by farmers. Had YEIDA done due diligence before invoking urgency clause, hindrances due to litigation and farmers' protests and consequent delays in development of land could have been avoided.

Recommendation No. 25

YEIDA should ensure that plots are allotted only after ensuring availability of encumbrance free land and development of infrastructure facilities.

Besides, Audit also noticed instances of delays in issue of checklists even when encumbrance free land was available with YEIDA for execution of lease deed. These instances are discussed below:

(A) The terms and conditions of scheme launched (November 2010) by YEIDA for allotment of institutional plots *inter-alia* provided that the allottee shall execute the lease deed and take physical possession of the plot within 30 days from the date of issue of checklist/ information to do so.

As discussed in **Paragraph 6.2.5.7**, YEIDA allotted (29 March 2011) an institutional plot admeasuring 4,00,000 sqm under the aforesaid scheme to Sharcon Infrastructure Pvt. Ltd. for establishment of an educational institute at

¹⁸ Since, in case of residential plots one-time lease rent at the rate of 10 *per cent* of premium is payable, loss of interest at the rate of 8.5 *per cent* per annum on one-time lease rent for the period of delay has been calculated instead of loss of lease rent.

¹⁹ In cases where checklists have not been issued till 30 April 2022, delays have been calculated up to this date.

the rate of ₹ 2,327.54 per sqm. The said plot was transferred (May 2011) by Sharcon Infrastructure Pvt. Ltd. to Bahujan Prerna Trust.

The Project Department of YEIDA furnished the lease plan for the aforesaid plot to Property Department on 25 June 2014. As per the lease plan, the total area of the plot was 3,73,910.70 sqm out of which 66,643.20 sqm was encroached area and an area of 3,07,267.50 sqm was available for execution of lease deed. The Property Department, however, had not issued checklist for execution of lease deed till date (April 2022). As checklist for execution of lease deed was not issued, lease deed could not be executed resulting in loss of lease rent of ₹ 14.30 crore to YEIDA.

In its reply, YEIDA stated (November 2022) that out of total area 3,73,910.70 sqm, 66,643.20 sqm was affected by Court's stay orders. Since, writ petitions were pending and there was agitation by farmers for payment of additional compensation, checklist could not be issued to the allottee.

The reply is not acceptable as an area of 3,07,267.50 was free from Courts stay orders and was available for execution of lease deed. YEIDA, however, did not issue checklist to the allottee resulting in loss of lease rent.

(B) The terms and conditions of scheme launched (January 2014) for allotment of institutional plots *inter-alia* provided that checklist shall be issued to the allottee within 15 days from the date of receiving the lease plan from the concerned department. The allottee shall execute the lease deed and take physical possession of the plot within 60 days from the date of issue of checklist.

YEIDA allotted (30 April 2015) an institutional plot admeasuring 1,41,645 sqm under the aforesaid scheme to Hans Vahini Shiksha Samiti for establishment of educational institutes and hospital at a premium of ₹ 75.20 crore.

Audit noticed that lease plan for the aforesaid plot was sent to the Property Department by the Project Department on 22 August 2017. As per the lease plan, the total area of the plot was 1,41,900 sqm out of which an area of 11,832.20 sqm was affected by stay orders and an area of 1,30,067.80 sqm was available for execution of lease deed. The Property Department, however, failed to issue checklist for execution of lease deed to the allottee within the prescribed period of 15 days. The checklist for execution of lease deed was finally issued to the allottee on 14 December 2020, *i.e.*, after a delay of more than three years and lease deed was executed on 14 January 2021. The inordinate delay in issue of checklist by YEIDA has resulted in loss of lease rent of ₹ 5.51 crore.

In its reply, YEIDA stated (November 2022) that out of total area 1,41,900 sqm, 11,832.20 sqm was affected by Court's stay orders. Since, writ petitions were pending and there was agitation by farmers for payment of additional compensation, checklist could not be issued to the allottee. It further stated that the allottee had approached Hon'ble Allahabad High Court and thereafter Hon'ble Supreme Court against notice issued by YEIDA for payment of dues. After orders (December 2017) of the Hon'ble Supreme Court and legal and financial scrutiny, lease plan was issued to the allottee.

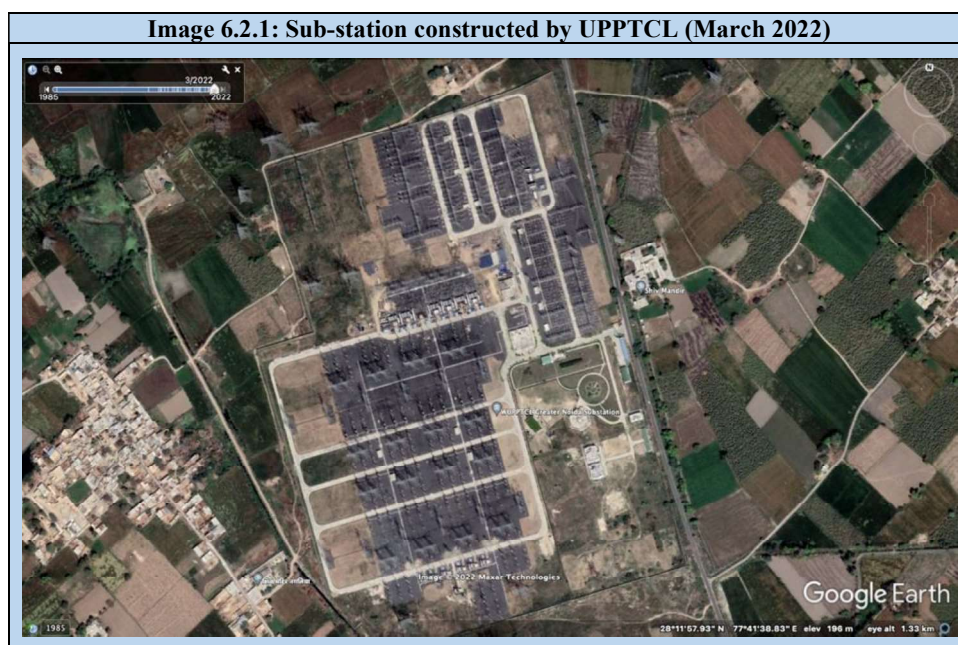
The reply does not address the audit observation on delay of more than three years in issue of checklist. It is also not acceptable as an area of

1,30,067.80 sqm was free from Court's stay orders and was available for execution of lease deed. YEIDA, however, issued checklist to the allottee belatedly resulting in loss of lease rent.

(C) YEIDA allotted (August 2013 and June 2015) 3,22,707.78 sqm land at a premium of ₹ 83.21 crore to Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) for construction of 765 KVA sub-station.

Audit noticed that lease plan for the aforesaid plot was sent to the Property Department by the Project Department of YEIDA on 18 March 2015. As per the lease plan, the total area of the plot was 3,22,696.57 sqm. The Property Department, however, had not issued checklist for execution of lease deed and lease deed had not been executed till date (April 2022).

Audit further observed that the allottee had already constructed the said sub-station as was evident from Google Earth image given below.



Thus, the allotted land was in possession of the allottee without execution of lease deed resulting in loss of lease rent of ₹ 16.50 crore²⁰.

In its reply, YEIDA stated (November 2022) that notice for deposit of lease rent has been issued to UPPTCL but the same has not been deposited till date. Hence, lease deed could not be executed as lease deed is executed only after deposit of lease rent.

The reply is not acceptable as YEIDA should have ensured that construction is started by the allottee only after execution of lease deed.

Undue favour in screening of applications

6.2.6.2 The terms and conditions laid down in the brochures for allotment of plots under 25-250 acre plot scheme, institutional plots, industrial plots and mixed land use plots *inter-alia* required the applicants to submit certain

²⁰ Construction, as visible from Google Earth, was started by UPPTCL in October 2014. Therefore, loss of lease rent on 3,03,525 sqm land allotted in August 2013 has been calculated from November 2014 and on 19,182.78 sqm land allotted in June 2015 from July 2015.

documents²¹ along with their applications. The applications were to be screened by a Screening Committee and applicants who had submitted the required documents/ information were eligible to appear for interview/ project presentation.

Audit noticed that in 37 cases out of 107 cases examined by Audit incomplete documents and/or documents not signed by applicant and/or certified by the Architects/Chartered Accountants (details in **Appendix-6.2.2**) were submitted by the applicants. YEIDA, however, instead of rejecting the applications, considered the applicants to be eligible and allotted plots to them, thereby extending undue favour to the allottees.

In its reply, YEIDA stated (November 2022) that after screening of the documents by the Screening Committee eligible applicants were called for interview and allotments were made by the Allotment Committee based on project presentation and available documents in compliance with the brochure conditions,

The reply is not acceptable as the required documents were not available on record and incomplete applications should have been rejected by YEIDA.

Loss due to not charging premium as applicable on the date of allotment

YEIDA allotted seven plots under 25 to 250 acre size plot scheme and 54 plots in apparel park at lower rates resulting in loss of ₹ 175.55 crore.

6.2.6.3 YEIDA allots institutional, industrial and residential category plots at rates applicable on the date of allotment. A clause regarding the same is also included in the brochures of various schemes launched by YEIDA. Audit noticed that in two cases, YEIDA deviated from its practice of allotment of plots at rates applicable on the date of allotment resulting in loss of ₹ 175.55 crore as discussed below:

(A) In the scheme for allotment of plots of size between 25 and 250 acres launched in July 2009, clause for allotment of plots at rates as applicable on the date of allotment was not included in the brochure.

Audit noticed that in seven cases, reservation letters were issued to the applicants during October 2009 with the direction to deposit amount equal to 10 *per cent* of the premium within 30 days of issue of reservation letter. YEIDA, however, could not issue allotment letters to the applicants immediately after deposit of reservation money as the land to be allotted was not in possession of YEIDA. Allotment letters to the aforesaid seven applicants could be issued by YEIDA only on 28 February 2011, *i.e.*, after a delay of more than a year. Meanwhile, YEIDA had revised the land rates effective from 2 November 2010. As there was no condition in the scheme brochure to charge premium at rates applicable on the date of allotment, YEIDA decided (February 2011) to charge premium as mentioned in the brochure enhanced by 12 *per cent* per annum interest compounded half yearly.

²¹ (i) Project Report certified by CA; (ii) Background of promoters; (iii) Feasibility report of the proposed project certified by CA; (iv) Audited financial statements of last three years; (v) Net worth statement certified by CA; (vi) Turnover certificate of last three years' turnover certified by CA; (vii) Documents establishing source of finance; (viii) Three years projected cash flow; (ix) Land use pattern, construction plan and implementation schedule certified by Architect; (x) Copy of certificate of incorporation/registration, memorandum and articles of association of the company or rules and regulations of society/trust or partnership deed as applicable; (xi) Affidavit certifying that all the statements made in application/annexures are true and correct; and (xii) MoU duly attested by notary in case of consortium/Joint Venture.

Thus, due to not charging rates as applicable on the date of allotment, YEIDA suffered loss of ₹ 168.79 crore as detailed in **Table 6.2.9** below:

Table 6.2.9: Details of loss due to not allotting plots at rates applicable on the date of allotment

(₹ in crore)

Sl. No.	Name of the allottee	Date of allotment	Area (in sqm)	Total premium recovered	Total premium to be recovered	Loss to YEIDA
1.	Satilila Educational Foundation	28-02-2011	2,42,655.13	44.72	86.99	42.27
2.	Tyag Buildspace Pvt. Ltd.	28-02-2011	1,01,128.78	18.64	36.75	18.11
3.	HPS IT Solutions Pvt. Ltd.	28-02-2011	1,00,586.00	18.54	36.57	18.03
4.	Chandralekha Constructions (P) Ltd.	28-02-2011	2,02,868.60	37.38	72.89	35.51
5.	S. K. Contracts (P) Ltd.	28-02-2011	1,01,075.70	18.63	36.74	18.11
6.	MMA Grains Mills Pvt. Ltd.	28-02-2011	1,00,852.88	18.59	36.67	18.08
7.	Shanti Educational Society	28-02-2011	1,03,879.59	19.06	37.74	18.68
Total				175.56	344.35	168.79

Source: Concerned allotment files and information furnished by YEIDA

In its reply, YEIDA stated (November 2022) that the decision of charging interest at the rate of 12 *per cent* for the delayed period in between issue of reservation letter and allotment letter was taken with the approval of the Board. It further stated that it is an autonomous body and it has the right to take such decisions for development of the area.

The reply is not acceptable because allotment of plots at rates other than at rates applicable on the date of allotment was not only against the general practice but also was detrimental to the financial interests of YEIDA as it resulted in allotments at lower rates and losses to YEIDA.

(B) A Memorandum of Understanding (MOU) was signed on 24 January 2018 between GoUP, Society of Noida Apparel Export Cluster (NAEC) and YEIDA, for allotment of plots to members of NAEC for establishment of an apparel park in the industrial development area of YEIDA. The Board of YEIDA in its 63rd meeting held on 7 May 2018 approved allotment of plots to members of NAEC in the apparel park and directed to start the allotment process.

Consequently, YEIDA asked (August 2018) interested members of NAEC to apply for allotment of plots and deposit 10 *per cent* registration money. NAEC provided (3 October 2019), a list of 65 applicants who had deposited 10 *per cent* registration money with YEIDA for allotment of plots.

As YEIDA had decided to revise the allotment rates in its 65th Board meeting held on 30 May 2019, a proposal was put up to the Board in its 66th meeting held on 21 December 2019 to allot plots to applicants who had deposited the registration money before revision of rates at pre-revised rates. The Board of YEIDA decided to allot plots to 64 applicants who had deposited registration money before its 65th meeting. Out of the above 64 applicants, YEIDA allotted (April 2020 to May 2021) plots to 54 applicants at rates applicable up to 30 May 2019 even though revised rates were applicable during the period of these allotments.

Thus, YEIDA deviated from its established practice of allotment of plots at rates as applicable on the date of allotment and allotted plots to the aforesaid applicants at pre-revised rates resulting in loss of ₹ 6.76 crore as detailed in **Appendix-6.2.3**. Further, even though proposal was put up to the Board of

YEIDA for allotment of plots to members of NAEC at pre-revised rates, there was no mention in the Board's decision of allotment rates to be applied.

In its reply, YEIDA stated (November 2022) that allotment of plots to members of NAEC at pre-revised rates was approved by the Board of YEIDA.

The reply is not acceptable because in the instant case YEIDA deviated from its established practice of allotment of industrial plots at rates applicable on the date of allotment resulting in loss to YEIDA.

Plot not cancelled despite allotment money not deposited

6.2.6.4 YEIDA invited (February 2015) sealed bids for allotment of commercial plots on 'As is where is basis'. The terms and conditions of the scheme provided that the allottee shall have to deposit 20 per cent of the total premium as allotment money within 60 days from the date of issue of allotment letter. In case of failure to deposit this amount within time, the allotment will stand cancelled and the entire earnest money deposited shall be forfeited.

YEIDA issued (19 August 2015) allotment letter in favour of Flamingo Buildwell and Developers Pvt. Ltd. requiring the allottee to deposit allotment money of ₹ 27.92 lakh within 60 days of issue of allotment letter.

Audit noticed that the allottee did not deposit the allotment money within the stipulated time of 60 days. YEIDA, however, did not initiate any action for cancellation of the plot nor forfeited the earnest money amounting to ₹ 12 lakh.

The Board of YEIDA in its 64th meeting held on 27 November 2018 decided to refund entire amount deposited by allottees of commercial plots as YEIDA was unable to hand over possession of the plots due to not completing of development works. The allottee, thereafter, on 11 June 2019 requested YEIDA to refund the entire amount deposited by it as YEIDA had not handed over possession of plot to it. YEIDA refunded the entire amount of ₹ 13.96 lakh (Earnest Money - ₹ 12 lakh and Reservation Money - ₹ 1.96 lakh) to the allottee on 28 June 2019.

Thus, YEIDA extended undue favour of ₹ 12 lakh to the allottee due to not cancelling the plot and forfeiting earnest money for failure of the allottee in deposit of allotment money within stipulated time.

In its reply, YEIDA stated (November 2022) that the amount deposited by the allottee was refunded in accordance with the brochure conditions because YEIDA was not able to hand over possession of the plot due to litigation and farmers' agitation.

The reply is not acceptable because the allottee had not deposited the allotment money within the due time, hence, the plot should have been cancelled and earnest money should have been forfeited by YEIDA as per brochure conditions. Besides, the Board's decision to refund the amount deposited by the allottees was taken more than three years after the prescribed time for cancellation of plot due to not depositing of allotment money.

Undue favour to allottee

6.2.6.5 The terms and conditions of scheme launched (November 2010) by YEIDA for allotment of institutional plots *inter-alia* provided that the allottee shall execute the lease deed and take physical possession of the plot within 30 days from the date of issue of checklist. In the event of failure to do so, the allotment would be liable for cancellation. In exceptional circumstances, CEO or its authorised officer can grant time extension maximum up to 12 months on payment of penalty equivalent to annual lease rent. Further, in case of default on the part of the allottee for breach/violation of terms and conditions of allotment or not depositing of premium installments, YEIDA shall be free to exercise its rights of cancellation of allotment. In the event of cancellation, 20 *per cent* of the total premium or the amount deposited up to the date of cancellation, whichever is the least, shall be forfeited and balance, if any, shall be refunded without any interest.

YEIDA allotted (29 March 2011) an institutional plot admeasuring 1,000 sqm under the aforesaid scheme to Shri Saurabh Goel for establishment of corporate office at a premium of ₹ 51.50 lakh. The checklist for execution of lease deed for the aforesaid institutional plot was issued to the allottee on 30 March 2012.

Audit noticed that the allottee had not executed lease deed for the aforesaid plot till date (April 2022). Besides, the allottee had also not deposited any amount since March 2012 and an amount of ₹ 1.44 crore was overdue as of April 2022.

In view of the allottee not complying with the terms and conditions of the scheme brochure as discussed above, the plot ought to have been cancelled along with forfeiture of 20 *per cent* of the amount of total premium amounting to ₹ 10.30 lakh. No action, however, was taken by YEIDA in this regard.

In its reply, YEIDA stated (November 2022) that several notices were issued to the allottee to deposit the overdue amount and execute the lease deed. It further stated that in view of Board's decision dated 24 August 2022 granting time extension to allottees for execution of lease deed up to 31 March 2023²², the allottee has been given time extension up to that date. If the allottee does not execute lease deed till the extended date after deposit of overdues, action would be taken as per brochure conditions.

The reply is not acceptable because even after continued default by the allottee in execution of lease deed and payment of dues no action was initiated by YEIDA against the allottee.

Loss due to not obtaining/getting renewed bank guarantees against stamp duty exemption availed by allottees

6.2.6.6 As per Government Orders²³ issued by GoUP, allottees fulfilling the laid down criteria were eligible to avail exemption in stamp duty on execution of lease deed. The allottees availing exemption from stamp duty were required to furnish bank guarantee equivalent to the amount of exemption of stamp duty. If the allottees failed to complete the project within the stipulated period,

²² Extension was granted as 'No Litigation Incentive' could not be distributed by YEIDA to the landowners.

²³ Dated 19 January 2005, 17 August 2009 and 21 August 2009.

YEIDA was required to encash the bank guarantee and deposit the amount in the treasury.

In respect of above Audit noticed the following:

- YEIDA allotted (February 2009 to December 2010) one plot admeasuring 1,08,53,327 sqm to JPSK Sports Pvt. Ltd. under the SDZ scheme. Lease deeds were executed for an area of 96,57,390 sqm and the allottee availed exemption from stamp duty amounting to ₹ 86.47 crore. YEIDA, however, failed to obtain bank guarantee from the allottee against stamp duty exemption availed. Further, the plot was cancelled (12 February 2020) by YEIDA on account of unpaid dues and not completing the project within the stipulated period. Thus, in absence of bank guarantee the amount of exempted stamp duty could not be recovered from the allottee resulting in loss of ₹ 86.47 crore to the State exchequer.

In its reply, YEIDA stated (June 2022) that there was no provision for obtaining bank guarantee in Government Order dated 17 August 2009 on the basis of which exemption from payment of stamp duty was allowed to the allottee.

The reply is not acceptable because the above Government Order clearly stated that to compensate for the loss of revenue in case the project is not implemented, the concerned Department shall issue certificate for admissibility of exemption from stamp duty only after obtaining bank guarantee from the allottee.

- Five allottees under the 25-250 acre plot scheme had availed exemption of stamp duty amounting to ₹ 9.12 crore and had submitted bank guarantees of equivalent amount against such exemption. Audit observed that the allottees had failed to execute the projects as per the stipulated time schedule and the bank guarantees submitted by them had also expired. The details are given in **Table 6.2.10** below:

Table 6.2.10: Details of expired bank guarantees against exemption of stamp duty

Sl. No.	Name of the allottee	Date of execution of lease deed	Area leased (in sqm)	Amount of bank guarantee (₹ in crore)	Remarks
1.	XIMA Enterprises Pvt. Ltd.	14-02-2011	1,01,400.00	1.20	BG expired on 21-10-2016
2.	Smt. Shakuntala Educational and Welfare Society	22-01-2010 and 07-04-2010	2,10,418.72	1.94	BG expired on 20-01-2016
3.	India Knowledge City Foundation	30-12-2009 and 11-10-2010	2,02,315.96	2.21	BG for ₹ 0.73 crore expired on 30-12-2010 and for ₹ 1.48 crore on 18-09-2011
4.	Babu Banarasi Das Northern India Foundations	19-10-2010	1,22,880.00	1.44	BG expired on 16-08-2016
5.	Satilila Educational Foundation	25-08-2011	2,42,655.13	2.33	BG expired on 31-10-2017
Total				9.12	

Source: Concerned allotment files and information furnished by YEIDA

Thus, YEIDA failed to monitor renewal of bank guarantees in the above cases resulting in loss of ₹ 9.12 crore to the State Exchequer towards stamp duty as despite default in compliance of conditions of stamp duty exemption, the amount could not be recovered from the allottees.

YEIDA did not obtain bank guarantee against exemption from stamp duty in case of one plot under SDZ scheme and failed to renew bank guarantees in case of five plots under the 25-250-acre plot scheme resulting in loss of ₹ 95.59 crore to the State Exchequer.

In its reply, YEIDA stated (November 2022) that efforts are being made for getting the bank guarantees renewed by the allottees. It further stated that notices have been issued to the allottees stating that allotments would be cancelled if bank guarantees are not renewed.

The fact remains that neither YEIDA had obtained renewed bank guarantees from the allottees nor had it cancelled the plots till date.

Penalty for delay in obtaining completion certificate not levied

6.2.6.7 The terms and conditions laid down in the lease deeds executed with allottees of 25-250 acre plot scheme *inter-alia* provided that the lessee shall be required to complete construction of minimum 40 *per cent* of the permissible area earmarked for core activity and obtain completion certificate within a period of six years from the date of execution of last lease deed. Thereafter, within six months from issue of completion certificate, the lessee shall ensure functioning of the core activity and get functional certificate from YEIDA. In case of failure to do so, penalty at the rate of four *per cent* of the total premium per year on pro-rata monthly basis or at rates which may be revised from time to time shall be chargeable. The Board of YEIDA, in its 51st meeting (15 September 2014), decided to allow a further period of two years for completion of projects.

Audit noticed that even after delays of 24 to 52 months beyond the stipulated period for completion of the prescribed construction, none of the 13 allottees (excluding cancelled plot) had obtained completion certificate from YEIDA as of April 2022. YEIDA, however, had not levied any penalty on the allottees. It is worthwhile to mention here that only three allottees had got detailed drawings/maps approved from YEIDA and the remaining 10 allottees had not even got the detailed drawings/ maps approved from YEIDA so far (April 2022).

Further, the terms and conditions laid down in the lease deeds provided that in case the lessee fails to start and complete construction or commence the activity for which the land has been allotted within the prescribed time period the allotment/lease can be cancelled/ determined. Despite inordinate delays on the part of the allottees in starting and completing construction on the allotted plots, YEIDA did not proceed with cancellation of allotment/ lease deed of the defaulting allottees.

In its reply, YEIDA stated (November 2022) that the allottees could not start construction works on the allotted plots due to farmers' agitation demanding additional compensation. It further stated that construction would be started by the allottees after completion of development works.

The reply is not acceptable because an additional period of two years for completion of construction was allowed by the Board of YEIDA in view of hindrance in work due to farmers' agitation. However, none of the allottees had completed the prescribed construction even in the extended period.

Outcome of allotments

6.2.7 As part of its objective to develop the industrial development area, YEIDA undertakes development of industrial, institutional, mixed land use, commercial and residential zones. The status of completion of stipulated activities *viz.*, issue of checklist, execution of lease deeds and completion of

units/ projects in respect of properties allotted under various categories is detailed in **Table 6.2.11** below:

Table 6.2.11: Status of completion of stipulated activities

Sl. No.	Property category	Plots allotted		Plots cancelled/ surrendered		Checklists issued (excluding cancelled/ surrendered plots)		Lease deeds executed (excluding cancelled/ surrendered plots)		No. of units/ projects completed
		No.	Allotted area (in sqm)	No.	Allotted area (in sqm)	No.	Allotted area (in sqm)	No.	Allotted area (in sqm)	
1.	SDZ	1	1,08,53,327.00	1	1,08,53,327.00	--	--	--	--	--
2.	25-250 acre plot scheme	14	21,06,441.68	1	1,21,410.00	13	19,85,031.68	13	19,85,031.68	--
3.	Institutional	134	14,58,214.00	2	20,000.00	82	3,98,039.00	51	2,87,301.00	--
4.	Industrial	2428	38,55,676.00	46	34,400.00	453	6,11,318.00	59	3,51,483.00	--
5.	Mixed Land Use	9	23,10,851.00	--	--	7	21,70,851.00	6	17,10,449.00	--
6.	Commercial	16	2,036.00	13	1,688.00	--	--	--	--	--
7.	Residential	28,073	98,36,640.00	1,603	5,89,196.00	9,992	42,42,046.00	5,048	19,82,426.00	--
	Total	30,675	3,04,23,185.68	1,666	1,16,20,021.00	10,547	94,07,285.68	5,177	63,16,690.68	--

Source: Information furnished by YEIDA

It may be seen from the above table that during the period 2005-06 to 2020-21, YEIDA allotted 30,675 plots admeasuring 3,04,23,185.68 sqm, out of which 1,666 plots admeasuring 1,16,20,021.00 sqm (38 per cent of allotted area) were cancelled/surrendered. Further, checklists were issued only in respect of 10,547 plots admeasuring 94,07,285.68 sqm (50 per cent of allotted area excluding area of cancelled/ surrendered plots) and lease deeds were executed in respect of 5,177 plots admeasuring 63,16,690.68 sqm (34 per cent of allotted area excluding area of cancelled/ surrendered plots). Delays in issue of checklists led to delays in execution of lease deeds thereby extending the period for completion of units/projects. As none of the units/projects on the allotted properties were completed as of April 2022, the purpose of allotment of the aforesaid properties viz., establishment of industries and institutions and development of commercial spaces remained entirely unfulfilled.

No reply was furnished by YEIDA/ GoUP to the audit observation.

Conclusion

The terms and conditions laid down in the scheme brochures for allotment of institutional, industrial and mixed land use plots and plots under 25-250 acre plot scheme, did not prescribe any technical and financial eligibility criteria to be fulfilled by the applicants in order to be eligible for allotment of plots. Plots were allotted on the basis of interview.

YEIDA suffered losses due to excess provision of industrial/institutional land use and less provision of residential and commercial land use under mixed land use plot scheme. YEIDA extended undue favour to allottees due to short charging applicable charges viz., transfer charges, location charges, penalty for delay in execution of lease deed, etc. and not taking action as per the terms and conditions of the scheme brochures. There was no uniformity in provisions for levy of location charges and YEIDA did not provide for levy of location charges for corner plots and plots facing park/ green belt in case of institutional and mixed land use plots resulting in losses. Plots were allotted at lower rates and charges for delay in execution of lease deed were short levied.

YEIDA had launched schemes and allotted plots even though it was not in a position to hand over possession of the plots within a reasonable time

after allotment as acquisition/ development activities were not completed. Plots were allotted despite the applicants not submitting the prescribed documents.

Against 1,88,03,164.68 sqm allotted area (excluding area of cancelled/ surrendered plots), lease deeds were executed only for 34 *per cent* area and none of the units/ projects were completed as of April 2022, thereby defeating the very purpose of allotment of these plots.