

# **CHAPTER–IV**

## **Allotment of Plots**



## CHAPTER-IV

### Allotment of Plots

This chapter discusses allotment of plots through marking system, interview of the applicants, e-auction etc. Key issues highlighted include not achieving the targets for allotment of land and recoveries from allottees, various deficiencies in evaluation of applications for allotment of plots, refunds in violation of scheme's terms and conditions, not ensuring committed capital investment and employment generation and granting permission for start of production before issuing completion/occupancy certificate.

#### Introduction

**4.1** The Industrial Investment and Employment Promotion Policy (IIEPP) 2017 of GoUP provides that the Government will plan infrastructure in existing and new areas in line with industry requirements and industrial infrastructure will be developed in all regions for balanced and equitable growth based on geographical strength and after assessing the demand. To achieve the aforesaid objectives UPSIDA develops the acquired land and provides infrastructure for industrial, commercial and residential purposes.

UPSIDA (including UPSIDC) allots industrial plots to applicants on a lease of 90 years as per the provisions contained in its Operating Manual (Industrial Area) and executive orders issued from time to time. Possession of industrial plots is handed over to the allottees after execution of lease deed. Thereafter, the allottees are required to commence production after approval of maps and obtaining completion certificate from UPSIDA within the time period stipulated in the allotment letter. UPSIDA also provides the facility of time extension for commencement of production in case the allottee fails to commence production within the stipulated time period after levying time extension fee.

UPSIDC allotted industrial plots on the basis of interview of applicants up to 13 June 2017. To avoid subjectivity and discretion in the allotment of industrial plots, UPSIDC changed (14 June 2017) the procedure of allotment of industrial plots. As per the new procedure, UPSIDA (including UPSIDC) would depict the list of available plots on its website<sup>1</sup> for inviting applications for allotment of industrial plots. The applications received would be evaluated weekly on the basis of marking system<sup>2</sup> by the Project Evaluation Committee (PEC)<sup>3</sup>. Thereafter, Headquarter Committee<sup>4</sup> shall examine the recommendation of the PEC and forward its remarks to CEO for approval.

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<sup>1</sup> Nivesh Mitra website of GoUP, vide UPSIDA office order dated 20 May 2019.

<sup>2</sup> Marks ranging between one and 20 are provided on eight factors (capital investment, employment generation, time required to start the production, relevant experience, additional land requirement in the same industrial area or expansion of unit, 100 *per cent* export oriented units, turnover, minimum 26 *per cent* shareholding of female entrepreneur/scheduled caste/handicapped/scheduled tribe *etc.*, previous year's net worth/turnover of the applicant exceeding ₹ 10 crore) to the applicant.

<sup>3</sup> PEC consisting of Regional Manager, Executive Engineer and Accounts Officer of concerned regional / project office.

<sup>4</sup> Headquarter Committee constituted on 24 September 2019 and consists of Finance Controller, UPSIDC/General Manager (Finance) UPSIDA, General Manager (Engineering) UPSIDA, Deputy General Manager (ATP) UPSIDA/Assistant General Manager (Housing) UPSIDC and In-charge (ATP), Assistant General Manager (IA)/In-charge.

UPSIDA introduced (March 2020) e-Auction to allot plots in such industrial areas where 75 per cent or more developed plots were already allotted.

UPSIDA (including UPSIDC) allotted 1,585 industrial plots, plots under five residential schemes<sup>5</sup> and six commercial plots during the period 2017-18 to 2021-22. Out of above, Audit selected allotment of 177 industrial plots, four residential schemes<sup>6</sup> and all six commercial plots for detailed examination.

### Audit Findings

4.2 UPSIDA (including UPSIDC) did not furnish the minutes of interview committee in case of two plots<sup>7</sup> and recommendations of Project Evaluation Committee (PEC) in case of 21 plots<sup>8</sup> and Headquarter Committee in case of four plot<sup>9</sup> out of 177 sample industrial plots. Audit findings relating to allotment of plots are discussed in succeeding paragraphs:

#### *Targets for allotment of land and recoveries from allottees not achieved*

4.2.1 Board of UPSIDA (including UPSIDC) sets annual target for allotment of land and recoveries to be made from the allottees.

The actual area allotted and recoveries made *vis-à-vis* respective targets fixed during the period from 2017-18 to 2022-23 as given in **Table 4.1**.

**Table 4.1: Details of physical Target and Achievement of land allotment and Recoveries made from allottees**

Years	Allotment			Recoveries		
	Target (area in acre)	Achievement (area in acre)	Achievement (in per cent)	Target (₹ in crore)	Achievement (₹ in crore)	Achievement (in per cent)
2017-18	863.00	300.00	34.76	1,234.40	800.00	64.81
2018-19	1,000.00	336.25	33.63	1,355.00	641.83	47.37
2019-20	800.00	266.45	33.31	925.00	488.97	52.86
2020-21	1,100.00	299.00	27.18	1,100.00	618.55	56.23
2021-22	800.00	461.00	57.63	1,100.00	701.35	63.76
2022-23	800.00	390.80	48.85	1,000.00	961.36	96.14

Source: Annual Action Plan approved by the Board of UPSIDA/UPSIDC

From the above, it is evident that land allotment achievement ranged from 27 to 58 per cent of the target and recoveries from allottees ranged from 47 to 96 per cent of the amount targeted for recoveries during the years from 2017-18 to 2022-23. Basis of fixing the targets for allotment and recovery were not provided to audit. No analysis for short achievement was done.

<sup>5</sup> Bhogao, Firozabad, Jhansi, Sandila and Trans Delhi signature city.

<sup>6</sup> Bhogao, Firozabad, Jhansi and Sandila.

<sup>7</sup> Two plots 1. (D-176)-1031.49 sqm , 2. (D-107) 948 sqm of Jainpur IA.

<sup>8</sup> 21 Plots 1. (A-7 Kosi Kotwan-II-17238.41 sqm), 2. (A1/5 Kosi Kotwan-II-35141.28 sqm), 3. (A1/2 Kosi Kotwan-II-27219.46 sqm) 4. (H1A/1 Karkhiyao-37372 sqm) 5. (H1A/2 Karkhiyao-17116 sqm) 6. (B-10 Ramnagar- 6258.93 sqm) 7. (S-20 Loni estate-605.34 sqm) 8. (S/2/4/A-Surajpur-8561.46 sqm) 9. (S/2/4/B-Surajpur-6984.74 sqm) 10. (D-23-Khalilabad-2475 sqm), 11. (E-22 Khalilabad-800 sqm), 12. (E-112 Mau-450 sqm), 13. (H-66 Kursi Road-450 sqm), 14. (A6/7 Kursi road-12732.46 sqm), 15. (G-71 Kursi Road-600 sqm), 16. (A6/13 Kursi Road- 738 sqm) 17. (A6/11 Kursi Road- 738 sqm) 18. (A6/1 Kursi Road-94465.8 sqm) 19. (B2/2 sandilla-203939.53 sqm), 20. (B2/4 Sandilla-34976 sqm) 21. (B4 and B5 Sandilla- 145436.50 sqm).

<sup>9</sup> Four plot-1. (K-37 Mathura Site-B-660.75 sqm), 2. (A-7 Kosi Kotwan-II-17238.41 sqm), 3.(A1/5 Kosi Kotwan-II-35141.28 sqm), 4. (A1/2 Kosi Kotwan-II-27219.46 sqm).

GoUP/UPSIDA accepted (July 2024) that analysis for short achievement of physical and financial targets were not made. However, efforts were made jointly by GoUP/UPSIDA/Regional Managers/Project Managers to achieve the targets.

***Allotment of industrial plots through interview without obtaining complete financial details***

**4.2.2** Clause 2.04 of Operating Manual (Industrial Area) 2011 stipulates that the applications for allotment of land, complete in all respects shall be processed and the applicant shall be clearly asked to bring documents in support of financial strength, technical expertise, past experience to substantiate their averments at the time of interview.

Accordingly, UPSIDC asked (April 2017) an applicant to appear before the allotment committee along with original documents *i.e.*, proposed project report, ID and address proof, balance sheets, financial status/finance to be availed from financial institution and experience in respective work/project.

Audit noticed that the applicant for plot measuring 3,929 sqm (J-134 and J-135) at Mathura Site-B Industrial Area, did not provide project details (₹ 1.2 crore) and means of finance. However, in spite of application not being complete in all respects, interview committee recommended (May 2017) for the allotment of the plot in violation of above Clause. The plot was allotted (August 2017) for an amount of ₹ 93.08 lakh. No justification was found on records for allotment of plot in absence of above documents.

During exit conference (April 2024) UPSIDA stated that the allottee started production after execution of lease deed which indicated that the allottee had sound financial position. UPSIDA assured to provide the documents related to project details (₹ 1.2 crore) and means of finance to audit. However, UPSIDA did not provide such records to audit.

In its reply, GoUP stated (July 2024) that after execution (December 2017) of lease deed unit came into production, which indicated the strong financial position of the allottee. Further, regular payment of dues was being made and there was no loss to the Authority.

The reply is not satisfactory as allotment was against Clause 2.04 of Operating Manual (Industrial Area) 2011.

***Allotment of industrial plots through marking system without prescribing minimum qualifying marks***

**4.2.3** As per UPSIDC's Office order (14 June 2017), allotment of land was to be done by prioritizing the applications on the basis of marks allotted to applicants on factors mentioned therein.

Audit noticed that UPSIDA (including UPSIDC) did not prescribe the minimum qualifying marks to ascertain the capability of the applicants to implement the project.

UPSIDA confirmed (December 2023) that the plot was to be allotted to the applicant obtaining the highest marks in case of receipt of two or more applications for the same plot and plot was allotted on receipt of required documents in case of receipt of single application for the plot.

During Exit Conference (15 April 2024), UPSIDA stated that allotment to single applicant is done to promote Startup business. Audit emphasized

maintaining transparency and necessary documents in case of single applicants and land allotment rules for single startups. Management assured to adhere to this in future.

In its reply, GoUP stated (July 2024) that allotment was decided on the basis of highest marks subject to fact that in case of one or more than application, other aspects of allotment viz. nature of project, assessment of area for project, conditions of NOCs required from other departments as per nature of project are considered by a Headquarter committee in decision making.

Fact remains that UPSIDA and GoUP did not address the issue of minimum qualifying marks for the allotment of industrial plots through marking system.

***Absence of criterion for evaluation of financial strength of applicant with respect to project cost***

**4.2.4** UPSIDA/UPSIDC had a marking system which awarded five marks to applicants for their net-worth/turnover being more than ₹ 10 crore. However, there was no criterion/mechanism to measure the financial strength of applicants of plots with respect to the proposed project cost. As a result, in the following cases, projects with significantly higher value than the applicants' capacity were approved:

- In case of plots E-131 and E-132 (area 1800 sqm each), Kosi Kotwan Extn-I, the total annual income of applicants were ₹ 7.24 lakh and ₹ 6.36 lakh respectively against total proposed project report of ₹ 41.53 crore and ₹ 40.25 crore respectively. None of the applicants could deposit reservation money (₹ 6.95 lakh each) within 30 days after the allotment (27 February 2020) of the plot. The reservation money was, however, deposited by both the applicant on 08 August 2022 after a delay of 864 days. UPSIDA cancelled (12 April 2023) the allotment of both plots due to change in allotment policy and land premium rates of IAs.
- In case of plot no 1/1 (28,011.15 sqm) Kosi Kotwan-2, applicant declared the net worth of ₹ 1.04 lakh only against the project cost of ₹ 300 crore. However, allotment (31 March 2021) of plot and time extension up to 30 September 2024 was granted to the applicant to set up the unit.

In its reply, UPSIDA stated (December 2023) that allotment of plot no-E-131 and E-132 has been cancelled. In case of plot no. 1/1, no benefit of time was granted on the basis of investment report of ₹ 300 crore.

In its reply, GoUP stated (July 2024) that in case of plot no 1/1, the total net-worth of the three partners was ₹ 11.74 crore.

The reply is not acceptable as the applicant in case of plot no 1/1 was incorporated as a private limited company and its net worth was ₹ 1.04 lakh only. The net worth mentioned in the reply pertained to promoters in their individual capacity.

***Recommendation No. 6***

***UPSIDA should establish a minimum benchmark in the marking system for qualification of the allottees. UPSIDA should fix a criterion for evaluation of financial strength of applicant with respect to project cost.***

***Allotment of industrial plot to ineligible applicant***

**4.2.5** In case of Plot no. A-4/2 IA Jainpur, two applications viz. M/s Jay Bhagwati Traders and Indian Railway Catering & Tourism Corporation Ltd. (IRCTC) were received in January 2019 and February 2019 respectively. PEC evaluated (8 March 2019) the applications on several parameters and awarded total 60 marks and 57 marks to M/s Jay Bhagwati traders and IRCTC respectively.

Audit noticed that for the parameter ‘employment generation’, M/s Jay Bhagwati Traders proposed 35 and 146 employees in its application and DPR respectively, whereas IRCTC proposed 60 and 80 employees in its application and DPR respectively. Had PEC considered DPR figures for both the parties M/s Jay Bhagwati Traders and IRCTC would have total marks 60 and 61 respectively rendering IRCTC eligible for the allotment. Even if PEC considered applications figures for both the parties M/s Jay Bhagwati Traders and IRCTC would have total marks 47 and 57 respectively resulting in allotment in favor of IRCTC. However, PEC considered DPR information (146 employees) for M/s Jay Bhagwati Traders and application information (60 employees) for IRCTC at the time of evaluation, which resulted in lower marks for IRCTC. Thus, due to incorrect evaluation the above plot measuring 5,018.65 sqm was allotted for ₹ 1.10 crore to ineligible applicant (M/s Jay Bhagwati traders).

During Exit Conference (April 2024), UPSIDA stated that marks were awarded on the basis of the information entered in application form by the applicants. GoUP stated (July 2024) that recommendation of project evaluation committee was forwarded (March 2019) for allotment of plot to M/s Jay Bhagwati Traders and allotment was made after approval of headquarters.

The reply is not acceptable as marks were awarded to IRCTC on the basis of application information (60 employees) whereas in case of M/s Jay Bhagwati Traders, marks were awarded on the basis of DPR information (146 employees) resulting in excess grant of marks to M/s Jay Bhagwati Traders for the parameter of ‘employment generation’ and rendering eligible for allotment of plot.

***Allotment of amalgamated plots without inviting public objections***

**4.2.6** As per Para 3.3.8 of the Preparation and Finalisation of Plan Regulation 2004, UPSIDA may make amendments to the developments plans by amalgamation or sub-division of one or more industrial plots before allotment of any industrial plot of land. Under Para 3.3.2, UPSIDA is required to invite public objection in at least one newspaper having circulation in the development/local area inviting objections and suggestions from any affected person with regard to the proposed amendment before such date as may be specified in the notice and shall consider all objections that may be received.

Audit noticed that UPSIDA/UPSIDC allotted amalgamated plots without inviting public objections in violation of above provisions. Details of such allotted plots are given in below **Table 4.2:**

**Table 4.2: Allotment of plots without inviting public objection**

Sl. No.	Name of Industrial Area	Plot no	Area of the plot (in square meters)	Date of approval of amalgamation	Date of allotment
1	Sidhwan	C-1/2	9,096.63	13 September 2018	17 September 2018
2	Kosi Kotwan-A IIDC	K-09/10	674	22 May 2019	27 May 2019
3	Kosi Kotwan Extn-1	H-32/45	17,042.92	3 January 2019	8 January 2019
4	G.C. Shahjahanpur	H-49-52/61-64	15,492	29 November 2017	1 December 2017

GoUP stated (July 2024) that no public objections were received. However, documents regarding invitation of public objections were not provided to audit.

**Excess allotment of land**

**4.2.7** As per UPSIDC's office order (14 June 2017), the assessment of the eligibility of area of the land to be allotted was to be made at lowest area as per any of the following three parameters:

- According to the capital investment in the project proposed by the applicant, the area to be calculated in the ratio of 2,000 sqm. of land for capital investment of ₹ one crore;
- 333 *per cent* of the covered area applied in the proposed project report by the applicant;
- The area calculated by dividing the capital investment on land as shown in the project proposed by the applicant by the premium rate of the concerned Industrial Area.

Audit observed that PEC did not evaluate the maximum eligibility of area of land to be allotted in case of allotment of three plots. This resulted in excess allotment of the land as given in **Table 4.3** in these cases in violation of the above direction:

**Table 4.3: Excess allotment of land**

Plot no and IA	Date of allotment	Committed investment by allottee (in ₹ crore)	Eligibility of land area as per the above three parameters (in sqm)			Eligibility of maximum land area to be allotted (lowest of three parameters) (in sqm)	Actual allotted area (in sqm)	Excess allotted area (in sqm)
			I	II	III			
B-02 of Orai-II, Jhansi	28 May 2021	3.57	7,140	18,731	11,250	7,140	11,250	4,110
Plot no B16/1 of Sumerpur	17 Sep 2020	2.26	4,520	16,552	15,062	4,520	15,062	10,542
C-42 of Orai-II, Jhansi	17 Sep 2020	2.71	5,420	9,430	3,629	3,629	3,992	363
		1.00	2,000	3,988	3,629	2,000	3,992	1,992

In case of above plot C-42 of Orai-II, allottee changed (December 2021) project cost from ₹ 2.71 crore to ₹ one crore. However, UPSIDA did not re-assess the need of land resulting in excess allotment of land (3,992 sqm instead of 2,000 sqm).

UPSIDA stated (December 2023) that actual allotment of the plots was made against the eligibility of area to achieve financial target and to enhance the industrialization of State. Further, change of project was accepted at the request of allottee.

GoUP stated (July 2024) that single application was received for each plot and there was no demand for such big plots in Bundelkhand area. Authority aims to avoid vacancy of plots from financial and industrialisation point of view. Thus, plots were allotted considering the allotment policy, practical approach and demand in that area. In case of plot no C-42, GoUP confirmed that there was no policy to reassess the eligibility criteria of land at the time of change of project after allotment of plot. It is noticed in many cases allottees utilised excess land out of allotted land for future expansion of the project. Thus, it was not appropriate to re-assess the eligibility criteria of land as per the revised project cost.

Audit noticed that UPSIDA was required to evaluate the maximum eligibility of area of land to be allotted as per office order dated 14 June 2017. Further, UPSIDA issued (20 March 2024) notice to allottee of plot no C-42, for default in seeking building plan approval to initiate construction on plot. In case of plot B-02, building plan was approved only in April 2023 and in March 2024, UPSIDA issued notice for default in start of unit. Allottee of plot no B16/1, mortgaged the plot with bank for financing construction/production of the unit only in March 2022. However, map for carrying out construction on plot was not available on record till March 2024. Thus, objective of industrialisation of area could also not be achieved. This shows that due diligence needs to be exercised before allotment of plots by UPSIDA.

***e-Auction of plots in violation of Board approved procedure***

**4.2.8** As per procedure approved<sup>10</sup> by the Board, the reserve price would be pre-decided (displayed on website) with the condition of minimum increment of 5 *per cent* over the reserve price in the first round of e-Auction for allotment of the plots.

Audit noticed that in violation of the Board approved procedure, UPSIDA did not adhere to the minimum increment (5 *per cent*) condition in the first round resulting in short recovery of e-Auction price by ₹ 58.98 lakh in 13 cases<sup>11</sup> out of 41 plots<sup>12</sup> e-auctioned as detailed in **Appendix-4.1**.

During Exit Conference (April 2024), UPSIDA stated that e-Auction was conducted as per final SoP and bid catalogue forwarded by consultant (*i.e.* M Junction) through e-mail dated 07 February 2020. GoUP stated (July 2024) that e-Auction was being conducted as per office order dated 13 March 2020, copy of SoP and bid catalogue applicable at that time.

The reply is not acceptable as UPSIDA did not conduct e-Auction as per board approved procedure. Further, UPSIDA did not provide the final SoP forwarded by consultant (M Junction), approval of competent authority to implement the

<sup>10</sup> Procedure was approved in 34<sup>th</sup> board meeting held on 26 November 2019.

<sup>11</sup> Increment ranged from 2 *per cent* to 4.55 *per cent* above the fixed reserve price.

<sup>12</sup> The complete e-Auction trail of selected six plots (Plot no 53/1/19 and 53/1/20 Surajpur, plot no C-11 Naini, plot no-G-40 TDS City, plot no P-11 Unnao and plot no- C-21 Malwan) was not made available to audit.

revised SoP and bid catalogue instead of Board approved (26 November 2019) procedure to audit.

***Recommendation No. 7***

***UPSIDA should ensure assessment of the eligibility of area of the land to be allotted as per fixed parameters. Furthermore, UPSIDA should conduct e-auction as per Board approval.***

***Refunds in violation of terms and conditions of residential scheme***

**4.2.9** UPSIDC launched residential schemes in Bhogao and Firozabad in February 2015 and December 2016 respectively. As per terms and conditions of both the schemes, earnest money shall be deducted and balance shall be refunded without interest in case of surrender of plot after allotment. Thus, UPSIDC was required to map the terms and conditions of the schemes in its system before issuance of allotment letters.

Audit noticed that UPSIDC did not properly map in its system the exact terms and conditions of deduction of entire earnest money in case of surrender of plot after allotment and issued the allotment letters. As a result, UPSIDA (including UPSIDC) did not deduct the full amount of earnest money in case of surrender of plot after allotment and refunded ₹ 28.59 lakh in excess in case of surrender of 33 plots after allotment as detailed in **Appendix-4.2**.

GoUP stated (July 2024) that system generated allotment letters were issued with the condition of refund of earnest money. Conditions of allotment letter was applicable and accordingly refunds were made.

The reply is not acceptable as UPSIDC did not map the terms and condition in the allotment letters in line with the terms and conditions of the scheme documents resulting in excess refunds against surrender of plots after allotment.

***Committed capital investment and employment generation not ensured***

**4.2.10** The core intent of IIEPP 2017 of IIDD, GoUP was to create a framework for industrial growth that empowers people and create jobs. Accordingly, UPSIDA was required to ensure investment and employment generation by the allottee after allotment of the land as committed in their detailed project report.

UPSIDA mandated (22 October 2019) issue of conditional allotment letter that in the event allottee fails to invest capital and generate employment as committed in the project proposal, penal action as per rules would be ensured by the Regional offices. However, no specific penal provisions were specified by UPSIDA in this regard.

Audit noticed that UPSIDA did not incorporate the above stated committed investment and employment generation clause in 76 allotment letters as detailed in **Appendix-4.3**. Notably, UPSIDA claimed<sup>13</sup> (June 2021) achievement of investment ranging from ₹ 322 crore to ₹ 2,694 crore and employment generation ranging from 2,945 person to 35,545 person during the period from 2017-18 to 2021-22. However, the details/basis of such claims were not made available to audit.

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<sup>13</sup> Published in quarterly newsletter.

In its reply, UPSIDA agreed (December 2023) that the committed investment/employment generation clause may have lapsed in some cases. As per observation of audit, it would be ensured in future.

GoUP stated (July 2024) that allotment letters were issued with pre-decided terms and conditions. In case of non-compliance of the conditions mentioned in lease deed, provision for cancellation of the plots was also incorporated.

The reply is not acceptable as 76 allotment letters were issued without the clause of committed investment and employment generation.

***Permission for Start of Production before issuing Completion/Occupancy Certificate***

**4.2.11** Section 9 (1) of UPIAD Act *inter-alia* provides that no person shall erect or occupy any building in the industrial development area in contravention of any Building Regulation made by the Authority by notification and with prior approval of State Government.

As per clause 5.15 (Notice of Completion) of Regulations 2018, completion certificate of building/layout of plot shall be issued by UPSIDA after ensuring that the occupier holds No Objection Certificates (NOC) from concerned agencies regarding pollution control, fire protection etc. and necessary clearances from statutory agencies like Ground Water Commission, Electrical Safety Inspectors, Airport Authority for height of building *etc.* Similarly, as per clause 5.16 (Occupancy certificate necessary for occupation) of Regulations 2018, occupancy certificate was to be issued by UPSIDA after compliance from fire protection and pollution control point of view and related clearances.

Audit observed that in 37 cases as detailed in **Appendix-4.4**, UPSIDA inserted a condition in the building plan that whenever the building is completed the allottee shall mandatorily apply for the completion certificate. However, UPSIDA issued permission for start of production in these cases without issuing completion/occupancy certificate. It did not ensure that the allottee had NOC from concerned agencies and clearances as mentioned above, before start of production. Notably, UPSIDA while issuing the permission for start of production certificate, requested the allottees to take completion/occupancy certificate as per the approved building plan in accordance with provisions of Regulations 2018. In all these cases, the units of the allottees were considered to be in production prior to the issue of this certificate. Thus, UPSIDA allowed the allottee to occupy the premises in violation of Section 9 (1) of UPIAD Act.

During Exit Conference (April 2024), UPSIDA stated that there was no violation of Building Regulations 2018 and Section 9 of UPIAD Act as issuance of completion certificate was not mandatory for issue of start of production certificate. On the contrary, GoUP stated (July 2024) that building plan was approved with the condition that the allottee has to obtain completion certificate from UPSIDA before utilising the building.

GoUP reply confirms the fact that UPSIDA should have ensured compliances to the provisions of building regulations 2018 by allottee and issued completion certificate before issuing permission for start of production.

***Recommendation No. 8***

***UPSIDA should ensure that before granting permission for start of production, allottee has been issued with completion/ occupancy certificate.***

**Conclusion**

**UPSIDA did not analyse the reasons for the short achievement of physical and financial targets for allotment of plots and recoveries made from the allottees. There was absence of criterion to measure the financial strength of applicants with respect to the project cost. The marking system followed to allot the plot to allottee with highest mark did not have any minimum qualifying benchmark. IRCTC was not allotted plot inspite of being eligible due to incorrect evaluation. E-auction was carried out in violation of Board approved procedure resulting in short recovery of ₹ 58.98 lakh. Excess refund amounting to ₹ 28.59 lakh was refunded to allottees of residential plots in violation of the terms and conditions of the scheme. UPSIDA did not ensure capital investment and employment generation commitment made by industrial allottees in their project reports. It also permitted start of production before issuing completion/occupancy certificate.**