

CHAPTER–II

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This chapter discusses the deficiencies observed in preparation of various plans and achievement of land acquisition targets. Further, the chapter discusses implementation of regulations by UPSIDA without obtaining required GoUP approval.

Introduction

2.1 Prior to formation of UPSIDA, majority of the IAs of UPSIDC were covered under the regulated development areas of various urban development authorities. After formation (September 2001) of UPSIDA, the then existing 123 number of IAs were declared as Uttar Pradesh State Industrial Development Area and were excluded from the master plans or the zonal development plans of various urban development authorities as per the Section 17 (overriding effect of the Act) of the UPIAD Act, 1976.

The Board of UPSIDA, in its first meeting (September 2001) felt the need to prepare comprehensive perspective plan containing spatio-economic development, strategies and general programs of UPSIDA for industrialization of the State. Within the framework of Perspective plan, Development plans were to be prepared by UPSIDA for each of the notified areas. While realizing the significance of such plans, Board felt that the preparation of Perspective plans/Development plans was likely to take some time.

In order to develop the IAs excluded from the Master plans or the Zonal Development plans of various urban development authorities due to creation of UPSIDA, Board adopted (September 2001) UP State Industrial Development Area (Planned Development of Industrial Areas Transitory Provisions) Regulations, 2001. These regulations were approved by GoUP in June 2002. In April 2005, UPSIDA implemented various Regulations¹ which required it to adopt a three-tiered planning approach for planned development of the notified areas.

After issuance (June 2018) of ordinance regarding transfer of assets and liabilities of UPSIDC to UPSIDA, UPSIDA Board approved (November 2018) and implemented (January 2019) the UPSIDA Transitory Provisions 2018 for appropriate functioning of UPSIDA. UPSIDA Transitory Provisions 2018 *inter alia* stated that operating manuals/regulations/by-laws of UPSIDC were applicable to UPSIDA subject to overriding effect of the UPIAD Act 1976, Uttar Pradesh Industrial Development Authority (Centralized) Services Regulations 2018, Uttar Pradesh State Industrial Development Area Land Development and Building Regulations 2018 and Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plan) Regulations 2004. As per UPSIDA Transitory Provisions 2018, UPSIDA was to complete preparation of by-laws/operating manual for all the work responsibilities handled by UPSIDA at the earliest. However, UPSIDA prepared only the Industrial Area Operating Manual 2023 till date.

¹ The Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plans) Regulations-2004; The Uttar Pradesh State Industrial Development Area, Land Development Regulation-2004; and The Uttar Pradesh State Industrial Development Area, Building Regulation-2004.

Audit Findings

2.2 Audit findings relating to planning and acquisition of land for development of IAs under the jurisdiction of UPSIDA/UPSIDC are discussed in succeeding paragraphs:

Implementation of Regulations without GoUP approval

2.2.1 UPSIDA approved² and implemented (23 April 2005) the following regulations to secure the planned development of the industrial development area without the previous approval of GoUP as is required under Section 19 (1) of the UPIAD Act:

- The Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plans) Regulations - 2004
- The Uttar Pradesh State Industrial Development Area, Land Development Regulation - 2004
- The Uttar Pradesh State Industrial Development Area, Building Regulation-2004

The above matter was already commented in the CAG's Audit Report (Economic Sector-Non PSUs) for the year ended 31 March 2015. However, no action has been taken in this regard till date. Subsequently, the Uttar Pradesh State Industrial Development Area Land Development and Building Regulations 2018 (Regulations 2018) were implemented from 26 November 2018 with the approval of Board³ by replacing the two erstwhile regulations (*i.e.* Uttar Pradesh State Industrial Area Building Regulations 2004 and Uttar Pradesh State Industrial Area, Land Development Regulations 2004). GoUP approval was also pending on Regulations 2018. Thus, UPSIDA was managing its affairs without approved regulations.

UPSIDA replied (September 2023) that it had the authority to make development plans till the approval and issue of above regulations by GoUP. GoUP also stated (July 2024) that Building Regulations were implemented in anticipation of the approval of State Government.

The reply is not acceptable as previous approval of GoUP as required under Section 19 of the Act was also pending.

Perspective Plan not prepared

2.2.2 As per Para 2.0, of the Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plan) Regulations 2004, UPSIDA shall prepare⁴ a perspective plan for a period of 20 years to be reviewed after every five years. It shall be a policy document prepared in consultation with, and approval of, the State Government, delineating the Industrial Policy/Plans at the State level to promote prospects of productivity and employment. It would identify growth-centers, promulgate planned industrial development and curb unplanned/sporadic industrial growth. It shall provide the State Government the goals, strategies, and general programme of the Authority regarding socio-economic development of industrial development areas.

Audit observed that since its formation, UPSIDA did not prepare a perspective plan to fulfill the above stated objectives.

² In its 7th Board meeting (held on 10 March 2005).

³ In 28th Board Meeting held on 29 Jan 2018.

⁴ Under provisions of Sections 6, 18 and 19 of the UPIAD Act.

During Exit Conference (April 2024) UPSIDA informed that there were 154 IAs situated in 55 districts of Uttar Pradesh in small groups and there was different geographical situation of IAs. Thus, no single plan could be implemented in every IAs. Therefore, UPSIDA prepared small schemes or development plans. GoUP stated (July 2024) that UPSIDA's approach for development of industrial clusters varies as per the typology and scale of project.

Observations on other plans indicated in the reply are covered in subsequent paras. It is pertinent to mention here that UPSIDA was required to adopt three-tiered planning approach (*i.e.* Perspective plan at the state level, Development Plan and Special Area Plan for each of the notified areas and Project and Scheme area plans for sectors or parts thereof, of the development plans) as detailed in Para 1.5.1 of The Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plan) Regulations 2004 for the planned development of notified areas under directives of Section 6 of the UPIAD Act, 1976.

Development/Re-development plans not prepared

2.2.3 As per Para 3.0 of the Uttar Pradesh State Industrial Development Area (Preparation and Finalisation of Plan) Regulations 2004, UPSIDA shall under Section 6 b of the UPIAD Act, prepare board approved development plans for each of its notified areas for a period of 10 years with scope for revision after five years. It shall be physical plans broadly showing the land area allocations *vis-a-vis* demand assessments for industrial uses along with its supportive other urban land uses. The plan shall provide area allocations for different use zones/sub-zones based on compatibility, areas for ancillary and supportive activities and the complete network systems of roads, communications, power, disposal of waste *etc.* The plan shall define the norms and standards of development.

UPSIDA's Board in its 12th meeting (July 2007) deliberated that it adopted development plans existing on 1 April 2004 as "Deemed Development Plan" consequent upon Land Development Regulations 2004 becoming effective from 23 April 2005. UPSIDA's Board in its 24th meeting (June 2015) emphasized the need for preparation of re-development plans for IAs having excessive population burden in the nearby cities. Further, in its 34th meeting (November 2019) UPSIDA's Board deliberated that developments plans were pending till date.

Audit observed that UPSIDA did not prepare the Development/Re-development plans for its notified area despite its requirement as per their regulations and deliberations in above Board meetings.

During Exit Conference (April 2024), UPSIDA stated that Development plan/Re-development plans were approved by Board. GoUP directed UPSIDA to provide the documents related to board approval of Development plan/Re-development plans. However, no such records were furnished to audit by UPSIDA. In its reply (July 2024), GoUP did not address the issue of not preparing of Development/ Re-development plans by UPSIDA.

Project/Scheme plans not approved by Competent Authority

2.2.4 As per Para 4 of Uttar Pradesh State Industrial Area (Preparation and Finalisation of Plan) Regulations 2004, UPSIDA shall under Section 6.2 c/d/e

of the UPIAD Act, 1976 prepare Project and Scheme plans for all projects and schemes, which fall within Industrial Development Areas where development plans have been prepared by UPSIDA. These plans shall be basically layout plans showing all categories of roads, plots, open spaces, all building development-controls regarding setback and use designations, network and service facilities, system of distribution and disposals, and reserve areas demarcated for specific purposes. The Project and Scheme Plans shall be accorded sanction by the Chief Executive Officer.

Audit noticed that UPSIDA (including erstwhile UPSIDC) had prepared 187 Project and Scheme Plan relating to the 153 Industrial Areas from time to time. 64 of the above Scheme plans (layouts) were not approved by the Competent Authority (Chief Executive Officer) as required in the above regulations.

During Exit Conference (April 2024), UPSIDA stated that approval of Scheme plans was in process. GoUP directed UPSIDA to provide the latest status of approval of 64 Scheme plans to audit. However, no such update was provided by UPSIDA.

GoUP stated (July 2024) that the layout plans may have been approved by the competent authority since the inception of UPSIDA. UPSIDA had been undertaking the activities such as digitization of 155 number of layout plans, layout authentication as well as implementation of online GIS Portal 'One Map UPSIDA' and validating the existing layouts through drone survey and ground truthing. Post assessment and evaluation, if required UPSIDA shall revise the layout plans and get it approved from the competent authority.

Failure to prepare Zonal Plan for Ex-LIDA notified area

2.2.5 In its 20th meeting, Board of Ex-LIDA approved⁵ (May 2013) the 'Preparation and Finalisation of Plan Regulation 2013'. Para 5 of these regulation provides the procedure to be followed for preparation of a Plan⁶. In its 26th meeting, Board of Ex-LIDA approved (October 2015) the draft Master Plan 2031 for the period of 2010-2031. This was approved by the GoUP on 18 April 2016.

The Master Plan study area was spread over 29,996 hectares of land in Lucknow and Unnao districts. To maintain a balance between the growth potential and natural resource reserves of the region, it was proposed to be divided into three zones viz. a multi-functional zone near Lucknow, an Industrial Zone near Unnao and a Tourism and Nature Conservation Zone near Nawabganj. Master Plan defines the broad proposals for growth and development of the area besides allocation of land for various urban uses including residential, industrial, commercial, recreational, public and semi-public etc. Para 9.1 of the Master Plan states that to implement the Master Plan, it was necessary to prepare the Zonal Development plans, Sector plans and Detailed Area plans.

Audit observed that after the merger (March 2021) of LIDA with UPSIDA, UPSIDA adopted (June 2021) the above Master Plan 2031. Zonal Plans, however, were neither prepared by Ex-LIDA until the date of its merger with

⁵ GoUP approval as required under Section 19 of the UPIAD Act, 1976 was pending.

⁶ Para 2 (Definitions), clause (i) 'Plan' means the master plan prepared by the Authority for the development of Industrial Development Area (under sub-section (2) of Section 6 of the Act), within the meaning of the Act.

UPSIDA nor by UPSIDA till 31 March 2024. The above scenario is fraught with the risk of unorganised and unplanned development in the region.

In its reply (September 2023) UPSIDA did not provide specific reasons for not preparing Zonal plans. GoUP stated (July 2024) that School of Planning and Architecture (SPA), Delhi had been appointed by UPSIDA for preparation of Ex-LIDA Master Plan 2041. SPA was in process of preparation of the Ex-LIDA Master Plan-2041 including Zonal/Phasing plans.

Recommendation No. 2

UPSIDA should prepare Perspective Plan, Development plans/Re-development plans and Zonal plans. GoUP should also expedite approval of all submitted regulations.

Land acquisition targets not achieved

2.2.6 The Industrial Investment and Employment Promotion Policy (IIEPP) 2017 *inter-alia* states that the State Government will identify vacant land that can be used for the purpose of Land Banks for industry in IAs/Zones. This policy will endeavor to subsequently make available these land parcels at competitive price to the investors.

Land is acquired by UPSIDA mainly through three modes, (i) direct purchase of private land from owners; (ii) compulsory acquisition of private land; and (iii) resumption of Gaon Sabha land.

Compulsory Acquisition of land was governed by Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LAA, 2013), which replaced (January 2014) the Land Acquisition Act, 1894 (LAA, 1894).

UPSIDA (including erstwhile UPSIDC) sets annual target for the acquisition of land from gram panchayats and private land owners.

Audit observed that UPSIDA/UPSIDC proposed to its Board, the summarised target for land acquisition for the years 2017-18 to 2022-23. While proposing the summarised targets, detailed action plan containing district/village wise breakup was proposed for the years 2017-18, 2018-19 and 2019-20. However, the figures stated in the detailed action plan did not correspond to the summarised target proposed. Notably, both the documents for a particular year were presented to the Board in the same meeting. This indicates the lack of seriousness on the part of UPSIDA/UPSIDC to carry out land acquisition. No detailed action plan was proposed to UPSIDA's Board in the years 2020-21, 2021-22 and 2022-23.

The achievement vis-à-vis the target for land acquisition for the period 2017-18 to 2022-2023 as stated in the summarised targets proposed to the Board are given in **Table 2.1**.

Table 2.1: Target and achievement for acquisition of land

Sl. No.	Year	Target (in acre)	Achievement (in acre)	Shortfall (in acre)	Shortfall (in per cent)
(1)	(2)	(3)	(4)	(5 = 3-4)	(6)
1	2017-18	250	2.15	247.85	99.14
2	2018-19	250	181	69.00	27.60
3	2019-20	250	-	250.00	100.00
4	2020-21	1,000	1,864	---	---

Sl. No.	Year	Target (in acre)	Achievement (in acre)	Shortfall (in acre)	Shortfall (in per cent)
(1)	(2)	(3)	(4)	(5 = 3-4)	(6)
5	2021-22	1,050	77.40	972.60	92.63
6	2022-23	750	--	750.00	100.00

Source: Annual budget approved by Board

It can be seen from **Table 2.1** that UPSIDA could achieve the target for acquisition of land in only one year (2020-21) out of the six years from 2017-18 to 2022-23. The shortfall in achievement of targets ranged between 27.60 *per cent* to 100 *per cent* with no land being acquired in two years (2019-20 and 2022-23). The continuous failure to achieve the targets indicates that adequate efforts were not made by UPSIDA for acquisition of land.

Further, UPSIDA/UPSIDC did not prepare and apprise the Board regarding the detailed district/village-wise achievement for the period from 2017-18 to 2022-23. Land acquisition funds disbursement register was also incomplete from the year 2020-21 onwards.

During Exit Conference (April 2024), UPSIDA stated that targets could not be achieved due to Covid-19 and fixation of ambitious targets. GoUP stated (July 2024) that targets could not be achieved due to protest of farmers and local residents. However, efforts were being made to achieve the *cent per cent* target. All details in Land Acquisition funds disbursement register had been completed now. However, updated Land Acquisition funds disbursement register was not provided to audit for verification.

Conclusion

UPSIDA was managing its affairs without approved regulations from HDD, GoUP and it could not finalise its Perspective Plan, Development plans/Re-development plans for development of notified areas since its constitution. Approval of competent authority on scheme plans was also pending. Ex-LIDA as well as UPSIDA did not prepare the zonal plans for three zones even after lapse of more than five years of approval of the Master Plan 2031 which was fraught with the risk of unorganised and unplanned development in the region.