

## Preface

1. This Report for the year ended 31 March 2011 has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The Report contains the results of examination by Audit of 'Acquisition and allotment of land by Karnataka Industrial Areas Development Board', Commerce and Industries Department.



# Executive Summary

## 1. Background

The Karnataka Industrial Areas Development Board was established under the Karnataka Industrial Areas Development Act, 1966 to promote and assist in the rapid and orderly establishment, growth and development of industries in the State. The Board acquires land, both Government and private, develops industrial areas and makes these available for undertakings to establish themselves. The Board also functions as an agency for acquisition of lands for Single Unit Complexes and Special Economic Zones.

A performance audit of acquisition and allotment of land by the Board was taken up between April to July 2011 and October 2011 and entry and exit conferences were held with the Principal Secretary, Commerce and Industries. The responses of various officers of the Board to the audit observations have been taken into consideration and incorporated in this report. While the main findings are summarised in the following paragraphs, the details are available in the specific chapters.

## 2. Land acquisition

- Establishment of industrial areas by the Board was not consistent with the Industrial Policy 2006-11 and 2009-14 of Government. Selection of areas for setting up industrial areas was ad hoc and showed lack of due diligence. This led to regional imbalances in setting up industrial areas.
- In two projects, the Board acquired land for industrial areas without verifying the land use patterns prescribed in the Comprehensive Development Plans (CDPs) of the areas. There was no prior consultation by the Board with the Planning Authorities to ensure that land earmarked for non-industrial use was not notified for industrial areas.
- Though the Board had been acquiring Government land both for setting up industrial areas and allotment to Single Unit Complexes, the title to the land so acquired had not been transferred to the Board.
- During November 2005 to April 2011, Government had de-notified 563 acres and 13 guntas of land. A few important cases of de-notifications examined by audit have been included in this Report. In these cases, Government had de-notified the acquired land despite objections raised by the Board. These illustrative cases are examples of flouting of laws and subversion of public interest and subjugating it to private interest.

**(Chapter 3)**

### 3. Determination of compensation

- The Karnataka Industrial Areas Development Act does not prescribe any timeframe for completing the acquisition proceedings including payment of compensation. The Price Advisory Committee (PAC) headed by the Deputy Commissioner of the district determined the compensation based on mutual agreement with the owners of land. As the compensation so fixed was based on current market considerations, any delay in fixation of compensation was fraught with the risk of the land owners demanding higher compensation based on prevailing market price. In seven out of 19 projects, PAC had not fixed compensation for periods ranging from 11 to 57 months from the date of final notifications.
- In respect of land acquired for three adjacent industrial areas, preliminary notifications for acquisition had been issued between August 2006 and January 2007. However, final notifications were belatedly issued at different points of time between May 2007 and September 2008. As a result, fixation of compensation by PAC was delayed and the compensation fixed per acre of land kept increasing from ₹ 31 lakh in November 2007 to ₹ 55 to 57 lakh in March 2008 and ₹ 60 to 70 lakh in September 2008.

(Chapter 4)

### 4. Payment of compensation

- Board did not follow Government instructions for notification of land. Preparation of preliminary and final notifications for acquisition of Government land only on the basis of Record of Rights, Tenancy and Crops Certificates (RTCs) resulted in payment of compensation to ineligible persons as RTCs were defective in many respects.
- In five out of 19 projects, joint-measurement had not been done even before payment of compensation. It was not conducted in respect of one project till date.
- The Special Land Acquisition Officers (SLAOs) themselves decided upon the documents to be obtained for processing a claim, processed the claim and disbursed compensation. There was no segregation of duties relating to scrutiny and payment. None of the SLAOs had been subject to post-audit by the Internal Audit wing till August 2009 though the Board had been spending heavily year after year on acquisition of land.
- The SLAO failed to obtain all documents necessary for processing a claim before payment of compensation. In 60 out of 340 cases test-checked, the SLAO did not obtain all necessary documents before disbursing compensation. In respect of Government land granted to

various persons, the SLAO did not obtain even the original grant certificates from the claimants in 44 out of 60 cases.

- In respect of land acquired in two survey numbers of Bandikodigehalli village, Special DC, Bangalore Urban had informed (December 2007) the SLAO that RTCs had been issued in excess of land granted and that the matter was under investigation. The SLAO overlooked this report and disbursed (April 2008 to March 2010) compensation of ₹ 76.07 crore for 235 acres and 3 guntas in these two survey numbers. In one of these survey numbers, while the land notified for acquisition was only 41 acres, the SLAO disbursed compensation for 87 acres and 5 guntas, causing excess payment of ₹ 17.68 crore. The SLAO also acquired 9 acres and 20 guntas of land located outside the notified area in the remaining survey number and paid compensation of ₹ 3.09 crore.
- Out of 235 acres and 3 guntas in these two survey numbers, 76 acres and 8 guntas for which compensation of ₹ 25.41 crore had been paid were subsequently forfeited to Government by Special DC, Bangalore Urban, following the completion of an investigation. In addition, land measuring 29 acres and 17 guntas acquired for two other industrial areas was also forfeited to Government. The SLAO had, however, disbursed compensation of ₹ 14.72 crore for these lands also.
- Investigation by Special DC, Bangalore Urban into the irregularities was in progress in respect of 356 acres and 15 guntas of Government land already acquired for three industrial areas. The SLAO had already disbursed compensation of ₹ 190.30 crore for these lands under investigation.
- The SLAO disbursed compensation of ₹ 7.49 crore in seven cases based on oral assurance given by a company overlooking the requirement of obtaining requisite documents to establish the title to land.
- The SLAO disbursed compensation of ₹ 14.40 crore to nine persons who owned either no land or whose title to land was doubtful. Dubious land transactions by persons holding General Power of Attorney were overlooked and compensation of ₹ 1.74 crore was disbursed in two cases.
- The SLAO also made excess payments of compensation aggregating ₹ 1.83 crore in six cases, overlooked pending litigations and violation of various Acts before paying compensation of ₹ 13.31 crore in 13 cases and also disbursed compensation of ₹ 5.72 crore in respect of lands, the titles of which were illegally transferred in two cases after declaration of notification.
- While compensation paid by the SLAO in 11 cases for land either not notified for acquisition or not included in the joint-measurement reports aggregated ₹ 17.31 crore, enhanced compensation paid without supporting documents amounted to ₹ 3.15 crore in 9 cases. The SLAO even disbursed compensation of ₹ 46.50 lakh in one case

based on RTC for only one year and did not ensure eligibility of persons receiving compensation of ₹ 2 crore in two cases.

- The SLAO did not also deduct Income Tax of ₹ 2.33 crore from compensation disbursed for converted land.
- The Board paid compensation of ₹ 26.70 crore to evict unauthorised occupants of Government land acquired for an industrial area though the High Court had dismissed the claims of the occupants to land title while ordering status quo. Government also ordered withdrawal of the Special Leave Petition filed later against the High Court order.
- The Board paid compensation of ₹ 82.85 crore during 2006-11 for malkies and structures on land acquired. However, the revenue realised from sale of malkies and structures was only ₹ 3.66 lakh during this period. Details of disposal of malkies and structures were not furnished to audit.

**(Chapter 5)**

## **5. Allotment of land**

- A resolution passed (December 2005) by the Board permitted the Land Allotment Committee (LAC) headed by the Chief Executive Officer of the Board to allot land not exceeding one acre in Bangalore Urban and two acres in Bangalore Rural districts. However, the LAC violated this resolution and allotted lands in all the districts of the State. Zonal Development Officers also allotted lands in the industrial areas under their jurisdiction and such allotments were routinely and belatedly ratified by the LAC. During 2010-11 alone, the Zonal Development Officers allotted 101 acres.
- The Board did not evolve any policy for allotment of civic amenity sites in industrial areas.

**(Chapter 6)**

## **6. Conclusion**

The Board's functioning, especially in regard to selection of locations for industrial areas, was not effective in removing the regional imbalances. There was no prior consultation by the Board with the Planning Authorities to ensure that land earmarked for non-industrial use was not notified for industrial areas. The de-notifications by Government of acquired land reflected serious loopholes in rules and disregard for landmark judgments given by courts. Grave irregularities in payment of compensation included in the report reflected consistent subversion of Acts and Rules by the SLAOs concerned in the absence of any checks and balances over their functioning.

**(Chapter 7)**

## 7. Recommendations

- In order to ensure orderly establishment, growth and development of industries in the State, Government needs to ensure that the Board acquires land for setting up industrial areas after prior consultation with the jurisdictional Planning Authorities.
- Government needs to ensure that land taken possession of by the Board is not de-notified by subjugating public interest to private interest.
- Government needs to address the issue of fixation of compensation on the basis of mutual consent by framing guidelines prescribing the benchmarks which the PAC is to follow. This is essential to guard against disproportionately high compensation being fixed by PAC in the guise of mutual agreement.
- The irregularities highlighted in the report are only illustrative and reveal glaring examples of dereliction of duty and severe lack of accountability which need to be investigated. All payments of compensation made by the SLAOs for Government land acquired during 2006-11 need to be examined to assess the impact of irregularities committed.
- An effective internal control mechanism needs to be put in place to ensure that land acquisition is consistent with Government instructions and payment of compensation for land acquired by the Board is made after due observance of the procedures prescribed.
- The Board needs to frame appropriate guidelines to ensure that there is transparency in allotment of civic amenity sites in the industrial areas developed by it.

(Chapter 7)



# Chapter I

## Introduction

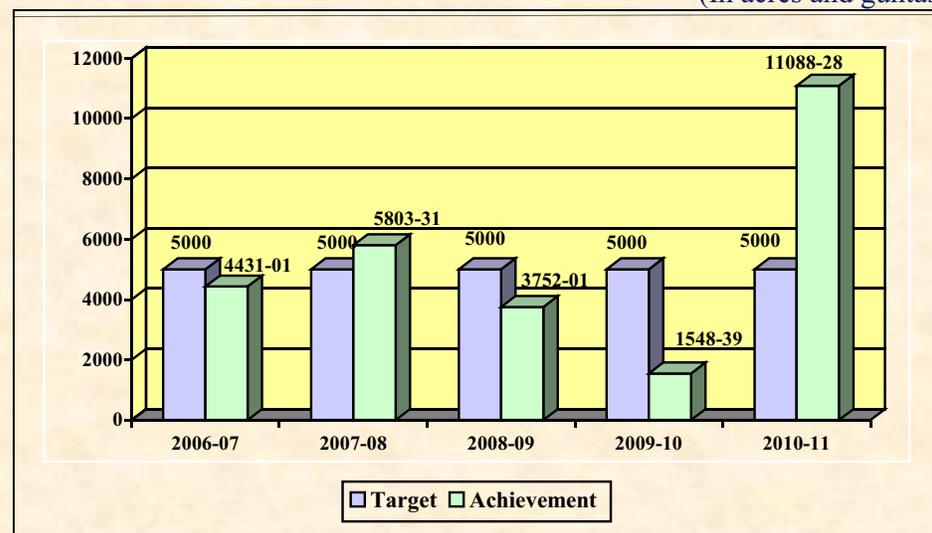
### 1.1 Growth in demand for land for industries

The Karnataka Industrial Areas Development Board (Board) was established under the Karnataka Industrial Areas Development Act, 1966 (KIAD Act) to promote and assist in the rapid and orderly establishment, growth and development of industries. In pursuance of this objective, the Board acquires land, both Government and private, develop industrial areas and make these available for undertakings to establish themselves. The Board also functions as an agency for acquisition of lands for Single Unit Complexes (SUCs), based on clearances given by the Government, and allots these to the SUCs.

The State, being endowed with rich natural resources, has become one of the preferred investment destinations for both domestic and overseas investors. Consequently, the demand for land for setting up industries in the State has increased exponentially over the years. The Karnataka Industrial Policy 2006-11 envisaged creation of a minimum of 5000 acres of industrial infrastructure annually. This target, viewed from the cumulative extent of land acquired by the Board for setting up industrial areas in the State, stood achieved at the end of March 2011, though 2006-07, 2008-09 and 2009-10 witnessed shortfalls as shown in the **Chart-1.1** below:

**Chart 1.1: Target and achievement of land acquisition during the years 2006-11**

(In acres and guntas<sup>1</sup>)



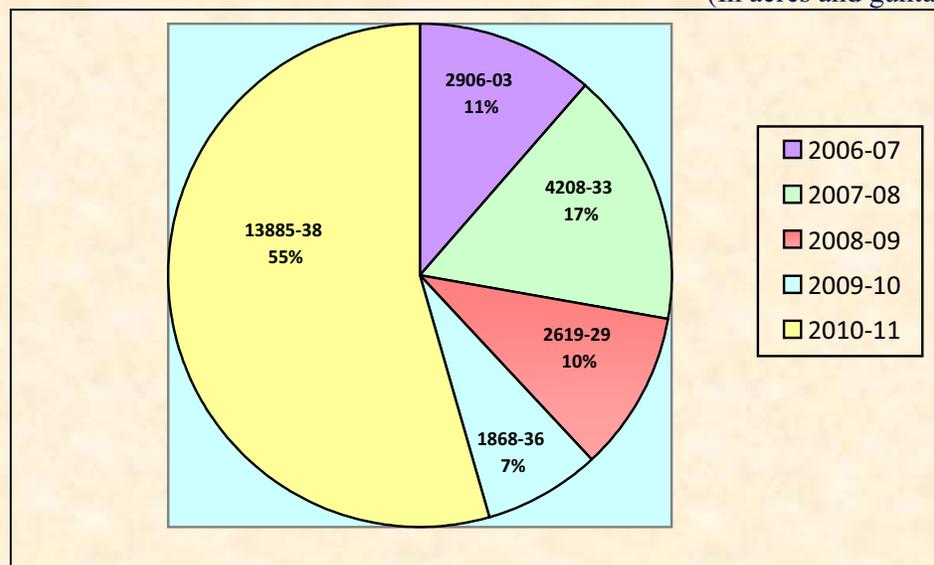
(Source: Information furnished by the Board)

<sup>1</sup> 40 guntas make one acre

In addition to these lands acquired for setting up industrial areas, the Board acquired 25,489 acres and 19 guntas during 2006-11 for SUCs, with 2010-11 accounting for 55 *per cent* of the total acquired land during this period as shown in the **Chart-1.2** below:

**Chart 1.2: Land acquired for SUCs during 2006-11**

(In acres and guntas)



(Source: Information furnished by the Board)

## 1.2 Overview of the legal framework for acquisition of land

The various sub-sections of Section 28, 29 and 30 of the KIAD Act, as shown in the **Table-1.1** below provides the legal framework for various stages of acquisition of land and payment of compensation by the Board.

**Table-1.1: Provisions in the KIAD Act for acquisition of land and payment of compensation**

Section/Sub-section	Enabling provisions
28 (1)	If any land is required for the purpose of development by the Board, the State Government may by notification, give notice of its intention to acquire such land (hereinafter referred to as preliminary notification)
28(2)	On publication of the notification, the State Government shall serve notice upon the owner/occupier of the land to show cause within thirty days why the land should not be acquired
28(3)	After considering the cause, the State Government may pass such orders as it deems fit
28(4)	State Government may issue the declaration for acquisition by a notification (hereinafter referred to as final notification)
28(5)	On publication of the notification, land vests absolutely in the State Government free from all encumbrances

Section/Sub-section	Enabling provisions
28(6)	State Government may order the owner/occupier to deliver possession of the land within thirty days
28(7)	If any person refuses to comply with the order, the State Government may take possession of the land using such force as may be necessary
28(8)	After taking possession of land, the State Government may transfer the land to the Board
29(1)	The State Government shall pay compensation for acquisition
29(2)	Where compensation has been determined by agreement, it shall be paid in accordance with such agreement
29(3) & (4)	Where no agreement could be reached, the State Government shall refer the case to the Deputy Commissioner for determination of the compensation after hearing the interests of persons concerned
30	In cases covered by Section 29(3) and (4), the provisions of Land Acquisition Act, 1894 shall apply in respect of enquiry and award of compensation by the Deputy Commissioner

### 1.3 Committees for approval of projects

The Karnataka Industries (Facilitation) Act 2002 and Rules provide for constitution of the various Committees as shown in **Table-1.2** below for examining and considering the proposals received from any entrepreneur relating to any industrial and other projects to be set up in the State. The Committees' approval is binding on all the departments and authorities concerned.

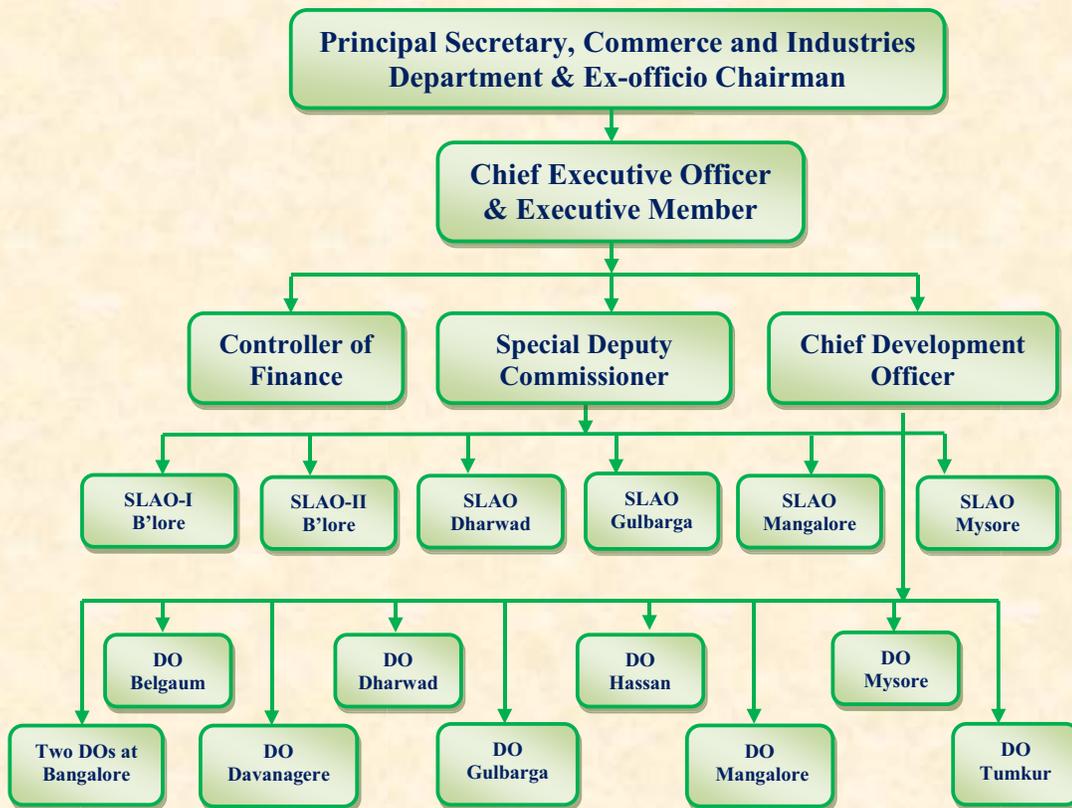
**Table-1.2 : Various committees for considering the project proposals**

Name of the Committee	Chairman	Investment criteria
State High Level Clearance Committee (SHLCC)	Chief Minister	₹ 50 crore or more
State Level Single Window Clearance Committee (SLSWCC)	Minister for Large & Medium Industries	> ₹ 3 crore and < ₹ 50 crore
District Level Single Window Clearance Committee (DLSWCC)	Deputy Commissioner of the district concerned	< ₹ 3 crore

The Karnataka Industries (Facilitation) Act 2002 also provides for appointment of Karnataka Udyoga Mitra (KUM) as the nodal agency at the State level and the District Industries Centres at the district level to undertake industrial promotional activities and to render necessary guidance and assistance to entrepreneurs for setting up industrial undertakings in the State.

## 1.4 Organisational arrangement

The Principal Secretary, Department of Commerce and Industries is the ex-officio Chairman of the Board which consists of 11 other members including the Executive Member acting as the Chief Executive Officer (CEO). The Board is assisted by a Special Deputy Commissioner (Special DC) and six Special Land Acquisition Officers (Bangalore Rural, Bangalore Urban, Mangalore, Gulbarga, Dharwad and Mysore) in matters related to land acquisition and by a Chief Development Officer (CDO) and 10 Development Officers (DOs) in land development matters. While three Secretaries are responsible for matters related to allotment and administration, the Controller of Finance (CoF) assists the Board in matters relating to finance and accounts.



## Chapter-2

# Audit approach

### 2.1 Audit scope and methodology

The Performance Audit started with an entry conference held on 25 April 2011 with the Principal Secretary, Commerce and Industries in which audit scope and methodology were explained. Audit was conducted during April to July 2011 and October 2011 covering the period 2006-11 during which the Board had acquired 26,624 acres and 20 guntas of land through six Special Land Acquisition Officers (SLAOs) for 58 industrial areas in 18 districts. The audit sample covered the Board, two<sup>2</sup> out of six SLAOs, two out of 10 zonal offices at Davanagere and Tumkur, KUM, 19 out of 58 industrial areas, Tahsildars at Hosakote and Yelahanka and Sub-registrar, Yelahanka. Audit also accessed public documents available on the web site (BHOOMI) of the Revenue Department to ascertain the details of title of land and its extent, wherever necessary. Audit of land compensation was confined to payments made for Government land. In the case of SLAO-II, Bangalore (SLAO-II), audit of compensation disbursed for three<sup>3</sup> projects was based on the photocopies of documents available in the compensation files as the original documents had been seized by the Lok Ayuktha for investigation. Against the compensation of ₹ 461.87 crore disbursed for these three projects by SLAO-II in 538 cases audit sample covered 131 randomly selected payments aggregating ₹ 140.54 crore. The audit findings were discussed with the Principal Secretary, Commerce and Industries in the exit conference held on 23 February 2012. The Report takes into account the replies furnished by various officers of the Board in response to the observations communicated by audit.

### 2.2 Audit objectives

Audit was taken up with the objectives of ascertaining as to:

- whether acquisition of land for setting up industrial areas was consistent with the legal framework and was done efficiently and effectively;
- whether proper procedures were followed to guard against fraudulent payments of compensation for the acquired land; and
- whether allotment of land to the entrepreneurs was done in a fair, transparent and efficient manner.

<sup>2</sup> SLAO I and SLAO-II at Bangalore

<sup>3</sup> Hardware Technology Park, Aerospace components and IT Park

## **2.3 Audit criteria**

The audit criteria were:

- Land Acquisition Act, 1894;
- Karnataka Town and Country Planning Act, 1961;
- Income Tax Act, 1961;
- Karnataka Land Reforms Act, 1961;
- Karnataka Industrial Areas Development Act, 1966;
- Karnataka Industrial Areas Development Board Regulations, 1969;
- Karnataka Land Revenue Act 1964 and Rules 1966;
- Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978;
- Karnataka Land (Restriction on Transfer) Act, 1991;
- Karnataka Industries (Facilitation) Act, 2002; and
- Karnataka Industrial Policy 2006-11 and 2009-14.

## **2.4 Organisation of audit findings**

The audit findings have been organised into the following chapters for the convenience of understanding.

- Chapter 3 includes issues related to land acquisition
- Chapter 4 relates to determination of compensation
- Chapter 5 deals with irregularities in payment of compensation
- Chapter 6 highlights irregularities in allotment of land, and
- Chapter 7 includes conclusion and recommendations

## **2.5 Acknowledgement**

We place on record our sincere appreciation for the cooperation extended by the State Government, Board and other audited entities in conducting our audit.



## Chapter-3

# Land acquisition

The details of land acquired for industrial areas and compensation paid during 2006-11 was as shown in **Table-3.1** below:

**Table-3.1 : Details of land acquired and compensation paid**

Year	Extent of land acquired (in acres and guntas)	Land compensation paid (₹ in crore)
2006-07	4431-01	1171.70
2007-08	5803-31	478.34
2008-09	3752-01	1997.33
2009-10	1548-39	862.27
2010-11	11088-28	2178.02
<b>Total</b>	<b>26624-20</b>	<b>6687.66</b>

(Source: Information furnished by the Board)

### 3.1 The Board failed to correct regional imbalances in establishment of industrial areas

The Karnataka Industrial Policy 2006-11 and 2009-14 aim at reducing the regional imbalances and ensuring over-all socio-economic development of the State. Streamlining land acquisition process through inclusive development, improved management of industrial areas/estates, creation of quality infrastructure *etc.*, are some of the strategies envisaged in the industrial policies to create enabling environment for robust industrial growth. The taluks of the State have been classified into four zones depending on their backwardness, for the purpose of administering incentives and concessions, and priority is accorded to dispersal of industrial investments in the backward regions of the State so that the fruits of economic development and employment opportunities are shared by all segments of the society in all parts of the State in an equitable manner to the maximum extent possible.

Scrutiny of the industrial areas developed by the Board, particularly during 2006-11, showed that regional imbalances in establishing industrial areas continued to persist and Northern Karnataka accounted for only nine *per cent* of the industrial area acquired by the Board during 2006-11 as shown in **Table- 3.2** below:

**Table-3.2 : Land acquired in Northern and Southern Karnataka**

Particulars	Extent of land acquired (in acres and guntas)	Proportion to total extent
<b>Since inception</b>		
Northern Karnataka	11324-00	28
Southern Karnataka	29802-00	72
<b>Total</b>	<b>41126-00</b>	<b>100</b>

Particulars	Extent of land acquired (in acres and guntas)	Proportion to total extent
<b>2006-07 to 2010-11</b>		
Northern Karnataka	2378-11	9
Southern Karnataka	24246-09	91
<b>Total</b>	<b>26624-20</b>	<b>100</b>

(Source: Information furnished by the Special DC of the Board)

Of these 26624 acres and 20 guntas of land acquired during 2006-11, 7620 acres and 8 guntas (29 per cent) had been acquired in several industrially developed taluks of Bangalore Urban, Bangalore Rural and Ramanagara districts. The Board did not acquire any land during 2006-11 for establishing industrial areas in 11 districts having 32 backward taluks, 10 more backward taluks and 16 most backward taluks. Though all the four taluks of Chamarajanagar district had been classified either as backward or more backward or most backward, no industrial area had been formed in this district as of March 2011. Six districts<sup>4</sup> having 30 industrially backward taluks had only one industrial area each with the land spread ranging from only 19 to 155 acres. Thus, the Board, which had established these six industrial areas far back in 1985-2000, did not undertake any activity in these districts thereafter.

The reason for the continued imbalance in the establishment of industrial areas, as observed by audit, was that the Board did not prepare any strategic plan outlining the strategies and other measures required to drive the organisation to achieving the goals envisaged in the industrial policies. The backward regions identified in the industrial policies did not engage the Board's attention while deciding upon locations for setting up industrial areas. The Board also did not conduct any feasibility study or demand survey before deciding upon the location for an industrial area. The extent of land proposed for acquisition was *per se* ad hoc and was not driven by any objective assessment based on factors such as land use patterns, availability of inputs required by the type of industries proposed to be established, connectivity, demand for plots *etc.* It was seen in the test-checked cases that the locations of industrial areas had been decided upon on the basis of recommendations and representations received from elected representatives, local people and the decisions of the CEO. Based on the locations so decided upon, the SLAOs submitted proposals for acquisition which the Board forwarded to Government for issue of preliminary and final notifications. Thus, selection of areas for setting up industrial areas showed lack of due diligence.

Scrutiny of the land acquisition files of SLAO I and II, Bangalore showed that the location and extent of land in respect of five industrial areas as shown in **Table-3.3** were proposed by elected representatives or CEO or local people:

<sup>4</sup> Chitradurga, Gadag, Koppal, Madikeri, Uttara Kannada and Yadgir

**Table-3.3 : Ad hoc selection of industrial areas**

Name of the industrial area	Extent of land acquired (in acres and guntas)	Date of final notification
Gowribidanur	239-38	01 March 2007
Malur	452-04	08 March 2007
Hanagawadi	50-00	18 May 2007
Vasanthanarasapura	2051-24	20 August 2010
Kolar Narasapura	685-33	25 August 2007

(Source: Gazette notifications issued by Government)

The proposals for acquisition of lands for six<sup>5</sup> industrial areas were sent to Government for approval and publication of preliminary notifications even before placing these for approval of the Board.

Thus, the Board's functioning, particularly in setting up industrial areas in the State, was not effective in removing the regional imbalances as envisaged in the industrial policies and was fraught with the risk of promoting industrial development in certain regions on a selective basis.

### 3.2 The Board did not obtain permission for change in land use

To ensure that the most appropriate and healthy development of towns take place, the towns are divided into a number of zones such as residential, commercial, industrial, parks and open spaces, agricultural, public utilities *etc.* Sections 4A and 4C of the Karnataka Town and Country Planning Act, 1961 (KTCP) Act empower the State Government to declare by notification any area in the State to be a Local Planning Area and constitute, by notification, a Planning Authority having jurisdiction over the Local Planning Area. As of June 2011, the State had 110 Planning Authorities. According to Section 14 of the KTCP Act, 1961, every land use, every change in land use and every development in a planning area should conform to the plan prepared by the planning authority and no change in land use or development should be made except with the permission of the Planning Authority concerned.

According to the guidelines issued (May 1991) by Government regarding land acquisition, the Board was to initiate acquisition proceedings only after prior consultation with the Planning Authority concerned to ensure that land earmarked for non-industrial use was not notified for acquisition. Based on complaints received from the Planning Authorities that the Board was not adhering to the jurisdictional Comprehensive Development Plans (CDPs), Government reiterated (June 2003) its earlier guidelines that the Board should invariably obtain prior consent of the Planning Authorities before going ahead with the land acquisition.

<sup>5</sup> Kelakote, Hardware Technology Park, Aerospace Components, Electronic City adjacent to II Phase, Electronic City V Phase, Malur

Section 3 of the KIAD Act empowers the Government to declare, by notification, any area in the State to be an industrial area. It was seen in test-checked cases that Government received from the Board, the drafts, both for declaration of an area as industrial area and preliminary notification for acquisition simultaneously. While declaring the area proposed by the Board as industrial area, Government did not ensure whether its guidelines of May 1991 were being followed by the Board. This facilitated acquisition of lands by the Board without verifying the land use patterns as per the jurisdictional CDPs. The Board did not also obtain the sanction of the Planning Authorities to the layout plans of the industrial areas. Instead, the Board itself sanctioned these layout plans though it had not been designated as a Planning Authority under the KTCP Act. Thus, the Board disregarded the provisions in the KTCP Act, 1961 before acquisition of land and this resulted in the Board acquiring lands in restricted and special agricultural zones for setting up industrial areas as discussed below:

### **3.2.1 The Board acquired land in a restricted zone, developed it and allotted plots to industries**

Tippagondanahally Reservoir (TGR), built at the convergence of river Arkavathi and Kumudavathi, is an important source of drinking water to Bangalore and surrounding areas. A study taken up by the Bangalore Metropolitan Region Development Authority (BMRDA) showed alteration of drainage pattern of the TGR catchment on account of unplanned development and industrialisation, resulting in reduced inflow into the TGR and the deterioration of quality of water. To protect the TGR catchment, Government classified (January 2004) it into four zones and directed the Karnataka State Pollution Control Board (KSPCB) not to issue any consent to any new industry, industrial operation, industrial process or an extension/addition thereto in Zone II and III and to allow in Zone IV only new industries listed under GREEN category.

Without prior consultation with the jurisdictional Nelamangala Planning Authority and without obtaining prior Consent for Establishment (CFE) from the KSPCB and prior environmental clearance from the State Level Environment Impact Assessment Authority, the Board acquired 794 acres and 23 guntas of land during March 2007 in the TGR catchment and set up an industrial area at a cost of ₹ 97.52 crore. The Board allotted (May 2008 to January 2011) plots to 439 industries, of which 34 plots comprising 28 acres and 26 guntas were in Zone III and another 42 plots comprising 75 acres and 14 guntas were in Zone IV. These 42 plots in Zone IV had, however, been allotted to industries listed under Red<sup>6</sup> and Orange categories. KSPCB directed (June 2011) the Board to cancel the allotment of these 76 plots and also stop further developments in the industrial area till CFE and environmental clearance were obtained. CDO stated (August 2011) that the industrial area had been developed based on the approval given by the Board in September 2007. The reply was silent as to why the development works had been taken up without consulting the Planning Authority.

<sup>6</sup> Red-highly polluting, Orange-moderately polluting and Green-least polluting

Failure to hold prior consultation with the Planning Authority and ascertain the zonal regulations before acquiring and developing land in restricted zones of the TGR catchment resulted in the Board wasting ₹.8.68 crore on acquisition and development of land in Zone-III. The investment of ₹ 22.82 crore similarly made in Zone-IV also proved not prudent as plots in Zone-IV could be allotted only to least polluting industries.

### **3.2.2 The Board acquired land in special agricultural zone without the permission of the Planning Authority**

Special Economic Zones (SEZ) Act was enacted (June 2005) by Government of India (GOI) to provide for establishment, development and management of SEZ with the main objective of promotion of export of goods and services, generation of additional economic activity, and promotion of investment from domestic and foreign sources.

In pursuance of a decision taken (under the chairmanship of the Chief Secretary) during November 2006 to identify 1000 acres of land near Bangalore International Airport (BIA) to develop a SEZ exclusively for aircraft components manufacturing industries, the Board forwarded a proposal to the Commissionerate of Commerce and Industries during December 2006. However, the Board was directed (5 January 2007) to revise and re-submit the proposal, restricting the area of SEZ to 500 acres. The revised proposal was forwarded (10 January 2007) to GOI (Ministry of Commerce and Industries) by State Government, seeking “in-principle” approval for the SEZ.

Earlier, Government had approved (September 2004) the “Interim Master Plan 2021” of the Bangalore International Airport Area Planning Authority (BIAAPA). Based on the proposals of the Board, Government notified<sup>7</sup> (9 January 2007) 1069 acres and 9 guntas for acquisition for establishing the SEZ though the area had been downsized to 500 acres as per Government instructions of 5 January 2007. The Board had also not consulted BIAAPA before issuing the notification. As 830 acres and 39 guntas out of the land notified had been earmarked as special agricultural zone in the Master Plan of BIAAPA, the Board had to pursue the matter with Government and other authorities like Town Planning Department, BIAAPA, BMRDA and Airport Authority of India for getting change in land use. The Town Planning Department approved the change in land use in January 2009 to bailout the Board which had already disbursed land compensation of ₹ 350 crore in respect of the notified lands.

Meanwhile, the project proposal submitted by Government for the Aerospace SEZ over 500 acres was approved in-principle by GOI during July 2007, subject to submission of proof of land possession/lease hold rights for the identified area within a year. However, the Board was unable to meet this condition as approval to change in land use was given only in January 2009. As a result, in-principle approval given by the GOI during July 2007 lapsed. Subsequently, the Board submitted (September 2010) a revised proposal to GOI seeking approval to set up a SEZ over a reduced area of 252 acres for

<sup>7</sup> Through a preliminary notification

which it had proof of land possession in three villages (Bhatramarenahally, Kavadasanahalli and Dummanahalli) and GOI approved it during February 2011.

Though the proposal sent to GOI by Government during January 2007 envisaged establishment of the SEZ over only 500 acres, 976 acres and 35¾ guntas were acquired (May 2007 and March 2010) as per the final notification. The CEO stated (July 2011) that the Board had powers to decide the extent of land required for a particular project, keeping in view the availability of the land and the demand for the same. It was further stated that the excess land was being developed as Aerospace Components Industrial Area. The reply was not acceptable as the entire process of acquisition was flawed. Final notification for acquisition was made in excess of requirement projected to GOI, Planning Authority was not consulted before acquisition of land in disregard of Government's guidelines and compensation was paid even before approval to change in land use. Thus, these lapses compelled the Government to effect a major change in the Master Plan of BIAAPA in view of the huge financial implications involved. Having acquired land excessively, the Board had no option but to develop and allot it to entrepreneurs on demand. It was further seen that as of October 2011, only 178 acres (18 *per cent*) had been allotted to 19 units in the Aerospace Components Industrial Area and 34 acres (3 *per cent*) to 4 units in the Aerospace SEZ. Thus, the contention of the CEO that the project was developed considering the demand was not correct.

### **3.3 Excess acquisition of land for an Integrated Steel and Power Generation Plant**

SHLCC approved (January 2010) the establishment of an Integrated Steel and Power Generation Plant as a SUC by a company over 4000 acres of land. Against this, the Board acquired 4865 acres during May 2010 (4156 acres in Kuduthini village and 709 acres in Haraginadoni village of Bellary district). It was seen that the company in their application filed with the Board sought additional 500 acres for forming a labour colony. The Board did not, however, seek the approval of the SHLCC for the additional land nor enter into any agreement with the company specifying the extent of land required.

Out of 4865 acres of land acquired, the company declined (January 2011) to take possession of 709 acres acquired in Haraginadoni village on the ground that these were not required for their project. Consequently, the Board decided (February 2011) to develop a Steel Ancillary Park over 500 acres, besides a township in the remaining area. Thus, Board's failure to obtain the approval of the SHLCC for the additional land sought by the company and the absence of any legal instrument to enforce the taking over of the additional land by the company resulted in acquisition of additional 865 acres of land and the attendant consequence of developing these excess lands at the Board's cost.

Special DC replied (September 2011) that agreements were entered into with the project proponents wherever the Board considered these necessary. The

agreement in the instant case had not been entered into as it was a mega project. Though there was a departure from the process, it was done in the interest of attracting investment. It was further stated that the company had given up 709 acres at the request of other companies and a final decision was pending with the Board. The reply was not acceptable as the Board was to follow a uniform procedure in allotment of land and was not given any freedom to relax it selectively at its discretion. Further, records showed that the company declined to take possession of 709 acres as these were not required for their project. The company did not have the liberty to give up land at its discretion for the sake of others.

It was further observed that against the demand of ₹ 491.97 crore made by the Board during June 2011, the company had deposited only ₹ 267.61 crore towards cost of land inspite of the terms of allotment applicable to the SUCs prescribing that the entire tentative cost of land should be deposited with the Board before the issue of final notification (May 2010). The Board did not also collect the mandatory slum improvement cess amounting to ₹ 4 crore for 4000 acres of land allotted to the company.

### **3.4 The Board deleted available Government land from acquisition**

Though Government initially notified (January 2007) 113 acres and 33 guntas of land (including 42 acres and 36 guntas of Government land) in Singahalli village for acquisition, the entire Government land in three survey numbers were deleted from the final notification (May 2007) on the ground that these were lying in tank bed area. Audit, however, observed from the village map that no tank had existed in the survey numbers which were deleted from the final notification. Tahsildar, Yelahanka also confirmed (June 2011) the audit findings in response to an observation. The Board finally acquired only 45 acres and 28 guntas of private land in the village against 113 acres and 33 guntas of land initially notified. This reduced extent of land acquired evidently met the requirement of the Board as it did not notify subsequently any additional land in those three survey numbers for acquisition. If the available Government land in these three survey numbers of the village had not been deleted from acquisition, it would have almost met the requirement of the Board and acquisition of private land would not have been necessary. SLAO-II stated (July 2010) that Government land had been deleted to ensure compactness of the industrial area to be developed. The reply was not acceptable as the order passed by SLAO-II under Section 28(2) of the KIAD Act for deleting the Government land cited the existence of the tank as the reason for the deletion. As of April 2011, the Board had disbursed compensation of ₹ 15.32 crore for 26 acres and 35 guntas of private land.

### **3.5 Parallel acquisition of the same land by the Board and Government of India**

Government issued preliminary and final notifications for acquisition of 710 acres of land in five<sup>8</sup> villages for Aerospace Components Industrial Area during January 2007 and May 2007 respectively. The Ministry of Petroleum and Natural Gas, GOI (Ministry) also issued preliminary and final notifications for acquisition of right of user over 36544 square metres (sqm) of land in these villages during March 2007 and August 2007 respectively for laying a pipeline by the Indian Oil Corporation (IOC) to transport aviation turbine fuel to the BIA. Audit observed that 31519 sqm of the right of user acquired by the IOC was overlapping with the land acquired by the Board and compensation had been disbursed by both the Board and the IOC for the same land.

As of October 2011, while IOC disbursed compensation of ₹ 19.90 lakh for 25,910 sqm during December 2007 to October 2008, SLAO-II had disbursed compensation of ₹ 4.36 crore for 31519 sqm during June 2008 to December 2008. During an inspection of the area in March 2009, the DO of the Board noticed (March 2009) that IOC had already laid the pipeline in the acquired land. Except for addressing a letter to IOC in March 2009 for removing the pipeline from the acquired land, the Board had not taken any action in the matter. As a result, the same land remained acquired by both IOC and the Board, while land owners had received compensation for the same land from IOC and the Board.

### **3.6 The Board did not get the title of acquired land transferred in its favour**

During 1996-97 to 2010-11, the Board acquired Government lands measuring 13,662 acres and 6 guntas in 21 districts for establishing industrial areas (12,347 acres and 4 guntas) and SUCs (1315 acres and 2 guntas). After acquisition, the Board was required to get the ownership of these lands duly transferred in its favour. However, the ownership of these lands even after development and allotment continued to vest with the Government as per the revenue records. Special DC stated (August 2011) that Principal Secretary, Revenue Department had been requested (July 2011) to issue instructions to the Tahsildars concerned to transfer the title of the acquired lands in favour of the Board. Non-transfer of the title of Government lands in Board's favour was fraught with the risk of allotment of these lands by Government to other persons or authorities.

<sup>8</sup> Bhatramarenahalli, Dummanahalli, Jonnahalli, Kavadasanahalli and Unasur

### 3.7 De-notification of land

As per the KIAD Act, 1966, the land vests absolutely in the State Government, free from all encumbrances, on publication of final declaration under Section 28(4). Possession of land is taken thereafter under Section 28 (8). Compensation is payable only after acquisition is completed and possession of land taken. Section (4) of this Act, however, permits the State Government to exclude any area from any industrial area, at any time by notification. In terms of the judgment delivered by the Karnataka High Court in the case of Thomas Patrao V/s The State of Karnataka, ILR 2005 Kar 4199; 2005(3) KCCR 2190, the State Government, by virtue of its power under Section 21 of the Karnataka General Clauses Act, is competent to cancel the notification issued under Section 28(4) of the KIAD Act and this power can be exercised before taking possession of land. Thus, in terms of this judgment, the State Government has the liberty to cancel the notification issued under Section 28(4), only where possession of land has not been taken.

Under the Land Acquisition Act, 1894 also, the liberty to withdraw from acquisition is available to Government only when it has not taken possession of land. The following box contains excerpts from the judgement of the Karnataka High Court of Smt.Radhamma and others V/s Smt. Lakshamma.K.Murthy, 1995(4), which give a perspective of reversal of the acquisition process under the Land Acquisition Act, 1894.

#### Box-1

**“Act of reconveyance is virtually unheard of in the scheme of law relating to land acquisitions. Acquisition of property for a public purpose is a very serious matter in so far as such property is compulsorily required to be surrendered by a citizen for a modest compensation and the only justification for this is the plea of overwhelming public purpose because the law subjugates personal interest to the public interest. Once that procedure is completed, all rights stand extinguished and the property along with attachment thereon vests completely in the acquiring authority. It is amazing in these circumstances to find Government authorities, on all sorts of personal and extraneous considerations, interfering with the acquisition process and reversing it in a manner that is unheard of under the provisions of the Land Acquisition Act. Quite apart from the loss to the exchequer, since it is presumed that the earlier acquisition was done in public interest, a reversal of that process signifies that the political authority who directs it is subverting public interest by subjugating it to personal interest....”**

It was seen that Government had been de-notifying acquired lands under Section 4 of the KIAD Act. During November 2005 to April 2011, the State Government de-notified 563 acres and 16 guntas of land (as shown in **Appendix-1**). Special DC stated (December 2011) that the Board on its part did not generally recommend for de-notification of land after issuing the final notification. Government entertained such requests and examined these based on public, political and law and order considerations. It was further stated that

in certain cases, land had been de-notified for industrial use at the request of the owners subject to their paying development charges to the Board. The reply was not acceptable as it was noticed in test-checked cases that de-notifications had been done by Government in disregard of judgments of courts, resulting in subjugating public interest to private interest. Important cases of de-notifications noticed during test-check are discussed below:

### **3.7.1 Multiple de-notifications affected the establishment of an industrial area**

Government declared (August 2003) an extent of 224 acres and 33 guntas in several survey numbers of Veerasandra and Hebbagodi villages of Anekal Taluk as industrial area to facilitate the establishment of Electronic City Industrial Area, IV Phase. However, Government issued final notification for only 138 acres and 8 guntas after 44 months in May 2007. Government further de-notified (August 2007) 89 acres and 25 guntas on the ground that there was inordinate delay between preliminary and final notifications and the acquired area had already been developed. Thus, a very meagre extent of only 48 acres and 23 guntas was available for setting up the industrial area against the initially proposed area of 224 acres and 33 guntas. Subsequently, the Board paid (October 2007 and February 2008) compensation of ₹ 15.25 crore to four land owners for 21 acres and 28½ guntas in Veerasandra village. However, other land owners filed writ petitions<sup>9</sup> in the High Court challenging the discriminating attitude of the Government and praying for quashing the acquisition proceedings. While quashing (December 2010) the acquisition proceedings, the Hon'ble High Court was critical of the manner in which the Board embarked upon the acquisition process to acquire an extent of 224 acres and 33 guntas initially and how Government periodically gave up one land after the other from the purview of acquisition, merely to favour the rich, powerful, multi-national companies and a few individuals/industrialists. Special DC stated (December 2011) that the Board had filed an appeal against the orders of the single judge which had been stayed. It was further stated that against 48 acres and 23 guntas finally notified, 32 acres and 25 guntas had already been allotted and the allottees had been holding the land pending disposal of the appeal. Outcome of the appeal filed by the Board was awaited.

### **3.7.2 Government de-notified 20 acres of land in the middle of Hardware Technology Park**

Government issued (April 2008) the final notification for acquisition of 869 acres and 9 guntas of land in three villages of Bangalore North taluk for establishing a Hardware Technology Park. This included 20 acres in Sy.Nos. 124, 125 and 126 of Huvinayakanahalli village. SLAO, Bangalore Urban district took possession of the land notified and handed it over to the Board in July 2008. Meanwhile, the owners of land in these three survey numbers represented (June 2008) to the Chief Minister for deletion of their land from acquisition on the ground that they were planning to set up small and medium scale industries and educational institutions on this land. Government directed

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<sup>9</sup> Writ Petition No 14723 of 2007, 15813 of 2007, 16509 of 2007 and 5382 of 2008 between Petitioners and State of Karnataka

(August 2008) the Board to send notices to the owners again, invite objections and forward the proceedings. The SLAO heard the objections from the owners and recommended (September 2008) to the Special DC of the Board for deletion of these three survey numbers from acquisition. However, the Special DC, in a note submitted (October 2008) to the CEO reported that there was no provision in the KIAD Act to invite objections for a second time and recommended for action against the SLAO for violating the provisions in the Act. In a report sent to Government, the CEO reiterated (October 2008) the opinion of the Special DC and highlighted that de-notification was not to be done as possession of land had been taken.

Government, however, directed (December 2008) the CEO to collect developmental charges from the owners and forward draft notification under Section 4 for deletion of 20 acres from acquisition. When the owners requested (July 2009) the Government for waiver of the developmental charges, the latter sought (July 2009) a report from the CEO on the action taken by the Board in similar cases. Reiterating the earlier stand, the CEO reported (August 2009) that de-notification would not only be against the judgements of the Supreme Court but would affect the compactness of the Hardware Technology Park also, as the land sought to be de-notified was in the middle of the industrial area. It was further reported that the same land could, however, be allotted to the owners after collecting only development charges (₹ 6 crore at the rate of ₹ 30 lakh per acre) if the projects sought to be established by them were cleared by the SHLCC. The Board, however, submitted the draft notification under Section 4 at the direction (January 2010) of the Government which finally de-notified (February 2010) 20 acres on the ground that the owners were planning to establish some industries on this land. Thus, Government overlooked the Board's report and de-notified 20 acres of land in the middle of the Hardware Park to favour the owners.

### **3.7.3 Government de-notified even plots allotted to industries**

The Board acquired (February 2007) 794 acres and 23 guntas of lands in four villages of Nelamangala Taluk of Bangalore Rural district, established Sompura Industrial Area, I Stage on these lands and allotted plots to various industries.

However, Government, on its own, de-notified (July 2010) 4 acres and 6 guntas in this industrial area (Sy. No. 13/2 and 13/3 of Makanakuppe village) even after the Board had allotted plots in these survey numbers to seven industries during February 2009 to September 2010. Reporting that the de-notification would affect the compactness and contiguity of the industrial area as the land in question was located right in the middle of the industrial area, the CEO requested (December 2010) the Government to cancel the de-notification order. As Government did not cancel the de-notification order, the Board had to allot alternative plots to the seven industries elsewhere in the same industrial area. The Board did not also recover from the owners development charges which aggregated ₹ 73.44 lakh on a pro-rata basis.

Special DC stated (August 2011) that Government de-notified the land on its own during July 2010.

### **3.7.4 De-notification affected the compactness and resulted in non-establishment of an industrial area**

Government issued (October 2006) final notification for acquisition of 310 acres and 18 guntas for setting up an industrial area at Ilawala and Maidanahalli villages of Mysore taluk. The land included 89 acres and 15 guntas belonging to the Karnataka Telecom Employees Housing Society (Society) and another 43 acres and 27 guntas belonging to one private party.

Based on the representation of the society, the Government agreed (May 2007) to delete their land from acquisition provided that the Society developed the residential layout so as to seamlessly integrate it with the industrial area *etc.* Further, the Society was to submit the layout plan to facilitate the Board to firm up the layout plan of the industrial area. However, the Society failed to submit the layout plan even as of January 2008. Meanwhile, the private party owning 43 acres and 27 guntas of land obtained a stay order from the High Court directing the Board to maintain *status quo*. Based on representations from the Society and the private party, the Government de-notified 133 acres and 2 guntas belonging to them during July 2009. Thereafter, the private party withdrew the writ petition in October 2009.

Subsequently, the Government decided (July 2010) to de-notify the balance land measuring 177 acres and 16 guntas also, as it did not form a compact block and instructed the Board to submit a proposal to this effect. Based on the Board's proposal, Government de-notified these 177 acres and 16 guntas in November 2010.

It was seen that the SLSWCC had cleared the project proposals of 22 industries requiring 178 acres and 20 guntas in this industrial area. As a result of the de-notifications, the establishment of the industrial area was not possible, affecting the prospects of entrepreneurs seeking to establish industries in the proposed industrial area. Further, the Government's decision to de-notify was not evidently taken after due diligence as it failed to factor in its impact on the compactness of the area and also ignored the clearances given by the SLSWCC.

### **3.7.5 Government unjustifiably de-notified land before final notification**

The preliminary notification issued (December 2006) by the Government for acquisition of 869 acres and 9 guntas of land for establishing a Hardware Technology Park included 15 acres and 6 guntas in Sy. Nos. 120 (8 acres) and 121 (7 acres and 6 guntas) and three acres in Sy. No. 128 of Huvinayakanahally village.

A company represented (October 2005) to the Chief Minister not to acquire its lands in Sy. No. 120 and 121 as it had purchased these and also got these converted for non-agricultural purpose with a plan to establish an industry for

manufacture of some components with the approval of the Ministry of Railways. However, these lands were included in the preliminary notification issued during December 2006. The SLAO rejected the written objection filed (November 2007) by the company on the grounds that (i) though four acres of land in Sy. No. 120 had been got converted for residential purpose, no development had taken place, and (ii) these lands were located right in the middle of the proposed Hardware Technology Park. As per the directions (January 2008) of the Government, the SLAO conducted spot inspection again in March 2008 and confirmed that there was no development on these lands. Government directed (April 2008) the CEO not to include these lands in the final notification as it had been decided to delete these from acquisition. Government subsequently de-notified (April 2008) 18 acres and 6 guntas in these three survey numbers, overlooking the report of the SLAO.

Audit observed that the Record of Rights, Tenancy and Crops Certificates (RTCs) in respect of land in Sy. No. 120 and 121 were in favour of two persons and not in the name of the company which had represented for deletion of land in these two survey numbers. Against 8 acres in Sy.No.120, only 4 acres had been converted for residential use. It was further seen that the Board had acquired 59 acres and 14 guntas of converted land for the Hardware Technology Park in another village and paid an additional compensation of ₹ 2 lakh per acre towards conversion. Thus, part of the land in Sy.No.120 having been converted already could not be a valid reason for Government to de-notify the entire land in Sy.No.120 and 121, in spite of it being located in the middle of the proposed Hardware Technology Park.

As regards three acres of land in Sy. No. 128, the lands had been de-notified by Government on its own in favour of four persons as no representations seeking deletion were available on record and no report had been sent by the Board to Government in this regard. Special DC stated (December 2011) that Government, in its wisdom, deleted the lands from acquisition based on the requests made by the land owners to the Chief Minister.

Thus, de-notification of land in the Hardware Technology Park was evidently not driven by merit.

### **3.7.6 A series of de-notifications by Government undermined the objective of acquisition**

The SHLCC approved (January 2001) the project proposal of Infosys Technologies Limited (Infosys) to set up a new software development facility at Bangalore and directed the Board to acquire 100 acres of land adjacent to Sarjapur Road, Bangalore within 3 months and hand over possession by April 2001. Government issued (December 2001) preliminary notification for acquisition of 126 acres and 6 guntas in Bellandur, Bellandur Amanikhane, Devarabeesanahalli and Kariyammana Agrahara villages of Bangalore South taluk.

Audit observed that neither the Government nor the Board adhered to the time schedule stipulated by the SHLCC for acquisition and handing over of land. The Board acquired only 76 acres and 31 guntas as Government had deleted

(February and May 2004) the remaining land from the final notification. After the deletion, Infosys found the land unsuitable for developing an exclusive campus due to fragmentation of the notified area and presence of irrigation canals, parks *etc.*, in the notified area. The Board resolved (August 2004) to refund the deposit of ₹ 10 crore as demanded by Infosys and utilise the land for development of an industrial area.

After final notification was issued for 76 acres and 31 guntas, several land owners filed writ petitions before the High Court and obtained stay orders against acquisition of 41 acres and 7 guntas. The SLAO was able to take over possession of only 34 acres and 20 guntas of land and handed it over to the Board in November 2004. As decided in the Board meeting of August 2004, the CEO requested (October 2004) the Government to cancel the de-notification order (February and May 2004) to facilitate development of a compact industrial area. Instead of cancelling the earlier de-notification order, Government further de-notified 59 acres and 39 guntas on three occasions (15 acres and 30 guntas in June 2006, 2 acres and 19 guntas in September 2007 and 41 acres and 30 guntas in May 2008). Out of 59 acres and 39 guntas thus de-notified, the Board had already taken over possession of 34 acres and 20 guntas in November 2004. Out of the remaining 16 acres and 32 guntas left with the Board, 12 acres and 20 guntas were allotted (October 2005 to September 2007) to five land owners, whose project proposals had been cleared by the SLSWCC.

Special DC stated (December 2011) that 34 acres and 20 guntas taken over by the Board had been allotted to various companies on condition that these should obtain consent from the land owners before taking possession. Only five companies could obtain consent for 12 acres and 20 guntas and the remaining land had been deleted from acquisition. It was further stated that the above situation had arisen due to serious protests from farmers and non-acceptance of the compensation approved for the land.

The reply was not acceptable as the report (October 2004) of the CEO to Government highlighted that the initial de-notifications of February and May 2004 scattered the remaining land into pieces and gave scope for the rest of the land holders to demand more compensation. Thus, a series of de-notifications by Government before and after taking possession of land defeated the very purpose for which notification for acquisition of land had been issued.

### **3.7.7 Government showed undue haste in de-notification of land**

Government issued (November 2008) preliminary notification for acquisition of 1,093 acres and 10 guntas of land in seven villages of Nelamangala taluk, Bangalore Rural district for establishing Dobbaspeta Industrial Area, IV Stage. Against this, the Government finally acquired (May 2010) 891 acres and 10½ guntas including 5 acres and 1 gunta of land in Sy. No. 22/2 and 22/3 of Chandanahosahally village.

The owners of this piece of land represented (October 2010) to the Minister for Large and Medium Scale Industries for excluding their land from the

acquisition on the ground that certain lands lying adjacent to their property had already been deleted from acquisition and their livelihood was dependent on the agricultural income. Though Government sought (November 2010) a report from the Board, it de-notified (April 2011) 5 acres and 1 gunta in these survey numbers on its own without waiting for the Board's response. Special DC stated (December 2011) that based on the request of the owners to the Minister, decision was taken at Government level to de-notify the land.

### **3.7.8 De-notification became necessary due to acquisition of wrong land**

The Board acquired (May 2002) 104 acres and 5 guntas of land in Halaga and Shindholi villages of Belgaum district for establishing an Agro-tech Park. The Board declined (March 2004) to approve the land compensation of ₹ 5.34 lakh per acre fixed by the Price Advisory Committee and directed the CEO to re-examine the issue. The CEO who conducted (September 2004) inspection of the acquired lands found that

- The lands acquired were different from the ones actually identified for acquisition by the erstwhile CEO in August 2001;
- There was no connectivity to the lands and the existing roads were far away, requiring huge investment for formation of suitable approach roads;
- The lands were, in no way, suitable for establishing the industrial area, and
- Quarrying was being carried out in the locality

The CEO reported (September 2004) that the Board's officials, in collusion with the land owners, had acquired unsuitable land and that the land was worth only between ₹ 10,000 to ₹ 20,000 per acre. The Board, therefore, decided (November 2004) to de-notify the entire 104 acres and 5 guntas of land acquired during May 2002.

The land owners approached the High Court demanding compensation at the rate fixed by the Price Advisory Committee. The High Court, while directing (June 2008) the Board to pay the cost (₹ 45000) of legal proceedings to the petitioners, ordered payment of compensation for the loss suffered by them due to the omission and commission on the part of the Board in not completing acquisition proceedings. Directions were also issued to Government to hold an enquiry through the jurisdictional DC into the claim for the damages made by the petitioners. Thereafter, the Government de-notified the acquired lands in October 2008. Special DC stated (November 2011) that with regard to holding enquiry into the claims for damages, the matter had been pending with DC, Belgaum.

Thus, the Board ended up acquiring unintended and unsuitable land for setting up an Agro-tech Park and Government had to de-notify the acquisition to correct the wrong committed by the Board's officials.



## Chapter-4

# Determination of compensation

Compensation for land acquired by the Board is fixed by the Price Advisory Committee (PAC) headed by the Deputy Commissioner (DC) of the district. PAC meetings are convened by the DC after the final notification for acquisition of land is issued. Though PAC considers the guidance value of land fixed by the Department of Stamps and Registration and the sale statistics of previous three years obtained from the jurisdictional Sub-registrar, the compensation payable to the owners is finally determined by PAC based on mutual agreement. The Board approves the compensation so fixed, with or without modifications. Land owners who do not accept the compensation so fixed are entitled to refer the disputes to court under Section 18 of the Land Acquisition Act 1894.

### 4.1 Delay in fixation of land compensation

Under the KIAD Act, land vests with Government on publication of the final notification for acquisition. Compensation is payable to the land owner only after acquisition of the property. However, the KIAD Act does not prescribe any timeframe for completing the acquisition proceedings including payment of compensation. As the compensation based on mutual consent fixed by PAC invariably reflects the current market considerations, any delay in fixation of compensation by PAC is fraught with the risk of the owners demanding higher compensation based on current market price (as discussed in Paragraph 4.2). In 7 out of 19 projects, it was seen that the PAC had not fixed compensation even after 11 to 57 months from the date of publication of final notifications as shown in **Table-4.1**:

**Table-4.1: Delay in fixation of compensation by the PAC**

Name of the industrial area	Extent of land acquired (in acres and guntas)	Date of preliminary notification	Date of final notification	Delay as of December 2011(months)
Apparel Park III Phase	753-09	10.05.07	13.12.07	48
Kelakote	72-31	11.12.09	14.06.10	18
Dobbaspeth III Phase	478-11	02.08.06	21.09.10	15
Dobbaspeth IV Phase	891-10	08.12.08	27.05.10	19
Harohalli III Phase	1612-08	25.10.06	01.04.07	57
Vasanthanarasapura II Stage, Tumkur	1492-16	04.12.09	23.07.10	17
Gowribidanur	453-14	29.03.10	12.01.11	11

(Source: Compiled by Audit based on Gazette notifications issued by Government)

In the case of Apparel Park, III Phase and Harohalli, III Phase, there was a delay of 48 to 57 months in convening the PAC meetings. These delays would adversely impact the amount of compensation to be fixed. Absence of guidelines prescribing the timeframe for each stage of acquisition diffused accountability and the Board acquired lands at the price fixed by the PAC,

unmindful of the extra financial burden passed on to the entrepreneurs seeking to establish themselves in the industrial area. Thus, the Board mandated with the responsibility of promoting industrial growth did not consider it important to provide land to the entrepreneurs at affordable prices.

## 4.2 Lower compensation fixed by PAC helped a company acquire land at a cheaper rate

The Board undertook establishment of Hardware Technology Park, Aerospace Components and Information Technology Park in Jala Hobli of Bangalore North taluk simultaneously and these projects were adjacent to each other. Government issued the preliminary notifications for acquisition of land required for these projects between August 2006 and January 2007. However, final notifications for these projects were not issued simultaneously and there were delays as shown in the **Table-4.2** below:

**Table-4.2: Delays in issue of final notifications**

	IT Park	Hardware Technology Park (Phase I)	Aerospace Components	Hardware Technology Park (Phase II)
Extent of land acquired	1028 acres and 19 ½ guntas	450 acres and 5 guntas	918 acres and 16 ¾ guntas	869 acres and 9 guntas
Date of preliminary notification	07.08.2006	03 .11.2006	09.01.2007	16.12.2006
Date of final notification	25.09.2008	07.05.2007	15.05.2007	09 .04.2008
Date of PAC meeting	24.12.2008	21.11.2007	25.03.2008	25.09.2008
Compensation awarded (₹ in lakh) per acre	62	31 (40 only for land adjoining the airport road)	55 for rural villages 57 for urban villages	60 for two villages and 70 for one village

(Source: Gazette notifications issued by Government & information furnished by the Board)

As a result of the delays, the PAC meetings were also delayed. The delay had a cascading effect on the compensation fixed on the basis of mutual agreement. Though these three projects were adjacent to each other, farmers losing land for a project demanded higher compensation than the one fixed earlier for another adjacent project. The compensation fixed first at ₹ 31 lakh was for Hardware Technology Park (Phase I), followed by ₹ 55 to 57 lakh for Aerospace Components, ₹ 60 to 70 lakh for Hardware Technology Park (Phase II) and ₹ 62 lakh for IT Park. Thus, delay in issuing final notifications delayed the convening of the PAC meetings and facilitated fixation of different rates of compensation for different projects although preliminary notifications for these projects had been issued around the same period and the projects were adjacent to each other.

The Board sent (November 2005) a proposal to Government for acquisition of 1442 acres and 7 guntas of land in four villages, including Bandikodigehalli, of Bangalore North taluk for establishing the Hardware Technology Park. In spite of taking a year to issue the notification, Government issued

preliminary notification for only 450 acres and 5 guntas in one of the four villages viz., Bandikodigehally during November 2006. This was followed up with the final notification in May 2007 and the PAC meeting in December 2007 wherein the compensation at ₹ 31 lakh per acre (₹ 40 lakh per acre of land adjoining the airport road) was fixed. Though Government issued the preliminary notification for the remaining three villages during December 2006, final notification was issued after a delay of 16 months, only in April 2008. The PAC fixed (September 2008) a higher compensation of ₹ 70 lakh per acre for Bagalur village and ₹ 60 lakh per acre for Huvinayakanahalli and Mahadevakodigehalli villages. SLAO-II stated (September 2011) that the process was delayed due to shortage of staff and technical opinion. It was further stated that enhanced compensation was inevitable in view of the strong protests by the farmers demanding market rates for their lands. The reply was not acceptable as awarding such a higher compensation within a span of nine months for land in the adjacent villages on grounds of demand from the farmers was not justified.

Audit further observed that SHLCC approved (August 2006) the project proposed by Itasca Software Development Private Limited to set up a SEZ over 325 acres of land in Bandikodigehalli village. While submitting the project proposal, the company had even identified the survey numbers in Bandikodigehalli village for setting up the SEZ. The preliminary notification for acquisition of 450 acres and 5 guntas issued in November 2006 covered all the survey numbers identified by the company. Government's action to split up the notification for acquisition into two parts and first notify acquisition of land only in Bandikodigehalli village was evidently done to facilitate early acquisition and allotment of land to the company. This process facilitated not only acquisition of land required by the company at a cheaper rate of ₹ 31 lakh per acre but created the ground for awarding higher compensation for land in the remaining three villages. While the lower rate of compensation fixed for Bandikodigehalli village benefitted mainly the company, the higher rate of compensation for the other three villages escalated the cost of industrial plots to be allotted to other entrepreneurs. SLAO-II stated (September 2011) that the cost of land acquired was passed on to the entrepreneurs, implying that the Board did not incur any loss in the process. The reply was not tenable as the Board was mandated to develop industrial areas declared by the State Government and the higher cost of land unjustifiably escalated the cost of land to the allottee entrepreneurs.

### **4.3 Board unjustifiably enhanced the compensation fixed by the PAC**

Government issued (October 2007) the final notification for acquisition of 510 acres and 3 guntas of land (226 acres and 38 guntas of private land and 283 acres and 5 guntas of Government land) in Gamanagatti and Tarihal villages of Dharwad district for establishing an industrial area. The PAC fixed (November 2007) the compensation at ₹ 9 lakh per acre and the Board approved it during February 2008. The compensation was fixed considering the rate of ₹ 6.90 lakh per acre paid by the Housing Board for lands acquired

in the vicinity during 2006-07. The Board, however, enhanced (March 2008) the compensation from ₹ 9 lakh to ₹13.36 lakh per acre on the ground that the DC had recommended ₹ 13.36 lakh per acre for land in the vicinity acquired for the Hubli airport.

It was observed that while the lands for the industrial area had been notified during August 2006, those for the airport were notified during April 2007. Compensation for these two lands could not, therefore, be the same. The Board illogically compared the rates recommended earlier by the PAC for the industrial area with those fixed for land acquired for the Hubli airport at a later date. The enhanced compensation resulted in extra expenditure of ₹ 9.90 crore for 226 acres and 38 guntas of private land.



## Chapter-5

# Payment of compensation

### 5.1 The Board did not follow Government instructions for notification of land

In terms of Government circular instructions (March 2007), the SLAOs are to verify from the revenue records of each survey number, the details of the owners of land and the extent of land, before sending the preliminary notification to Government for acquisition of land. Other details such as grave-yard, temples, schools, play grounds, residential houses, garden, fertile and wet lands *etc.*, are also to be gathered so as to delete these from the purview of acquisition. Further, land to be acquired would consist of private as well as Government lands. As Government grants its land to various persons, the acquiring authority is to verify the revenue records such as grant registers, RTC *etc.*, to collect the details of grantees and the extent of land granted to them. After collecting these details, the acquiring authority and the Revenue Department are to jointly measure the land proposed to be acquired in each survey number. The joint-measurement exercise would not only freeze the boundary of the land to be acquired but would also help determine the actual availability of land, structures and malkies<sup>10</sup> in each survey number and reconcile the difference, if any, between the revenue records and joint-measurement report. The joint-measurement process assumes a lot of significance as it guides the final payment of compensation for land acquired.

Audit, however, observed that the preliminary and final notifications issued by the Board suffered from many deficiencies. The notifications for IT Park, Hardware Technology Park and Aerospace Components Industrial Area mentioned only the names of the grantees without mentioning the extent of land granted to each of them. Evidently, the SLAOs did not consult the Grant registers maintained by the Tahsildars. The details of grantees had been collected only from the computerized RTCs which were deficient in many respects.

Mention was made in the Report of the Comptroller and Auditor General of India – Karnataka (Civil) for the year ended March 2007 regarding the various data entry errors at the time of computerization of land records in 1992. Audit further observed that RTCs, in many cases, were defective for the following reasons:

- RTCs were issued in favour of persons without Government land actually being granted;
- The area of Government land as per RTCs was not tallied with the primary survey record;
- There were differences between various columns of the RTC and these were not reconciled; and

<sup>10</sup> Trees, horticultural crops, plantations, *etc.*

- As and when Government land was granted, a new survey number was to be assigned and the area of the granted land reduced from the extent of Government land shown in the RTC. This was not done and RTCs, therefore, showed Government land in excess of availability.

During 2005-11, the Board de-notified 9763 acres and 28 guntas from final acquisition mainly due to non-observance of Government instructions of March 2007. Thus, preparation of preliminary and also final notifications for acquisition of land based only on RTCs, especially for Government land, without consulting other primary revenue records resulted in inclusion of names of several ineligible persons. Special DC stated (December 2011) that for lands in BK Palya, Singahally and Arebinamangala, the area as per the original survey record was not tallying with the RTC. It was further stated that some of the RTCs maintained in taluk offices were found doubtful as these had been created based on fake grant orders. The Board and the Karnataka Public Land Corporation had identified this problem and taken corrective steps by way of verifying joint measurement certificates with primary survey records, grant registers and revenue survey maps.

Scrutiny also showed that in five<sup>11</sup> out of 19 projects, joint-measurement had not been conducted even before payment of compensation. It was not conducted in respect of Hardware Technology Park till date (October 2011). Inclusion of names of persons in the notifications without verifying the correctness of the title of land and failure to conduct joint-measurement of land before payment of compensation resulted in several fraudulent payments of compensation and acquisition of land not required for industrial areas as discussed subsequently in this Report.

## 5.2 Non-segregation of duties relating to scrutiny of claims and payment of compensation

The land acquired by the Board for setting up industrial areas comprise both Government and Hiduvali<sup>12</sup> lands. Government land included those granted to various persons. As land transactions involve scrutiny of complex revenue records, establishing the title of the land based on revenue and other records assumes a lot of significance. Persons whose lands were acquired by the Board were to submit a set of documents as per the list (**Appendix-2**) devised by the SLAOs for claiming compensation. There was no uniformity in the list devised by each of these SLAOs. There was no evidence whether these lists had been devised by the SLAOs after obtaining legal opinion. The approval of the Board to these lists had also not been taken. After receiving the documents from the claimants as per these lists, the SLAOs processed the claims and disbursed compensation to the claimants. This practice of the SLAOs themselves processing the land documents and authorizing payments of compensation made the Board vulnerable to malpractices as the existing

<sup>11</sup> Aerospace Components, Hardware Technology Park, IT Park, Kolar Narasapura, Vasanth Narasapura II Stage

<sup>12</sup> Private lands

system failed to segregate the duties relating to scrutiny and payment. This also facilitated several types of fraudulent payments of compensation as discussed subsequently in this Report.

### **5.3 The Board did not exercise control over compensation disbursed by the SLAOs**

The Board maintained a Flexi account in Corporation Bank, Bangalore, designated exclusively for payment of compensation. All the SLAOs were permitted to issue cheques on this account. After the PACs fixed the compensation for lands, the SLAOs projected the requirement of funds to the Special DC of the Board based on the extent of land as per the final notification. This included funds required for payment of compensation for lands acquired for SUCs also. COF transferred funds to the designated account from the Board's main bank account based on the orders of the Special DC either in full or in parts. After spending the allotted funds, the SLAOs sent requisitions for additional funds which were again transferred to the designated bank account in the same manner. While seeking additional funds, the SLAOs did not furnish the details of extent of land for which compensation had been paid, balance extent of land for which compensation was to be paid *etc.* Special DC/COF also released the funds routinely without any checks and balances. Audit further observed that the SLAOs did not maintain separate control registers for each of the projects including SUCs. Each of the test-checked SLAOs maintained only one compensation register wherein the compensation paid to the claimants was entered along with the details of survey numbers and extent of land and the signatures of the claimants on their affixed photographs were taken. This register was never closed nor was any abstract drawn up showing the payments made for each of the projects. SLAO-I stated (August 2011) that only a consolidated register had been maintained since inception and project-wise compensation registers would be maintained in future. Thus, the SLAOs never had any tool to watch the progress of payments of compensation and extent of land acquired in each survey number of the villages where land was acquired. The Special DC/COF also failed to monitor the payments made by the SLAOs against the targets in terms of extent of land to be acquired and payment of compensation to be made.

The Internal Audit wing headed by the COF consisted of an Assistant Secretary, Superintendent, two Assistants and three Junior Assistants. Though the Board had been spending heavily year after year on acquisition of land, the Internal Audit did not conduct post-audit of compensation files. None of the SLAOs had been covered by Internal Audit till August 2009. COF stated (December 2011) that the Board assigned the pre-audit of compensation claims relating to the two SLAOs at Bangalore to the Internal Audit wing from September 2009.

Absence of checks and balances facilitated payment of compensation by the SLAOs for land in excess of the extent as per the final notification as discussed subsequently in this Report.

## 5.4 Fraudulent practices in issue of grant certificates

The original grant certificate issued by the Tahsildar is the main document in support of allotment of Government land. Even where original grant certificates are submitted, compensation should be disbursed only after verifying its genuineness. This is necessary to address the risk of fictitious grant certificates submitted by the claimants. A case of fictitious grant certificates involving grant of Government land aggregating 150 acres and 38 guntas was noticed by audit.

(i) According to Section 94 B of Karnataka Land Revenue (KLR) Act 1964 read with Section 108 CC of KLR Rules 1966, land can be granted to any person who has continued to be in actual possession of such land prior to April 1990 and has submitted the applications (Form 50) within a period of six months from the date of commencement of KLR (Amendment) Act, 1990. The Tahsildar of the jurisdictional taluk is to receive applications for grant of land and enter these in a register. Based on the report of the jurisdictional Revenue Inspector and Surveyor, the Committee (constituted under Section 94A of the KLR Act) with Tahsildar as the Secretary would recommend the grant of land, after inviting objections from the interested persons, subject to payment of the prescribed amount into the designated bank account by the applicant. Tahsildar is to issue the grant certificate which should be entered in the issue register. A monthly progress report on grant of land is to be submitted by the Tahsildar to the DC.

(ii) Under the KLR Act, Tahsildar, Hosakote issued 88 grant certificates to various applicants during 2009-11. Of these, records relating to 64 grant certificates approved on a single day on 21 September 2010 were not produced to audit. As part of the ongoing computerisation of land records, the land records of Tahsildar, Hosakote had also been scanned and the records relating to the grant certificates were scanned during June 2011. Soft copy of the scanned documents was available for 35 out of 64 cases for which records had not been produced to audit. Thus, original records relating to at least 35 grants were available in the Tahsildar's office for scanning during June 2011 but were not made available to audit during November 2011.

(iii) Scrutiny of the hard copies of scanned documents relating to these 35 cases showed the following:

- Scanned documents were incomplete in many respects. File notings and the report of the Revenue Inspector were not available.
- The minutes of the meetings of the Committee were to be entered in a register and the signatures of the members of the Committee taken in confirmation of the minutes. As per the issue register, grant certificates in these 35 cases had been issued based on the

recommendations made by the Committee in a meeting held on 26 May 1993. It was noticed that there was a change in the incumbency of the post dealing with land records of the office during July 2010. The report of handing over charge showed that the register containing the minutes of the Committee's meetings for the period from 16 November 1992 to 24 August 1993 was among the records taken over by the new incumbent. Scrutiny of the register, however, showed that minutes of the meetings of the Committee had been recorded up to 17 May 1993. It had also been recorded in the register that the minutes for the period from 26 May 1993 to 30 September 1994 were not available.

- In 34 out of 35 cases, scanned copies of challans showing the remittances made by the applicants into State Bank of Mysore, Hosakote branch were available. The remittances were made on a single day viz., 12 September 1994. Cross verification by audit of these remittances with the receipt schedule of the Sub-treasury, Hoskote for the entire month of September 1994 however, disclosed that no such remittances had been made. The challans were evidently fictitious.
- Scrutiny of the scanned documents in 35 cases showed that these had been created fictitiously by inserting names, extent of land, name of hobli etc., on original grant certificates issued in other cases. These insertions, which had been made by blacking out the relevant portions in the original certificates, showed lack of expertise as faint traces of the blacked out impressions were still visible in the scanned documents. Thus, fictitious records had been created in all these 35 cases.
- Though these 64 cases related to the period 1991-93 and remittances had been made as per the challans as far back in September 1994, grant certificates were approved very belatedly only in September 2010. There were no reasons on record for the delay. Sixty three out of 64 cases were also not entered in the logical order of the dates of approval as twelve other grant certificates approved by the Tahsildar on 5 October 2010 had been entered in the issue register prior to the recording of 63 cases.
- The register maintained for entering the applications received from the unauthorised occupants showed that applications had been received only in 11 out of 64 cases.
- The monthly progress reports submitted by the Tahsildar to the DC for the period from May 2009 to October 2011 showed nil progress in issue of grant certificates contrary to the actual position. The pendency of applications was also not reflected in the progress reports. Evidently, progress reports were prepared without consulting relevant records.

The extent of land granted in these 64 cases aggregated 150 acres and 38 guntas worth ₹ 23 crore (Appendix-3) even at the guidance value fixed by the Department of Stamps and Registration. As the audit findings point to fraudulent practices in issue of 64 grant certificates, there is an imperative need to fix responsibility and enforce accountability for the lapses highlighted by audit.

### 5.5 SLAO did not obtain all documents before payment of compensation

Out of two SLAOs covered by test-check, SLAO-II, Bangalore disbursed compensation without receiving all the documents as per the list in cases of compensation paid for Government land granted to various persons. Test-check of 60 out of 340 payments of compensation made by SLAO-II to grantees in respect of land acquired for Hardware Technology Park and Aerospace Components revealed that in none of these cases, documents as per the list had been submitted in full before payment of compensation. The number of various important documents received by SLAO-II in these 60 cases was as shown in **Table-5.1** below:

**Table-5.1: Documents received by SLAO-II in test-checked cases**

Name of the document to be submitted	Projects test-checked		Total number of documents received against the requirement of 60
	Hardware Technology Park	Aerospace Components	
	No. of cases in which document was submitted	No. of cases in which document was submitted	
Original grant certificate	8	8	16
RTC for 15 years	35	21	56
Extract of mutation register	22	20	42
Encumbrance certificate	22	21	43
Certificate of nil pendency of case from the Assistant Commissioner for land covered under PTCL Act	11	16	27
Certificate regarding pendency of application under Section 48 A of the Karnataka Land Reforms Act	06	13	19
Family tree from the village accountant	17	14	31
Succession Certificate	--	--	--
Identity card issued by Election Commission	--	--	--
No due certificate from the jurisdictional banks	12	19	31
Up-to-date tax paid receipt	--	02	02
No due certificate from Government	07	14	21

(Source: Information compiled from compensation files)

(i) SLAO-II received the original grant certificates only in 16 out of 60 cases. In the remaining cases, SLAO-II disbursed compensation of ₹ 42.56 crore without even receiving the basic and most important document to establish the title of granted land.

(ii) RTC is a record of rights, showing the details of all persons who are holders, owners, occupants, mortgagees and tenants of land in a survey number, including the nature and extent of the respective interests of such persons and the conditions of liabilities attaching thereto. Though RTC had been submitted in 56 cases, it covered period ranging from only 1 to 12 years against 15 years prescribed by the SLAO-II in 37 out of 56 cases.

(iii) If any person acquires a property by succession, survivorship, inheritance, partition, purchase, mortgage, gift or otherwise any right as holder, occupant, owner or mortgagee, he is to report his acquisition of right to the prescribed revenue office who is to enter it in the register of mutations. Though an extract of the mutation register is an important document to establish the right of the person claiming compensation, it was submitted only in 42 cases.

(iv) Encumbrance certificate issued by the registering authority indicating the liabilities attached to a property was received only in 43 cases.

(v) Under the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978, (PTCL Act) any transfer of land granted to a member of Scheduled Caste or Tribe in contravention of the terms of grant of such land without the permission of the Government is null and void. The grantees covered by the PTCL Act are to obtain a certificate of nil pendency of cases under the PTCL Act from the jurisdictional Assistant Commissioner and submit it to the SLAO-II for payment of compensation. Though this certificate was submitted in 27 cases, compensation was disbursed in four cases violating the provisions of PTCL Act as discussed in Paragraph 5.6.10 (iv).

(vi) Where there are occupancy disputes in respect of land, the Land Tribunal is to make an enquiry under Section 48 A of the Karnataka Land Reforms Act, 1961 and pass appropriate orders. SLAO-II is to ensure that no dispute is pending under this Act in respect of land for which compensation is paid. However, the requisite certificate had been obtained in only 19 cases.

(vii) While the family tree certificate of the village accountant showing the family members having interest in a property had been submitted only in 31 cases, succession certificate had not been submitted in any case.

(viii) While identity card issued by the Election Commission to establish the identity of the persons claiming compensation was not submitted in any case, no due certificates from the jurisdictional banks had been obtained in only 31 out of 60 cases while up-to-date tax receipts were available only in two of 60 cases.

SLAO-II overlooked incomplete documents received from persons claiming compensation. Though the case worker processing the claims had pointed out in all the test-checked cases non-receipt of documents in full, SLAO-II authorised payments of compensation. Thus, SLAO-II did not safeguard the interest of the Board and disbursed compensation in many ineligible cases as discussed below:

## 5.6 Irregularities in payment of compensation

### 5.6.1 SLAO overlooked the report of the Special DC and disbursed compensation

The Board acquired 450 acres and 05 guntas of land for the Hardware Technology Park during May 2007. The acquired land included Government land (including those granted to various persons) to the extent of 206 acres in Sy. No. 40 and 41 acres in Sy. No.74 of Bandikodigehalli village. The Special DC of the Board requested (September 2007) DC, Bangalore Urban to hand over the acquired Government land to the Board under Section 28 (6) of the KIAD Act. Tahsildar, Bangalore North Taluk, Yelahanka, informed (November 2007) DC, Bangalore Urban and SLAO-II of the Board that Government land acquired in these survey numbers could not be handed over as the computerised RTCs were found to be in excess of land granted. While land granted to various individuals aggregated 142 acres and 7 guntas and 74 acres and 39 guntas in Sy. No. 40 and 74 respectively, computerised RTCs were found to have been excessively issued for 172 acres and 38 guntas and 112 acres and 32 guntas respectively. Special DC, Bangalore Urban informed (December 2007) the Principal Secretary, Revenue Department that the matter was under investigation under Section 136(3) of the Karnataka Land Revenue Act 1964, which empowers a DC to call and examine any record on his own motion or an application of a party and pass such orders as may be deemed fit. A copy of this communication was also endorsed to SLAO-II of the Board.

Though the enquiry by the Special DC, Bangalore Urban was within the knowledge of SLAO-II, he did not wait for the conclusion of the enquiry and disbursed (April 2008 to March 2010) compensation of ₹ 45.68 crore for 147 acres and 38 guntas of land granted in Sy. Nos. 40 and ₹ 30.39 crore for another 87 acres and 5 guntas of land in Sy. No. 74 as shown in **Table-5.2** below:

**Table-5.2: Details of Government land notified and compensation paid to the grantees**

Sy. No.	Extent of Government land notified and acquired (in acres and guntas)	Extent of land for which compensation had been paid for granted land (in acres and guntas)	Compensation paid for granted land (₹ in crore)
40	206-00	147-38	45.68
74	41-00	87-05	30.39
Total	247-00	235-03	76.07

(Source: Gazette Notification and information furnished by the Board)

Though the extent of land notified for acquisition in Sy. No. 74 was only 41 acres involving a compensation of ₹ 12.71 crore (at ₹ 31 lakh per acre), SLAO-II disbursed compensation (April 2008 to March 2010) of ₹ 30.39 crore for 87 acres and 5 guntas, causing an excess payment of ₹ 17.68 crore for 46 acres and 5 guntas of additional land. Though the case worker in the SLAO's office pointed out (18 February 2009) that the extent of land for which

compensation had been paid exceeded that as per the final notification, SLAO-II overlooked these observations and further paid ₹ 6.04 crore for 16 acres of land.

Cross-verification by audit of the records relating to payment of compensation for land acquired in Sy. Nos. 40 and 74 with those of Tahsildar, Yelahanka showed that in the cases listed out in **Table-5.3** below, compensation of ₹ 3.09 crore had been paid for land outside the notified area mainly due to payment of compensation without conducting joint-measurement.

**Table-5.3: Compensation paid without conducting joint measurements**

Sy. No.	Concerned block number	Extent of land (in acres and guntas)	Compensation paid (₹ in lakh)
40/357	69	2-00	62.00
40/P-358	73	1-20	46.50
40/P-358	73	-	10.00
40/359	76	2-00	66.00
74/P-304	34	4-00	124.00
		<b>9-20</b>	<b>308.50</b>

(Source: Information furnished by the Board & Revenue Department)

SLAO-II stated that only the names of kathedhars<sup>13</sup> as per the RTCs had been included in the notification for acquisition and the extent of land for each of the kathedhars had not been determined at the time of notification. This resulted in payment of compensation for increased area. The reply was not acceptable as SLAO-II was aware that joint measurement of land in these two survey numbers had not been done either before or after final notification, excessive computerised RTCs had been issued in respect of these two survey numbers and the enquiry by the Special DC, Bangalore Urban was in progress. SLAO-II deliberately overlooked these, relied merely on incomplete documents and disbursed compensation of ₹ 20.77 crore<sup>14</sup> excessively for land not required for the Hardware Technology Park.

### **5.6.2 Compensation was paid for land which was subsequently forfeited to Government**

Special DC, Bangalore Urban informed (May 2010) Special DC of the Board that 52 acres and 8 guntas of land in Sy. No. 40 and 24 acres of land in Sy. No. 74 of Bandikodigehalli village had been forfeited to Government following the enquiry which was still in progress (October 2011). In addition, 29 acres and 17 guntas of land acquired for Aerospace Components Industrial Area (8 acres and 17 guntas in Sy.No.8 of Unasur village)) and IT Park (21 acres in Sy.No.7 of B.K.Palya village) had also been forfeited. Audit observed that SLAO-II had already disbursed compensation of ₹ 25.41 crore (33 per cent of the total compensation of ₹ 76.07 crore) for forfeited lands in Sy. No 40 and 74 of

<sup>13</sup> Persons having title to property

<sup>14</sup> ₹ 3.09 crore as per Table-5.3 + ₹ 17.68 crore paid for 46 acres and 5 guntas of additional land acquired in Sy.No.74 as per Table-5.2

Bandikodigehalli village and another ₹ 14.72 crore in respect of forfeited land relating to Aerospace Components Industrial Area and IT Park.

Details of further forfeiture of land in respect of these two survey numbers and also other industrial areas were awaited from the Special DC, Bangalore Urban (October 2011). In respect of land for which enquiry was still in progress, SLAO-II had disbursed ₹ 190.30 crore for 356 acres and 15 guntas in respect of three industrial areas shown in **Table-5.4** below:

**Table-5.4: Lands in respect of which enquiry was in progress**

Name of the industrial area	Extent of land (in acres and guntas) in respect of which enquiry was in progress	Compensation paid (₹ in crore)
Aerospace Components	5-20	3.14
IT Park	242-18	135.02
Hardware Technology Park	108-17	52.14
<b>Total</b>	<b>356-15</b>	<b>190.30</b>

(Source: Information furnished by the Board)

SLAO-II stated (August 2011) that it was not possible to recover the compensation in respect of the forfeited land as the original records had been seized by the Lok Ayuktha. It was further stated that action would be taken on receipt of records from the Lok Ayuktha.

### 5.6.3 Huge differences between the consolidated RTC and individual RTCs

As per the consolidated RTC (2009-10) for land in Sy. No. 198 of Mahadevakodigehally village, 76 acres and 15 guntas out of Government land measuring 243 acres and 16 guntas had been granted to various persons. A joint-measurement of these lands undertaken during July 2009, however, identified that 198 acres and 27 guntas had been granted to various persons as per the individual RTCs issued. It was not clear how the joint measurement report could identify 198 acres and 27 guntas of granted land from the individual RTCs when the consolidated RTC for 2009-10 showed only 76 acres and 15 guntas of granted land. Scrutiny showed that SLAO-II had disbursed compensation of ₹ 29.30 crore for 48 acres and 26 guntas in Sy. No. 198 of Mahadevakodigehally village. These payments were supported, inter alia, by individual RTCs submitted by the claimants though their names did not figure in the consolidated RTC. Evidently, RTCs had been issued in individual cases excessively and payment of compensation in these cases on the basis of defective RTCs cannot be ruled out. It was also seen that enquiry under Section 136 (3) of the Karnataka Land Revenue Act was in progress in respect of 21 acres and 34 guntas out of 49 acres and 29 guntas of Government land, for which compensation of ₹ 13.22 crore had already been disbursed. SLAO-II replied (August 2011) that action would be taken to obtain all relevant information from the Tahsildars, reconcile the differences between various columns in the RTC, conduct joint measurements and verify the genuineness of the payments made in this survey number.

#### 5.6.4 SLAO disbursed compensation at the instance of a company

(i) The Board acquired 4 acres of land in Survey No 74/P3 in Bandikodigehalli village during May 2007. As per the RTC, the Khathedar of this land was Sri Magadiyappa and his name figured in the final notification issued during May 2007. However, SLAO-II had disbursed (September 2008) ₹ 1.24 crore to Sri M.H.Soni for the same land without obtaining any documents in support of the claim. The payment was made merely on the basis of an affidavit claiming that Sri M.H.Soni purchased the land through a settlement agreement on 12 January 2004. As per the notings available on the file, Managing Director (MD) of Itasca Software Development Private Limited (company as discussed in Paragraph 4.2) and Sri M.H.Soni visited SLAO-II and based on the assurance given by the MD of the company, SLAO-II disbursed the compensation to Sri M.H.Soni. It was further seen that SLAO-II subsequently paid ₹ 1.24 crore during March 2010 to Sri B.M.Rangaswamy, the legal heir of the deceased khathedar of the land. SLAO-II stated (July 2011) that the excess payment made to Sri M.H.Soni had been made good by the company. The reply was not tenable as the SLAO-II was to be guided only by the documents establishing title of land before making compensation and not by the assurance given by the MD of a company. It is pertinent to note that there had been an unauthorised informal arrangement between SLAO-II and the company which was established by the contents of a letter (October 2010) which the company addressed to the CEO. The relevant extract from the letter is reproduced below:

**“At this juncture, it was necessary for the company to request KIADB to pay compensation to more than one person with regard to some survey numbers who claimed possession and rights over a particular land to avoid further disputes for acquiring the said lands. The company took over the responsibility of such double payments to the KIADB and has indemnified KIADB with regard to such payments purely on commercial consideration i.e. to avoid disputes and to hasten up implementation of the project.”**

The company's claim regarding indemnification was not supported by any document and could, at best, be termed an informal arrangement with the CEO. The rules framed by the Board did not permit such an informal arrangement.

Further, SLAO-II disbursed compensation in the cases shown in **Table-5.5** below relating to land acquired in Bandikodigehalli village based on the assurance given by the company, as per the notings available on the files.

**Table-5.5 Details of compensation paid at the instance of the company**

Sy. No.	Extent of land for which compensation had been paid (in acres and guntas)	Compensation paid (₹ in crore)
74/308	4-00	1.24
74/302	4-00	1.68
40/359	2-00	0.66
124	4-00	1.24
75/1	1-35	0.62
75/2	2-01	0.81
<b>Total</b>	<b>17-36</b>	<b>6.25</b>

(Source: Information furnished by the Board)

(ii) In respect of 4 acres of land in Sy. No. 74/308, the Manager processing the case observed (May 2008) that it was not clear from the documents submitted as to whom the land had been granted initially. The Tahsildar's report also did not contain details of grant of land to the claimant in this survey number. SLAO-II, after discussing the case with the Manager, ordered that compensation be disbursed based on the assurance given by the MD of the company.

Encumbrance certificates obtained by audit from the Sub-Registrar, Yelahanka for land in Sy. No. 74/308, however, indicated that the owner had sold (November 2006) one acre of land to two persons (20 guntas each) through two separate registered sale deeds. Thus, the owner was left with only 3 acres of land in Sy. No. 74/308. SLAO-II defended (December 2011) the payment of compensation for 4 acres on the ground that details of sale made on 14 November 2006 were not available in the file. The defence betrayed the failure of the SLAO-II to obtain the up-to-date encumbrance certificate in this case before authorising payment of compensation and this resulted in excess payment of Rs.31 lakh to the claimant.

(iii) Without obtaining grant certificate, SLAO-II disbursed (January 2009) compensation of ₹ 1.68 crore to Smt Mary John for 4 acres of agricultural land in Sy. No. 74/302 of Bandikodigehalli village. The RTC submitted by the claimant clearly showed that a stay order in respect of this land had been given by a court in May 2003. Where cases are pending in courts, compensation payable, if any, is to be deposited by the SLAO with the respective Court in terms of Section 30 of KIAD Act. SLAO-II, however, disbursed the compensation based on the personal assurance given by the MD of the company without receiving all the documents necessary to establish title.

Following directions from the High Court, the Special DC conducted an enquiry in the matter and ordered (April 2009) eviction of those unauthorisedly occupying the land in Sy. No.74/302 and correction of the revenue records to indicate that it was Government land. Though SLAO-II sent (March 2010) a notice to Smt Mary John directing her to refund the compensation, the inadmissible payment of ₹ 1.68 crore had not been recovered so far (November 2011). SLAO-II stated (July 2011) that as the Special DC had forfeited the land, the compensation paid would be recovered as arrears of land revenue after receipt of original documents from the Lok Ayuktha.

(iv) In respect of land in Sy. No. 40/359, the case worker/Manager observed (May 2008) that sketch of land and original grant certificate were to be obtained as grant of land in this survey number to the claimant had not been confirmed by Tahsildar, Yelahanka. SLAO-II, nevertheless, authorised (June 2008) disbursement of compensation of ₹ 66 lakh based on the assurance of the MD of the company undertaking responsibility for the payment. This land was, however, forfeited to Government in May 2010.

### **5.6.5 Compensation to persons who owned no land or whose title to land was doubtful**

In the following cases, SLAO-II disbursed compensation to persons who either did not own land or whose ownership of land was not established by records

(i) One Sri Mohd Iqbal filed (April 2008) an objection with SLAO-II for disbursement of compensation for 3 acres and 20 guntas of land in Sy. No. 75 of Bandikodigehalli village without submitting any document. Though SLAO-II issued (June 2008) a notice directing Sri Mohd Iqbal to appear for an enquiry, the latter failed to attend the enquiry or submit any documents in support of his objection. However, SLAO-II disbursed compensation of ₹ 1.09 crore to him during December 2008 for 3 acres and 20 guntas of land in Sy. No. 75 of Bandikodigehally village though no documents had been submitted by him. SLAO-II confirmed (July 2011) that compensation had been erroneously paid to Sri Mohd Iqbal without obtaining any document and that the erroneous payment would be recovered on receipt of records from the Lok Ayuktha.

(ii) As per the records of Tahsildar, Yelahanka, Bangalore North, 10 acres of land had been granted to Sri H.Syed Abdul Aleem in Sy. No. 74 of Bandikodigehalli during November 1961. After the grant, this portion of land was assigned new Sy. No. 157. During May 2010, SLAO-II disbursed compensation for this land to the legal heir of the grantee as per a court order (April 2010).

It was, however, seen that SLAO-II had earlier disbursed (October 2008) compensation of ₹ 3.14 crore to one Sri H.Syed Abdul Azeem for 10 acres and 5 guntas of land in Sy. No. 74/310 of Bandikodigehalli village. SLAO-II relied upon only RTCs for five years and encumbrance certificate for 15 years to make the disbursement and did not obtain the original land grant certificate. Scrutiny of land granted in Sy. No. 74 of Bandikodigehalli village as per the records of Tahsildar, Yelahanka, Bangalore North, however, showed that Sri H.Syed Abdul Azeem had never been granted any land in the said survey number. It was further seen that SLAO-II was also in possession of the list of persons granted land in Sy. No. 74 of Bandikodigehalli village. This list had been furnished by the Tahsildar, Yelahanka to SLAO-II during November 2007. SLAO-II, however, failed to verify this list before making payment of compensation of ₹ 3.14 crore to a person who had not been granted any land. SLAO-II stated (July 2011) that it was not possible to furnish a reply as the original files had been seized by the Lok Ayuktha.

(iii) Tahsildar, Devanahalli had granted 8 acres of land to Sri Timmarayappa during 1962-63 in Sy. No. 40 of Bandikodigehalli village. These 8 acres were assigned a new Sy.No. 150. Though the grantee was not to transfer the land for 15 years as per the conditions of grant, the land had been sold to different persons during 1971-75. Sri Munipappanna was the last to purchase these 8 acres of land in August 1974. Sri B.M.Nagaraju inherited these 8 acres from his father Sri Munipappanna and sold 4 acres to Sri M.C.Chikkaraju during 1998-99 and the remaining 4 acres to Sri K.Y.Ayub Khan during July 2004. Sri M.C.Chikkaraju sold his 4 acres of land to Sri C.Ashwatha Narayana during August 2004.

While SLAO-II paid (August 2008) compensation of ₹ 1.24 crore each to Sri C.Ashwatha Narayana and Sri K.Y. Ayub Khan for 8 acres of land in Sy. No. 150 of Bandikodigehally village, he had also paid ₹ 1.24 crore to Sri B.M.Nagaraju during May 2008 for four acres of land in Sy. No. 40/P18 of the same village. Scrutiny showed that Sri B.M.Nagaraju had not been granted any land in Sy. No. 40 of Bandikodigehalli village apart from 8 acres which he had inherited from his father. Even these 8 acres had been sold by him to two persons in 1998-99 and 2004-05. No documents in support of the payment were available in the records produced to audit. The payment of ₹ 1.24 crore made to Sri B.M.Nagaraju did not, therefore, seem to be a bonafide one. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

(iv) Board acquired 3 acres and 5 guntas of land in Sy. No. 21/P24 of Kavadasanahalli from Sri.Chikkalakshmana, son of Uttanallappa. The claimant sought compensation by submitting an affidavit (March 2009) stating that the original records of grant of land by Government had been lost. Tahsildar, Devanahalli had also reported (January 2009) that original record relating to grant of land in this case was not available. However, SLAO-II disbursed compensation on the basis of the RTC and the surveyor's report which mentioned that the claimant was only cultivating the land. After disbursement (March 2009) of compensation of ₹ 1.72 crore, SLAO-II received (June 2009) a complaint alleging that the claimant had prepared fictitious records and claimed compensation. SLAO-II issued (August 2009) notices to the case worker and the Manager for facilitating payment without records. Details of further developments in this case were not available on record. SLAO-II stated (August 2011) that the claimant was issued a notice, directing him to submit all the original documents for scrutiny. The fact, however, remained that no documents had been submitted for scrutiny (August 2011).

(v) SLAO-II disbursed compensation of ₹ 0.47 crore to Sri Subbanna and Sri Rama during July 2008 for 1 acre and 20 guntas of land in Sy. No. 40/P358 of Bandikodigehalli village overlooking the reference in the RTC to a stay order issued by the Court. SLAO-II also paid ₹ 10 lakh to Sri Narayanappa in September 2008 for the same land. Scrutiny showed that Sri Narayanappa had filed a case against the claimants in 2005-06 in the court of Assistant Commissioner, North Sub-division, seeking restoration of the land in his favour under the PTCL Act. He had also objected (July 2008) to payment of

compensation by the SLAO-II to Sri Subbanna and Sri Rama in view of the pending case. SLAO-II disbursed ₹ 10 lakh to Sri Narayanappa though he did not submit any documents. SLAO-II stated (July 2011) that it was not possible to furnish the reply as the original files were with Lok Ayuktha.

(vi) The Board acquired (May 2007) 4 acres of land each in Sy. No. 74/301, 74/321 and 74/346 belonging Sri M.S.Venkatashamappa in Bandikodigehalli village. As the khathedar and his wife had expired, Sri M.V.Nandish and Sri M.V.Govindaraju, sons of Sri M.S.Venkatashamappa, got the revenue records mutated in their favour for 4 acres each in Sy. No. 74/301 and 74/321. However, SLAO-II paid compensation (February 2009) of ₹ 4.80 crore for 12 acres including four acres in Sy. 74/346 to Sri M.V.Nandish and Sri M.V.Govindaraju on production of only the original sale deed, photocopy of RTC for 2007-08 and mutation extract in respect of only Sy. No. 74/301 and 74/321. Other records were not submitted by the claimants. The application for compensation was submitted on 18 February 2009 and compensation was disbursed on the same day. Audit further observed that 4 acres of land in Sy. No. 74/346 was subsequently forfeited (May 2010) to Government by the Special DC, Bangalore. Thus, undue haste in disbursing compensation without insisting on relevant documents resulted in payment of ₹ 1.60 crore to a person who did not have title of land. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

(vii) DC, Bangalore North ordered (August 2008) to remove 2 acres and 22 guntas figuring in favour of Sri Nanjundappa in the RTC of Sy. No. 177/P17 of Bagalur village and substitute it with 2 acres in favour of late Chinnabiddappa. This was done to set right the mistake committed in the RTC at the time of computerisation of data. Based on the corrected RTC, SLAO-II disbursed (December 2009) compensation of ₹ 1.40 crore to Sri Gundappa, son of late Sri Chinnabiddappa for 2 acres. Thus, there was no land belonging to late Sri Nanjundappa in Sy. No. 177/P17. Though deletion of the name of Sri Nanjundappa from the RTC was within the knowledge of the SLAO-II at the time of disbursing compensation to Sri Gundappa in December 2009, he disbursed compensation of ₹ 0.46 crore to Sri B.M.Narayanappa, son of Sri Nanjundappa in April 2010 for 26½ guntas of land in the same survey number. The documents based on which payment was made, however, identified the claimant as Sri Narayanaswamy, son of late Nanjundappa. The claimant's name as per the application for compensation, family tree certificate issued by the village accountant, identity card issued by the Election Commission, copy of the bank pass book *etc.*, was only Sri N.Narayanaswamy, son of late Nanjundappa. However, SLAO-II handed over the cheque drawn in favour of B.M.Narayanappa to Sri N.Narayanaswamy. The payment seemed fraudulent and the possibility of payment having been made to an ineligible person cannot be ruled out. SLAO-II stated (July 2011) that a final reply would be furnished on receipt of original files from the Lok Ayuktha.

(viii) Sri.H.N.Byrappa, son of Nanjappa and Smt.Savitha, daughter of late Krishnaswamy Perumal Shetty submitted (August 2009) claims for

compensation for acquisition of 4 acres of land belonging to each of them in Sy.No.7 of Bandikodigehalli Palya village. As the names of the claimants did not figure in the final notification published during September 2008 and the joint measurement report, SLAO-II obtained (July 2009) a fresh joint measurement report which included the names of Smt.Savitha's father and another person H.Byranna S/o Nanjappa. The photocopies of grant certificates produced by Smt.Savitha and Sri.H.N.Byrappa revealed that though the lands were granted to Savitha's father and Sri.H.N.Byrappa in October 1963, their names were got included in the RTC only in 2007. SLAO-II requested (August 2009) Tahsildar, Yelahanka to verify and report on the genuineness of the land granted to Smt.Savitha's father and Sri.H.N.Byrappa. As per the report (September 2009) of the Revenue Inspector, Doddajala Circle, Jala Hobli, Bangalore (North) Taluk, though records produced by Smt.Savitha and Sri.H.N.Byrappa indicated grant of land of 4 acres each to Savitha's father and Sri.H.N.Byrappa, an enquiry by the Special DC under Section 136 (3) of the KLR Act had been pending (December 2008) against Sri.Raghu, husband of Smt.Savitha and Sri.H.N.Byrappa for encroachment of land.

It was further seen that Smt.Savitha and Sri.H.N.Byrappa had themselves requested (May 2009) Tahsildar, Yelahanka, Bangalore North Taluk to verify the genuineness of lands granted to them. In response, the Tahsildar reported (May 2009) to SLAO-II that original grant records were not available although a photocopy of the grant register available in the office indicated grant of land to these two persons in October 1963. Without waiting for conclusion of the enquiry, SLAO-II paid (October 2009) ₹ 2.48 crore each to Smt.Savitha and Sri.H.N.Byrappa. SLAO-II stated (July 2011) that reply could not be furnished as the original files were with the Lok Ayuktha.

(ix) Regarding the compensation of ₹ 9.30 lakh paid (August 2008) to Sri D.Ravishankar for 12 guntas in Sy. No 41 of Bandikodigehalli village, no records were available in support of the payment.

### **5.6.6 Double payment of compensation for the same land**

The payment of compensation of ₹ 1.49 crore made (July and August 2008) to a firm was based mainly on two registered (January 1996) sale deeds executed by a General Power of Attorney (GPA) holder on behalf of the owner of 4 acres and 20 guntas of land in Sy. No.41 of Bandikodigehalli village and RTCs in favour of the owner. No other original documents establishing clear title in favour of the firm had been insisted upon by SLAO-II before making payment. Further scrutiny showed that a suit regarding the title for 4 acres and 20 guntas in Sy. No. 41 had been filed (March 2007) in the Court of the Civil Judge, Devanahalli, in which the firm had been made the respondent. SLAO-II was also kept informed about the suit by the petitioners through their advocate during December 2007 itself. SLAO-II ignored the pending dispute and disbursed the compensation of ₹ 1.49 crore to the firm on the ground that the Court had not passed any orders.

Subsequently, SLAO-II disbursed ₹ 93 lakh during October 2008 for 3 acres of land in Sy. No. 41 to Sri Hanumantharayappa. No documents including the application seeking land compensation were available in the files. The only

document available was a copy of the suit filed (March 2007) by Sri Hanumantharayappa and three others seeking 4/6<sup>th</sup> share of 4 acres and 20 guntas for which the firm had claimed compensation. As 4/6<sup>th</sup> share of 4 acres and 20 guntas claimed by Sri Hanumantharayappa worked out to 3 acres, SLAO-II evidently paid compensation for 3 acres to Sri Hanumantharayappa also without obtaining any document to cover up the erroneous payment made to the firm. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

### **5.6.7 Compensation was paid based on dubious General Power of Attorney**

(i) Regarding compensation of ₹ 49.50 lakh paid (June 2008) to Sri T.H.Ramegowda for 1 acre and 20 guntas in Sy. No. 41 of Bandikodigehalli village, it was seen that the owner of the land in question, Smt Dhanalakshmi registered a General Power of Attorney (GPA) jointly in favour of Sri D.Ravishankar and Sri B.S.N.Hari on 21 November 1995. On the same day, an agreement to sell the same property to Sri T.H.Ramegowda was also registered by Smt Dhanalakshmi. Thereafter, one of the GPA holders *viz.* Sri D.Ravishankar gave a registered GPA for the same property to Sri Shashishekar on 20 July 2007. Sri D.Ravishankar registered a supplementary agreement again on the same day in favour of Sri T.H.Ramegowda, empowering him to receive compensation for 1 acre and 20 guntas from the Board. The multiplicity of GPAs and agreements which defied any rationale, however, failed to alert SLAO-II about the dubious nature of the transactions.

SLAO-II disbursed compensation of ₹ 49.50 lakh to Sri T.H.Ramegowda in disregard of the circular instructions (June 2001) of the Board that under the provisions of Section 54 of Transfer of Property Act 1882 read with Sections 14 and 17 of Indian Registration Act, the SLAO should process the claim application of only the land owners and the claims of agreement and GPA holders should be rejected at the outset. SLAO-II overlooked not only the dubious GPAs filed with him but also disregarded the Board's instructions of June 2001 also while disbursing compensation of ₹ 49.50 lakh to a person who did not possess the title to land.

(ii) SLAO-II disbursed compensation of ₹ 1.24 crore to Sri Shashishekar for 4 acres of land in Sy. No. 74/P4 of Bandikodigehalli village in June 2008. Audit observed that the grantees of this land *viz.* Smt Lakshamma and Sri Venkateshappa gave a GPA in favour of Sri B.S.N. Hari and Sri D.Ravishankar in January 1997 in respect of 4 acres of land in Sy. No. 74/P4. Subsequently, an agreement to sell these 4 acres of land was registered in May 2005 by Smt Lakshamma and Sri Venkateshappa themselves in favour of Sri Shashishekar. According to this agreement, Smt Lakshamma and Sri Venkateshappa were to obtain necessary permission of Government to sell the land under the provisions of PTCL Act. On 20 July 2007, Sri D.Ravishankar, one of the joint-holders of GPA registered another GPA in favour of Sri Shashishekar for these 4 acres. On the same day, Sri D.Ravishankar registered another supplementary agreement in favour of Sri Shashishekar, authorising the latter to receive compensation from the Board. Incidentally, the

address of D.Ravishankar, B.S.N.Hari, Sashishekar and a firm, J.B.Hara and Properties were found to be the same as per the sale deed, GPA *etc.* These transactions seemed dubious. SLAO-II disbursed the compensation without insisting on production of relevant documents to establish title and with the full knowledge that the title was not in favour of Sri Sashishekar. Subsequently, the khathedar of the land as notified in the final notification, Sri Venkateshappa, approached SLAO-II, claiming compensation for these 4 acres and submitted documents in support of his claim. Though SLAO-II served (October 2008) a notice on Sri Shashishekar directing him to appear for an enquiry, the latter did not turn up. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from the Lok Ayuktha.

### 5.6.8 Excess payments of compensation

(i) The Board acquired (May 2007) 450 acres and 5 guntas for Hardware Technology Park in Bandikodigehally which included 199 acres and 5 guntas of private land. As of May 2010, SLAO-II had disbursed compensation of ₹ 37.84 crore for 115 acres and 13 guntas of private lands and payment of compensation was pending for another 119 acres and 8 guntas. Thus, the extent of land for which claims for compensation had been received exceeded the land notified for acquisition by 35 acres and 16 guntas. SLAO-II stated (August 2011) that all compensation files had been seized by the Lok Ayuktha and final reply would be furnished on receipt of the files. Test-check of compensation already paid for 115 acres and 13 guntas showed that SLAO-II irregularly paid compensation of ₹ 84.35 lakh in the following cases.

- In respect of two acres in Sy. No. 75/2 of Bandikodigehalli village acquired by the Board, the compensation payable as per the price fixed by the PAC was ₹ 31 lakh per acre. Instead of disbursing ₹ 62.78 lakh as compensation, SLAO-II paid (July 2008) ₹ 81 lakh for 2 acres and 1 gunta at the rate of ₹ 40 lakh per acre. This resulted in an excess payment of compensation of ₹ 18.22 lakh. Similarly, in respect of Sy. No. 75/1 of the same village, SLAO-II paid (July 2008) compensation for 1 acre and 35 guntas at the rate of ₹ 33 per lakh instead of for 1 acre and 30 guntas acquired, resulting in an excess payment of ₹ 4.13 lakh. SLAO-II accepted (July 2011) the excess payment of ₹ 22.35 lakh.
- The Board acquired 4 acres of land in Sy. No. 74/P6 Bandikodigehalli village during May 2007. The compensation payable was ₹ 1.24 crore at the rate of ₹ 31 lakh per acre. However, SLAO-II disbursed (June 2008 and September 2008) compensation of ₹ 1.86 crore for 6 acres of land. SLAO-II stated (July 2011) that action would be taken to recover the excess payment of ₹ 62 lakh.

(ii) SLAO-II released (June 2008) compensation of ₹ 1.32 crore to a partnership firm for four acres of converted land in Sy. No.74 of Bandikodigehally village. As per the copies of sale deeds, the firm had purchased this land during September 1997 from Sri B.M.Lakshminarayana. SLAO-II relied upon only the sale deeds in favour of the firm and RTC in favour of Sri B.M.Lakshminarayana for the period 1989-92 for disbursing compensation. However, the records showed that Sri B.M.Lakshminarayana

had inherited only two acres of land in this survey number and the RTC for 1989-92 also showed only two acres of land in favour of Sri B.M.Lakshminarayana. Although the sale of land had taken place in September 1997, the land was not got mutated in favour of the firm. It was further seen that the application for payment of compensation was received on 9 June 2008 and compensation was disbursed hurriedly on 10 June 2008. To a query as to whether Sri B.M.Lakshminarayana had been granted any other land in this survey number in addition to the 2 acres inherited by him, Tahsildar, Yelahanka confirmed (June 2011) to audit that as per the computerised RTCs, no additional land had been granted in favour of Sri B.M.Lakshminarayana. Thus, excess payment of ₹ 66 lakh for 2 acres of land cannot be ruled out. SLAO-II stated (August 2011) that reply could not be furnished due to seizure of the original records by the Lok Ayuktha.

(iii) Tahsildar, Devanahalli granted (September 1982) 2 acres of land to Sri.Doddathimmanna, son of Thimmaiah in Sy. No. 21/P37 of Kavadasanahalli village. However, katha and mutation had been made during 1991-92 in the revenue records for only 1 acre and 25 guntas. Consequent upon the demise of Sri.Doddathimmanna, the katha was transferred in favour of his wife Smt Akkayamma during 2004-05. SLAO-II requested (December 2008) the Tahsildar on 30 September 2008 to issue a revised order either limiting the grant to 1 acre and 25 guntas as per the katha or conferring title of 2 acres in favour of Sri.Doddathimmanna. Thereafter, SLAO-II disbursed (December 2008) compensation of ₹ 0.89 crore to Smt.Akkayamma for 1 acre and 25 guntas. However, SLAO-II paid another 20.62 lakh in January 2009 without obtaining the revised order from the Tahsildar. It was further seen that even before SLAO-II made the first payment in September 2008, an objection had been filed (August 2008) with SLAO-II against payment of compensation on the ground that an appeal was pending before the Assistant Commissioner, Doddaballapura regarding the title and possession of the land in the said survey number. SLAO-II overlooked the notings of the case worker and authorised payment.

(iv) SLAO-II paid (June 2008) compensation of ₹ 1.32 crore for 4 acres of land in Sy. No. 74 of Bandikodigehalli village to a firm. It was seen that the firm had obtained sanction of BIAAPA for forming a residential layout over an area of 9 acres and 24 guntas in several survey numbers of Bandikodigehalli and Boilahally villages. According to the terms and conditions of the sanction, the developer was to relinquish the rights and title over the area demarcated for roads, civic amenities and parks in the layout plan, in favour of BIAAPA. Information collected from the Sub-Registrar, Yelahanka showed that the firm had relinquished (June 2006) 14 guntas of land in Sy. No. 74 of Bandikodigehalli village through a registered relinquishment deed in favour of the Member Secretary, BIAAPA. With this relinquishment, the firm was left with only 3 acres and 26 guntas of land in Sy. No. 74 of Bandikodigehalli village. However, SLAO-II disbursed compensation to the firm for 4 acres during June 2008 based on incomplete documents, resulting in an excess payment of ₹ 11.55 lakh. SLAO-II stated (December 2011) that the details of relinquishments pointed out by audit were not available in the files and final would be furnished after the original files were returned by the Lok Ayuktha.

### 5.6.9 SLAO overlooked pending litigations before paying compensation

(i) Without obtaining the grant certificate, SLAO-II disbursed (April 2008) land compensation of ₹ 1.60 crore to Sri Byranna for 4 acres of land in Sy. No. 74/302 of Bandikodigehalli village. The RTC submitted by the claimants clearly showed that a stay order in respect of these lands had been given by a court in May 2003. Where cases are pending in courts, compensation payable, if any, is to be deposited by SLAO with the respective courts in terms of Section 30 of KIAD Act. SLAO-II, however, disbursed the compensation directly to the claimants without receiving all the documents necessary to establish title. Following directions from the High Court, the Special DC conducted an enquiry in the matter and ordered (April 2009) eviction of those unauthorisedly occupying the land in Sy. No.74/302 and correction of the revenue records to indicate that it was Government land. Though SLAO-II sent (March 2010) a notice to Sri Byranna directing him to refund the compensation, the inadmissible payment of ₹ 1.60 crore had not been recovered (November 2011). SLAO-II stated (July 2011) that as the Special DC had forfeited the land, the compensation paid would be recovered as arrears of land revenue after receipt of original documents from the Lok Ayuktha.

(ii) While processing the claim received for compensation for 4 acres of land in Sy. No. 74/P2 of Bandikodigehalli village, SLAO-II observed (April 2008) that a case had been pending in respect of this property in the Court of Civil Judge, Devanahalli, in which SLAO-II and the claimant had been made respondents. SLAO-II informed (May 2008) the claimant that compensation could not be paid in view of the litigation. However, he reopened the case on his own and disbursed (July 2008) compensation of ₹ 1.24 crore to the claimant on the ground that the petitioners could claim their share from the court. It was further noticed that the land which had been granted in April 1961 to a person had been sold twice during 1969 and 1974 in violation of the terms of grant prohibiting transfer within 15 years.

### 5.6.10 SLAO overlooked violation of various Acts

(i) Section 80 of the Karnataka Land Reforms Act, 1961 envisages that in the case of agricultural land transferred by sale to a person entitled to hold it, the transferee should take up agriculture within one year from the date of acquisition of land. If the transferee gives up agriculture within five years, the land shall vest in the State Government subject to payment to him of an amount equal to eight times the net annual income of the land or where the land has been purchased, the price paid for the land, if such price is less than eight times the net annual income of the land.

In respect of land acquired in Bandikodigehalli village, the SLAO-II paid compensation of ₹ 1.32 crore for 4 acres in Sy. No. 74/P316 and 40/359, ₹ 2.09 crore for 5 acres in Sy. No. 74/355 and ₹ 0.66 crore for 2 acres in Sy. No. 74/318 and Rs.1.32 crore for four acres in Sy.No.74/308. The claimants in these cases had purchased these lands during July to September 2004 and got

these converted for residential purpose within 7 to 9 months from the date of purchase. Since the transferees had given up agriculture within five years from the date of purchase, the land vested with the Government in terms of the Karnataka Land Reforms Act, 1961. Thus, payment of compensation of ₹ 5.39 crore for 15 acres to these persons was irregular, as the transferees were at the most entitled to the purchase price of ₹ 0.81 crore and not the compensation of ₹ 5.39 crore as per the provisions of Section 80 of the Act.

SLAO-II stated (July 2011) that DC was empowered under Section 95 of the KLR Act, 1964 to approve the change in land use and that no objection against the order of the DC could be raised by him. It was further stated that the SLAO's jurisdiction was limited to payment of compensation at the rates recommended by the PAC and approved by the Board. The reply was not acceptable as Section 82 of the Karnataka Land Reforms Act mandates every officer of the Revenue, Registration and Land Records Departments to report to the prescribed authority every transaction in respect of land in contravention of any of its provisions which comes to the notice of such officer. These provisions required SLAO-II to report the violations of the Karnataka Land Reforms Act in these cases and reject the claims for compensation.

(ii) The khathedar of land measuring one acre in Sy. No. 40/P 345 of Bandikodigehally village was Sri Anjinappa as per the final notification issued during May 2007 and the RTC. SLAO-II, on the other hand, disbursed (May 2008) compensation of ₹ 0.31 crore for this land to Smt K.Uma Maheshwari, on the strength of a sale deed in support of her having purchased the property from a person during December 2004. Other than the sale deed, an encumbrance certificate for the period April 2008 to May 2008, and an RTC for 2007-08 in favour of Sri Anjinappa, the claimant had not submitted any document. Even the application from the claimant seeking compensation was also not available. It was further seen that Sri Anjinappa had appeared before SLAO-II during January 2007 and filed a written objection, expressing his unwillingness to surrender his land on the ground that he belonged to SC community and had also grown crops on the land. SLAO-II failed to verify whether the provisions of PTCL Act 1978 had been violated before disbursing compensation of ₹ 0.31 crore based on insufficient documents. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

(iii) SLAO-II paid (June 2008) compensation of ₹ 43.40 lakh to a person for 1 acre and 16 guntas of land in Sy. No. 40/P35 of Bandikodigehalli village. Audit noticed that this land which had earlier been part of Government land was granted to Sri Abdul Mazeed in September 1994. Conditions governing grant of Government land prohibited its sale/transfer within 15 years from the date of grant. However, the grantee sold (November 2004) the land within 15 years to Sri K.S.Jagdish for a consideration of ₹ 3.50 lakh. Since the grantee violated the conditions of grant, neither the grantee nor the purchaser was entitled to any compensation in terms of the Karnataka Land Grant Rules. SLAO-II overlooked these provisions and paid land compensation of ₹ 43.40 lakh. SLAO-II stated (August 2011) that the matter would be examined on receipt of original files from Lok Ayuktha.

(iv) According to Section 4 (2) of the PTCL Act, no member belonging to Scheduled Caste (SC) and Scheduled Tribe (ST) who has been granted land shall, after the commencement of the Act, transfer the granted land without the previous permission of the Government. Any alienation of the granted land in contravention of these provisions is null and void and no right, title or interest in such land would be conveyed by such transfer.

Land is granted to members belonging to SC and ST with a condition that it is not to be alienated for a period of 15 years from the date of grant. Further, alienation of any such land is to be with the permission of Government. Though these conditions were violated in the cases shown in **Table-5.6** below, SLAO-II disbursed compensation overlooking the violations.

**Table: 5.6 : Payment of compensation overlooking violations**

Name of the village	Survey No	Extent of land acquired (acres and guntas)	Period of grant	Month in which land sold	Payment made (₹ in crore)
Jonnahalli	63/P 45	3-00	January 1972	May 1973	1.65
Jonnahalli	63/P 10	1-00	August 1963	August 1975	0.55
Jonnahalli	63/P 25	2-25	August 1963	February 1977	1.44
Bagalur	484	1-00	May 1979	March 2007	0.70
<b>Total</b>		<b>7-25</b>			<b>4.34</b>

(Source: Information furnished by the Board)

SLAO-II stated (August 2011) that the matter fell under the jurisdiction of the revenue authorities. The reply was not acceptable as SLAO-II should have referred these cases to the revenue authorities before disbursing compensation.

### 5.6.11 Compensation for land purchased after declaration of notification

According to Section 4 of the Karnataka Land (Restriction on Transfer) Act, 1991, no person shall transfer any land or part thereof situated in any urban area which is proposed to be acquired in connection with a scheme in relation to which the declaration has been published.

SLAO-II disbursed compensation of ₹ 5.72 crore for 9 acres and 10½ guntas of land, the title of which was transferred after declaration of notification under the KIAD Act. The details were as shown in **Table-5.7** below:

**Table-5.7: Compensation paid for land purchased after issuance of notification**

Name of the village	Sy. No.	Extent of land	Month of notification	Month of transfer	Compensation paid (₹ in crore)	Month of payment
Huvinayakanahalli	78/1	1 acre and 10 ½ guntas	December 2006	February 2007	0.76	September 2009 and March 2010
Bandikodigehalli Palya	7/19	8 acres	August 2006	January 2007	4.96	December 2008 and October 2009
<b>Total</b>		<b>9 acres and 10 ½ guntas</b>			<b>5.72</b>	

(Source: Gazette notification and information furnished by the Board)

### 5.6.12 Compensation for land not notified for acquisition and not figuring in the joint measurement report

In cases shown in **Table-5.8** below, SLAO-II disbursed compensation of ₹ 15.76 crore though these lands had not been either notified for acquisition or included in the joint measurement report.

**Table-5.8 : Compensation paid for land neither notified nor joint measured**

Name of the village	Sy. No.	Extent of land (in acres and guntas)	Compensation paid (₹ in crore)	Remarks
Bagalur	177/P 25	4-00	2.80	Name of grantee did not figure in the notification; Observations of the case worker were overlooked
Mahadevakodigehalli	198/P1 198/P1, 198/P1-P1	5-04	3.06	Names of grantees figured in the notification but not included in the joint measurement report; names did not figure in the consolidated RTC
Jonahalli	63	0-09	0.12	Name not included in final notification
Kavadadasanahalli	21/P	4-00	2.20	Name not included in final notification
-do-	-do-	4-00	2.20	Land not included in the notification; cheque was drawn in favour of Smt Muniyamma though SLAO authorised payment in favour of Sri Muniyappa
-do-	-do-	4-00	2.20	Land not included in the notification; SLAO authorised payment despite a case pending in court
Bandikodigehalli Palya	7/P12	4-00	2.48	Land did not figure in the joint measurement report; SLAO overlooked the observation of the case worker
Bandikodigehally	40/P1	2-10	0.70	SLAO ignored noting of case worker that name was not notified.
<b>Total</b>		<b>27-23</b>	<b>15.76</b>	

(Source: Compiled by Audit based on Gazette notification and compensation files)

In respect of 2 acres and 20 guntas of land in Sy. No. 1/1 at Arebinnamangala village, SLAO-II received two claims for compensation, one from Sri B.N.Srinivas, son of Sri Narayanaswamy and the other from Sri B.N.Srinivas, son of Sri Narayanappa. SLAO-II paid (May 2009) ₹ 1.55 crore to Sri B.N.Srinivas, son of Sri Narayanaswamy despite a clarification (May 2009) from the Tahsildar, Yelahanka, Bangalore North that the claimants were different and enjoying land in different blocks of the same survey number. The Tahsildar did not clarify whether both the lands were located within the notified area. The joint measurement report (July 2009) prepared by the Tahsildar showed that while the land belonging to Sri B.N.Srinivas, son of Sri

Narayanappa was located within the notified area, the land belonging to the other person to whom payment had already been made was outside. Consequently, SLAO-II paid ₹ 1.24 crore to Sri B.N.Srinivas, son of Sri Narayanappa also during August 2009. SLAO-II stated (July 2011) that reply would be furnished on receipt of original files from Lok Ayuktha. Thus, failure of SLAO-II to determine the area notified for acquisition before payment of compensation resulted in payment of compensation of ₹ 1.55 crore for 2 acres and 20 guntas of land not notified for acquisition.

### 5.6.13 Enhanced compensation paid without receiving supporting documents

The compensation fixed by the PAC for lands acquired for Hardware Technology Park was ₹ 31 lakh per acre. For those lands adjoining the road to the BIA, it was fixed at ₹ 40 lakh per acre. SLAO-II disbursed compensation of ₹ 40 lakh per acre in the cases shown in **Table-5.9** below without receiving any supporting document such as sketch of the land, surveyor's report *etc.*

**Table-5.9: Compensation paid without scrutiny**

Sy. No.	Extent of land (acres and guntas)	Compensation paid (₹ in lakh)	Month of payment
74/302	4-00	160.00	April 2008
74/P355	5-00	208.75 <sup>15</sup>	April 2008
74/320	4-00	160.00	July 2008
74/P2	4-00	160.00	July 2008
74/302	4-00	168.00 <sup>16</sup>	December 2008
75/2	2-01	81.00	July 2008
74/301, 74/321 & 74/346	12-00	480.00	February 2009
<b>Total</b>	<b>35-01</b>	<b>1417.75</b>	

(Source: Information based on Gazette notification and compensation files)

Out of ₹ 14.18 crore paid in these cases, payment of ₹ 3.15 crore had been made without any supporting document. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

### 5.6.14 SLAO disbursed compensation based on only RTC for one year

SLAO-II received an unsigned letter from Sri Muniyappa on 8 July 2008 claiming compensation for 1 acre and 20 guntas in Sy. No. 40/331 of Bandikodigehalli village. Only one RTC for the year 2007-08 was found enclosed to the letter. No other documents had been submitted. Nevertheless, SLAO-II disbursed compensation of ₹ 46.50 lakh on the same day in favour of Sri Muniyappa. Though SLAO-II subsequently received (June 2009) another claim for the same land from a person claiming to be Sri Muniyappa, SLAO-II did not act upon the claim though the claimant submitted many documents in support of his claim. The payment of ₹ 46.50 lakh made in July 2008 on the

<sup>15</sup> Including ₹ 8.75 lakh for converted land

<sup>16</sup> Including ₹ 8 lakh for converted land

basis of only RTC for one year was evidently fictitious. SLAO-II stated (August 2011) that reply would be furnished on receipt of original files from Lok Ayuktha.

### **5.6.15 SLAO did not ensure the eligibility of persons receiving compensation**

(i) SLAO-II acquired 1 acre of land belonging to Smt Padmamma, wife of Sri Channappa in Sy. No. 198 of Mahadevakodigehalli village during April 2008. Compensation of ₹ 0.60 crore was disbursed for this land during December 2009. It was seen that the name of the khathedar was mentioned as “Smt Padmamma, wife of Sri Channappa” in all the documents such as RTC, Tahsildar’s report, land grant certificate, mutation copy, bank pass book, certificate furnished by Cauvery Kalpatharu Grameena Bank *etc.* However, SLAO-II disbursed compensation to Smt Padmamma, wife of Sri Nagarajappa on the basis of an affidavit submitted by the claimant stating that her name had been inadvertently entered as Padmamma wife of Channappa in the records. SLAO-II did not insist on revised revenue documents before making payment.

SLAO-II stated (September 2011) that though the land was granted in favour of Smt Padmamma, wife of Channappa, the mistake was corrected at the time of mutation during 2004-05. The reply was not tenable as the mutation extract of 2004-05 showed the owner of the land only as Smt Padmamma, wife of Channappa. It was, therefore, not verifiable in audit whether the payment of ₹ 0.60 crore had been made to the legitimate person.

(ii) The original grantee of two acres of land in Sy. No. 177/P17 of Bagalur village sold (April 1968) the land to a person. SLAO-II disbursed (December 2009) compensation of ₹ 1.40 crore for these two acres to the grandson of the transferee. However, as per the genealogical tree<sup>17</sup> furnished by the village accountant, the transferee had three sons and was survived by his wife and two sons. SLAO-II disbursed compensation without obtaining the death certificate of the transferee and the successorship certificate. SLAO-II stated (August 2011) that reply would be furnished on getting back the original files from Lok Ayuktha.

### **5.6.16 The Board paid compensation to unauthorised occupants of Government land**

Final Notification under Section 28(4) of the KIADB Act, 1966 was issued in October 2007 for acquisition of 510 acres and 03 guntas of land in Tarihal and Gamanagatti villages (Dharwad district) including 278 acres and 20 guntas of Government land in Sy. No. 208. These Government lands had been encroached upon by unauthorised persons. On publication of the preliminary notification, the unauthorised occupants, who had been cultivating these lands, filed a suit before the Court of Principal Civil Judge, Hubli, challenging the acquisition proceedings and seeking title for Government land in their favour. However the suit was dismissed in April 2006. While disposing of the appeal filed by these unauthorised occupants the High Court restrained the Board

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<sup>17</sup> Family tree

from interfering with the peaceful possession and enjoyment of the lands by the petitioners. However, the High Court dismissed their claim for title of Government land. The State Government filed (2007) a Special Leave Petition (SLP) before the Supreme Court against the judgment of the High Court.

During the pendency of the SLP, it was decided (October 2008) in a meeting under the Chairmanship of the Minister in-charge of the district to settle the issue out of court by paying compensation at 75 *per cent* of the market value determined by the Board. The settlement was subject to withdrawal of all the litigations and handing over the possession of lands by the unauthorised occupants to the Board. Government approved the settlement agreed upon and ordered (March 2009) withdrawal of the SLP. Thus, the Board had to pay compensation to the unauthorised occupants of Government land involving a financial implication of ₹ 27.91 crore, of which ₹ 26.70 crore had already been paid (May to October 2009).

### **5.6.17 SLAO acquired forest land and even disbursed compensation for it**

The land acquired by the Board for the Aerospace Components Industrial Area included 70 acres in Sy. No. 63 of Jonnahalli village. As per the RTC, out of 209 acres and 12 guntas available in Sy. No. 63, 152 acres and 32 guntas belonged to Government/Forest Department. Although the Board got the joint measurement of the lands acquired for this industrial area done by a private agency, the joint measurement report (March 2007) failed to identify forest land in Sy. No.63. Against 70 acres acquired in Sy. No.63, the Board disbursed (as of October 2010) compensation of ₹ 31.98 crore for 58 acres and 5 ½ guntas at the rate of ₹ 55 lakh per acre. However, Deputy Conservator of Forests, Bangalore (Rural) informed (March 2010) the SLAO that the Board had acquired 39 acres and 38 guntas of forest land in Sy. No.63 from other persons. SLAO stated (September 2011) that compensation disbursed for land in Sy. No. 63 was based on grant certificates and other revenue records. The reply was not acceptable as RTC, which is also a revenue record, showed the existence of Government/Forest land in Sy. No. 63 though the extent of Government and Forest land had not been indicated separately. The joint measurement exercise based on Revenue and Forest records ought to have brought out the extent of forest land out of 70 acres proposed for acquisition in Sy. No.63. However, the private agency entrusted with the joint measurement work did not evidently conduct the exercise after consulting revenue and forest records. As the Forest Department had subsequently confirmed the acquisition of 39 acres and 38 guntas of forest land in Sy. No. 63, the grant certificates and other documents relied upon by the SLAO for disbursing compensation were evidently not correct. The SLAO had also not consulted the Forest Department and determined the extent of compensation paid for forest land out of 58 acres and 5 ½ guntas.

Further, according to a report (September 2010) sent by DO-III to SLAO, out of 979 acres and 34 guntas required for the Aerospace Components Industrial Area, only 893.94 acres of land were available in the proposed area as per the results of a survey conducted after excluding the area of 62.85 acres

demarcated by the Forest Department in the industrial area as the land belonged to them. Even after accounting for these forest lands, there was still a shortage of 22.55 acres. This meant that 22.55 acres did not exist though land records showed otherwise. This situation arose due to failure of the Board/SLAO to follow Government guidelines (March 1997) that preliminary notification for acquisition should be issued only after the acquiring authority and the Revenue Department jointly conducted a measurement of the area proposed for acquisition. Though the extent of forest land and the deficit in availability of land had been assessed by DO-III, SLAO had not taken action to verify whether any compensation had been paid for these forest lands and land found to be in deficit in physical terms.

#### **5.6.18 Development Officers did not furnish details of disposal of malkies and structures removed from the acquired land**

In addition to land, the Board acquired malkies and structures thereon and paid compensation therefor at the rates determined by Horticulture/Public Works Department. During 2006-07 to 2010-11, the Board had spent ₹ 82.85 crore towards compensation paid to the land owners towards malkies and structures. However, no account of inventory of malkies and structures had been maintained either in the Board or in the test-checked divisional offices at Davanagere and Tumkur. Details of malkies and structures released from the industrial areas including the details of how they had been disposed of were not furnished to audit. The revenue realised from disposal of the released malkies and structures during 2006-11 was only ₹ 3.66 lakh. As proper accounts for disposal of malkies and structures were not furnished, the matter calls for investigation as the compensation paid for malkies/structures was very high and the return from the disposal of these was only 0.05 *per cent*.

#### **5.6.19 Non-recovery of Income Tax**

Under the Income Tax Act, 1961, agricultural income and any income by way of compensation received on compulsory acquisition of agricultural land is exempted under Section 10 (1) and 10 (37). However, this exemption is not available in respect of compensation paid for agricultural land which stands converted for non-agricultural use on the date of acquisition. It was seen that SLAO failed to deduct Income Tax of ₹ 2.33 crore (**Appendix-4**) from compensation payments aggregating ₹ 20.55 crore made during April 2008 to January 2009 for converted land in 17 cases.



## Chapter-6

# Allotment of land

The Board had established 136 industrial areas in 28 districts of the State. As of March 2011, 79 per cent of 41126 acres and 27 guntas of land acquired for these industrial areas had been developed by the Board. Of these, 26524 acres and 34 guntas had been allotted to 14435 industrial units. After excluding roads and other facilities, 3510 acres and 37 guntas of developed land remained unallotted (**Appendix-5**). While Bangalore Rural district had 44 per cent of the total unallotted developed land, Hassan (14 per cent), Dakshina Kannada (10 per cent), Chikkaballapur (7 per cent) and Bidar (6 per cent) districts accounted for another 37 per cent of the total unallotted developed land.

### 6.1 The Board restricted publicity while inviting applications for allotment of land

In accordance with the Regulation 7 to 9 of the KIADB Regulations 1969, the Board was required to notify the availability of land, the manner of disposal, the last date for submission of application and such other particulars as may be considered necessary, by giving wide publicity in each case through news papers having circulation in and outside Karnataka and invite applications from industrialists or persons intending to start industries. The Board is to register all the applications, and give preference to such of those applicants, who have paid the probable cost of the land applied for, pending allotment of land.

Audit observed that the Board had dispensed (April 1996) with the system of issuing notification in the newspapers, inviting applications from the industrialists for allotment of land, with effect from 1996-97 by amending the existing Regulation to the effect that the information on the availability of vacant plots in an industrial area be displayed on the notice board of the respective Deputy Commissioner's office, District Industries Centre and Zonal offices of the Board. The Board had passed the resolution citing heavy expenditure involved in issuing advertisements in newspapers. However, Section 42 of the KIAD Act, 1966 requires that any rule/regulation, any amendment/modification to the approved rules and regulations framed under the KIAD Act needs to be laid before each house of the Legislature. Thus, the Board, though not competent, amended the approved regulation. The amended regulation restricted publicity, especially to those entrepreneurs outside the State.

CEO stated (July 2011) that committees formed at the district and State levels under the Karnataka Industries (Facilitation) Act, 2002 had been functioning since 2004 and the prospective entrepreneurs seeking allotment of land could file their applications throughout the year. The reply is not tenable as the Regulations could not be amended by a resolution of the Board and any amendment required the approval of the Legislature.

## **6.2 Land Allotment Committee and Development Officers unauthorisedly allotted land to entrepreneurs**

A resolution passed (December 2005) by the Board permitted the LAC, under the chairmanship of CEO, to allot land not exceeding one acre in Bangalore Urban and two acres in Bangalore Rural districts. However, the LAC violated the resolution and allotted lands in all the districts of the State. Zonal DOs also allotted lands in the industrial areas under their jurisdiction and such allotments were routinely and belatedly ratified by the LAC. The Board did not furnish the list of allotments made by the Zonal DOs and ratified by the LAC during 2006-11. However, the proceedings of the LAC for this period were furnished. Audit compiled such allotments made during 2010-11 and found that DOs had allotted 101 acres.

## **6.3 The Board did not frame regulations for the allotment of civic amenity sites**

“Civic Amenity” (CA) is defined in zonal regulations of town planning authorities as market, post-office, bank, bus stand/depot, fair price shop, library, gymnasium, maternity home, milk booth, child care centre, police station, service station of the local authority, recreation centre run by Government/Local authorities, a centre for education, religious, social, cultural activities run by co-operative societies *etc.*

The Board is required to allot CA sites only for these purposes. However, it was seen that the Board allotted CA plots to industries. Test-check showed that during 2006-11, the Board allotted plots reserved for CA and parks to 14 industries in Bangalore and Ramanagara districts. DOs of Mysore and Tumkur districts also allotted CA sites to industries. The Board did not furnish to audit the details of CA sites and park areas allotted to industries in all the 136 industrial areas and, as a result, audit was unable to assess the extent of CA sites allotted to industries. The Board did not frame any policy on allotment of CA sites and there was no transparency in allotment of CA sites to industries. CEO stated (July 2011) that the Board had decided (June 2011) to amend the existing regulations to provide for disposal of CA sites.

## **6.4 The Board delayed acquisition/allotment of land for projects cleared by the committees**

The Board allots land to industries after clearance of their project proposals by various committees (SHLCC, SLSWCC and DLSWCC). Under Section 12 of the Karnataka Industries (Facilitation) Act, 2002, Karnataka Udyoga Mitra (KUM) was appointed as the nodal agency at the State level to undertake investment promotional activities and to render necessary guidance and

assistance to the entrepreneurs to set up industrial undertakings in the State. KUM communicates the clearance of the projects to the entrepreneurs and directs them to approach the Board for allotment of land within one month. The sanctions given by KUM are valid for two years.

It was observed that the land required for allotment to these industries was generally not in possession of the Board, as the acquisition process remained incomplete. Project clearance and land allotment were confirmed by KUM long before the land was acquired and developed by the Board. Cases where projects were cleared by KUM before issue of the final notifications for acquisition are as detailed in **Appendix-6**.

There was no co-ordination between the Board and KUM in allotment of land. KUM did not ascertain the status of land acquisition and development before clearing the projects and the Board also did not keep KUM informed/updated on the status of availability or allotment of land in different industrial areas. Test check showed that in the industrial areas as shown in **Table-6.1**, lands had not been either acquired or allotted to the entrepreneurs by the Board even after a lapse of three to four years after clearance of projects by KUM.

**Table-6.1: Non-acquisition/allotment of land after clearance of projects by KUM**

Name of the Industrial Area	No. of projects sanctioned	Name of the Industrial Area	No of projects sanctioned
Apparel Park, Doddaballapur	24	Ilwala-Belagola	14
Davanagere	01	Malur	11
Dobbaspeta	110	Narasapura	02
Gowribidanur	02	Vasanta Narasapur	08

(Source: Information compiled by KUM)

CEO stated (July 2011) that while one DO had been deputed to KUM to furnish the details on a regular basis, the DCs at the zonal level were furnishing information to the District Land Allotment Committee. Scrutiny of records, however, showed that KUM was compiling information received only from the entrepreneurs and did not get formal feedback from the Board.

### **6.5 The Board showed undue haste in reducing the allotment rate**

In the Bidadi Industrial Area-Phase II-Sector I having 152.50 acres of allotable land, the allotment rate was ₹ 60 lakh per acre. However, the Board reduced (November 2009) it to ₹ 47.80 lakh per acre based on requests made by the allottees citing economic slowdown and industrial recession. Audit noticed that twelve allottees benefitted from the decision of the Board in respect of 37 acres of land allotted at the reduced rate. However, the Board revised (June 2010) the allotment rate within six months to ₹ 78 lakh per acre, higher than

the initial rate of ₹ 60 lakh on the ground that there was enormous demand for land. Thus, the hasty decision of the Board to revise the rate downward resulted in loss of ₹ 4.51 crore.

### **6.6 The agreement with the allottee did not have penal provision for delay in remittances**

SHLCC accorded (August 2006) approval to the project proposed by ITASCA Software Development Private Limited to establish a SEZ with an investment of ₹ 1130 crore. The Board was to acquire and allot 325 acres of land in the proposed Hardware Technology Park in Bandikodigehalli village.

Board initially acquired 450 acres and 24 guntas of land in Bandikodigehally village by issuing preliminary notification during November 2006 and final notification during May 2007. The Board directed (December 2006) the company to execute an agreement and deposit ₹ 42.53 crore, being 40 *per cent* of the tentative cost of 325 acres of land (cost computed at ₹ 106.33 crore at the rate of ₹ 25.56 lakh per acre plus Board's service charges at 28 *per cent*). The company remitted (December 2006) only ₹ 3 lakh along with the application and entered into an agreement only during May 2007 wherein it was agreed that the company should pay 40 *per cent* of the tentative cost of the land within 15 days and the remaining 60 *per cent* before issue of the final notification. Though the Company remitted the balance tentative cost only between May 2007 and October 2010, the Board did not levy interest for the belated payments as there was no enabling provision in the agreement. It was seen that the Board levied interest at the rate of 12.75 *per cent* per annum for belated payments made by the entrepreneurs who had been allotted land in industrial areas of the Board. Applying the same ratio, the Board should have collected interest of ₹ 2.90 crore from the company, which was not possible in the absence of penal provisions in the agreement. The Board also did not collect mandatory slum improvement cess of ₹ 32.50 lakh from the company. Special DC stated (February 2012) that specific reply would be furnished after conclusion of enquiry pending before the Lok Ayuktha.

### **6.7 Government irregularly allotted land to two companies in the area earmarked for park**

SLSWCC approved (June & July 2009) the project proposals of two companies, one for construction of shopping mall, multiplex and multi-level car parking and another for establishing an IT park. The land to these companies was to be allotted in the Export Promotion Industrial Park (EPIP) industrial area, Whitefield, Bangalore. Accordingly, based on Government directions (November 2009), the Board allotted (March 2010) three acres and 2.85 acres of land to each of these companies at the rate of ₹ 2.20 crore per acre out of the area reserved for park in the EPIP area though the allotment was violative of the provisions of the Karnataka Town and Country Planning Act, 1961 which prescribes strict compliance by the planning authorities with

the zonal regulations while developing and approving the layouts. As per the zonal regulations, 10 *per cent* of the total extent of land in an industrial area or any non-residential/residential layout is to be earmarked for open space/parks and civic amenities and this area is not to be used for any other purposes. It was noticed that out of 554 acres and 20 guntas of land acquired for EPIP I and II Stage, only 22.47 acres (4 *per cent*) had been reserved for park. However, the Board allotted even this meagre area available for park between 2000 and 2009, except for 1.82 acres on which a water tank had been constructed. CEO stated (December 2010) that the decision to reduce the area of 22.47 acres reserved for park by 50 *per cent* had been taken by the then CEO during 1998 to meet the demand for plots in EPIP area. The balance park area was subsequently brought down to 1.82 acres on account of allotment of plots for projects cleared by SLSWCC and sub-committee of the Board. According to the CEO, these decisions had been taken in the interest of the Board to generate additional revenue. The reply showed lack of regard for the Karnataka Town and Country Planning Act, 1961 and planned development of the Bangalore city to ensure desirable standards of living.

Audit observed that the Board had earlier cancelled (February 2006) two acres of land allotted to another entrepreneur in the same industrial area and refunded the deposit of ₹ 0.16 crore on the ground that no lands were available in the industrial area. The company filed a writ petition in the High Court, which was disposed of during February 2009, following the filing (February 2009) of a Joint Memo by way of compromise. According to this, no land could be allotted in EPIP industrial area due to the Government's direction to reserve the available area for civic amenities. The Board was to allot alternatively two acres of land to the entrepreneur in the Hardware Technology Park at Devanahalli.

Government's subsequent direction to allot 3 acres and 2.85 acres of land to each of the two companies was, therefore, unreasonable and unjustified. It was further seen that the EPIP industrial area was a centrally sponsored project under which only export-oriented industrial units were entitled to allotment of land. However, one of the two companies was allotted land for establishment of a shopping mall, multiplex *etc.*, which did not involve any export activity. CEO stated (December 2010) that the allotment to these two companies had been cancelled in September 2010 due to non-remittance of the required amount within the prescribed timeframe. It was further stated that the Board was bound to follow Government instructions. The reply was not tenable as the cancellation was done not to reverse the wrong decision of Government but due to default in payment. The governance system failed to prevent wrong decisions being blatantly taken.

### **6.8 The Board handed over possession of part of allotted land without realizing the dues**

SHLCC cleared (January 2010) the project proposal of a company for manufacture of aerospace components and directed the Board to allot 35 acres of land at the Aerospace Components Industrial Area. Accordingly the Board allotted (September 2010) 35 acres of land (corner plot) to the Company. As per the terms and conditions governing the allotment of land, the Board was to hand over possession of the land only after payment by the allottee of the tentative cost of the land fixed. However, the Board handed over (February 2011) possession of 5 acres of land to the company after receiving only ₹ 18.94 crore against ₹ 63.90 crore payable. CEO stated (July 2011) that 5 acres had been handed over after remittance of its cost to facilitate laying the foundation stone of the company. It was further stated that there was no impediment in handing over a portion of land whenever large extent of land was allotted and the company had remitted 100 *per cent* of the cost in respect of 5 acres of land. The reply was not acceptable as such deviation was not permissible in selective cases unless the terms of allotment were revised to provide a level playing field to all the allottees. Any deviation from the terms agreed upon would extend unauthorised favour to the allottees.

### **6.9 The Board showed undue favour to a company by retrospectively applying the reduced extra levy for a corner plot**

The Board resolved (November 2010) to collect corner plot charges only for 5 acres of land irrespective of the size of corner plot allotted. It was observed that in respect of a corner plot measuring 35 acres allotted (September 2010) to a company, the Board levied extra 10 *per cent* only for 5 acres although the Board's decision to restrict the extra levy to 5 acres was taken after allotment in September 2010 and had only prospective effect. Further, in respect of 25 acres allotted to a Government company<sup>18</sup> in October 2010 subsequent to allotment to the company, the levy of 10 *per cent* was levied on the entire allotted area of 25 acres. Thus, the Board extended undue benefit of ₹ 5.40 crore to the company. The CEO stated (July 2011) that Board's decision of November 2010 was taken based on the representation (October 2010) of the company and the benefit of the decision was, therefore, extended to the company. The reply was not acceptable as the company's representation was received on 7 October 2010 after allotment of the plot on 1 September 2010 and the terms of allotment cannot be materially altered to the advantage of the company at a later date. The fact that this benefit was not extended to the Government company which had been allotted 25 acres on 5 October 2010 showed that the concession was extended on a selective basis.

<sup>18</sup> Bharat Earth Movers Limited

### **6.10 The Board did not recover the loss due to allotment of land at a concessional rate**

Government accorded (December 2009) sanction for allotment of 250 acres at a concessional rate of ₹ 10 lakh per acre in SEZ, Shimoga to a company. Loss, if any, incurred by the Board would be compensated by the Government by way of grant, subject to a maximum of ₹ 3 lakh per acre.

Though the Board allotted (February 2010) 221.62 acres of land to the company, it failed to claim from Government ₹ 6.64 crore, being the loss to be compensated for allotting land at the rate of ₹ 10 lakh against ₹ 13.04 lakh per acre spent by the Board. The Board did not also collect pro-rata charges of ₹ 1.67 crore from the allottee for having provided pipeline for water supply and slum improvement cess of ₹ 25.30 lakh.



## **Chapter 7**

# **Conclusion and Recommendations**

### **7.1 Conclusion**

The Board's functioning, especially in regard to selection of locations for industrial areas, was not effective in removing the regional imbalances. There was no prior consultation by the Board with the Planning Authorities to ensure that land earmarked for non-industrial use was not notified for industrial areas. The de-notifications by Government of acquired land reflected serious loopholes in rules and disregard for landmark judgments given by courts. Grave irregularities in payment of compensation included in the report reflected consistent subversion of acts and rules by the SLAOs concerned in the absence of any checks and balances over their functioning.

### **7.2 Recommendations**

- In order to ensure orderly establishment, growth and development of industries in the State, Government needs to ensure that the Board acquires land for setting up industrial areas after prior consultation with the jurisdictional Planning Authorities.
- Government needs to ensure that land taken possession of by the Board is not de-notified by subjugating public interest to private interest.
- Government needs to address the issue of fixation of compensation on the basis of mutual consent by framing guidelines prescribing the benchmarks which the PAC is to follow. This is essential to guard against disproportionately high compensation being fixed by PAC in the guise of mutual agreement.
- The irregularities highlighted in the report are only illustrative and reveal glaring examples of dereliction of duty and severe lack of accountability which need to be investigated. All payments of compensation made by the SLAOs for Government land acquired during 2006-11 need to be examined to assess the impact of irregularities committed.

- **An effective internal control mechanism needs to be put in place to ensure that land acquisition is consistent with Government instructions and payment of compensation for land acquired by the Board is made after due observance of the procedures prescribed.**
- **The Board needs to frame appropriate guidelines to ensure that there is transparency in allotment of civic amenity sites in the industrial areas developed by it.**

**BANGALORE  
THE**

**(D. J. BHADRA)  
Principal Accountant General  
(Civil and Commercial Audit)**

**COUNTERSIGNED**

**NEW DELHI  
THE**

**(VINOD RAI)  
Comptroller and Auditor General of India**

**Appendix-1**  
**(Paragraph 3.7, Page 15)**  
**Lands de-notified during 2006-11, after publication of final notification**  
**under Section 28(4) of the KIADB Act, 1966**

Name of IA/SUC	Location	Date of Final Notification	Date of De-notification	Period involved (Years-months)	Extent de-notified (Acres-Guntas)
<b>Single Unit Complexes</b>					
MICO Ltd	Bangalore South	21.11.86	26.11.05	19-00	7-03
BMTC	Hosakote	25.6.05	20.1.07	1-7	3-13
BMTC	Nelamangala	6.5.05	22.2.07	1-7	4-21
Nandi Engineering	Hubli	28.9.05	11.9.08	3-0	4-27
HPCL	Mangalore	14.2.03	26.12.09	6-11	0-25
Lakeview Tourism	Blore North	11.5.04	3.2.10	5-9	4-04
KSRTC	Virajpet	28.2.09	20.4.10	1-2	4-13
<b>SUB-TOTAL</b>					<b>28-26</b>
<b>Industrial Areas</b>					
Industrial Area	Blore East	10.12.01	21.6.06	4-6	15-14
Textile park	Mysore	25.10.06	22.2.07	0-4	4-14
Industrial Area	Blore Rural	24.2.05	18.5.07	2-3	5-00
Electronic City IV Phase	Blore Rural	27.8.03	30.8.07	4-0	89-25
Industrial Area	Blore East	10.12.01	5.5.08	6-6	41-30
Industrial Area	Belgaum	6.7.2000	18.10.08	8-3	100.00
Ilawala	Mysore		3.7.09		133.02
Kapanur	Gulbarga	12.11.07	18.11.09	2-0	8-30
Ganapathihalli	Bangalore	19.8.08	22.1.10	1-5	6-23
Kittaganahalli	Bangalore	8.8.96	1.2.10	13-6	9-20
Kariyammana Agrahara	Bangalore		8.3.10		0-31
Hardware Park	Bangalore	9.4.08	23.2.10	1-10	20-00
Hardware Park	Bangalore	9.4.08	28.4.10	2-0	2-00
Narasapura	Kolar	25.8.07	21.5.10	2-9	11-07
Dobbaspeta	Blore Rural		21.7.10		16-01
Kadubeesanhalli	Bangalore		24.7.10		1-01
Kadubeesanhalli	Bangalore		7.9.10		0-20
Nandikur	Udupi		14.9.10		44-31
IT Corridor	Blore East	19.12.05	2.11.10	4-11	3-13
Apparel Park	Bellary	23.12.05	10.12.10	5-0	15-27
Kariyammana Agrahara	Bangalore	28.2.04	10.1.11	6-11	0-20
Dobbaspeta IV Phase	Bangalore	27.5.10	30.4.11	0-11	5-01
<b>SUB-TOTAL</b>					<b>534-30</b>
<b>GRAND TOTAL</b>					<b>563-16</b>

**Appendix-2**  
**(Paragraph 5.2, Page 27)**  
**Checklist of documents**

**(a) Checklist of documents prescribed by SLAO, Dharwad**

1. RTC certificate for 15 years preceding the date of acquisition
2. Original Sale deed, in case of lands purchased
3. Mutation copy
4. Encumbrance certificate for 14 years from the Sub-Registrar
5. Certificate from Assistant Commissioner, if land comes under PTCL Act
6. In case of Inam land, order of land grant and details of amount paid by the grantee
7. Certificate of nil pendency under Section 79A & 7B of Land Reforms Act.
8. No due certificate in Forms 7 and 7A of Land Reforms Act
9. Original land grant certificate/Saguvali Chit, in case of grant of Government/Gomal land
10. Family tree certificate from village Accountant
11. Up-to-date tax (land revenue) paid receipt from Village Accountant
12. No due certificate of loan availed of from National Banks, Cooperative Bank or other Banks coming under the jurisdiction of the agriculture land
13. Affidavit on ₹ 100 stamp paper, sworn before the Notary that there are no disputes pending in any Court and that if any dispute arises, it would be resolved at his own expense and that no compensation is received earlier for the same land from same or other departments
14. Agreement on ₹ 100 stamp paper and indemnity bond ₹ 100 stamp paper
15. Latest 3 photographs
16. Two revenue stamps
17. Identity Card issued by the Election Commission
18. In case of death of the khatedar, original succession certificate from competent authority.

**(b) Checklist of documents prescribed by SLAO I, Bangalore**

1. Certified copy of computerised RTC from 2005-06
2. Certified copy of mutation copy
3. Original sale deed/partition deed/land grant certificate for the land. Original/ Certified copy of orders of Spl DC in case of Inam land, gift deed/orders of Land Tribunal.
4. Certified copy of family tree
5. Certificate from Tahsildar that there is no registration of land tenancy under section 48A and 77A of and Reforms Act.
6. No Government Dues Certificate from Village Accountant and Hiduvali Certificate.

7. No Due Certificate from Rural Development Banks, Agriculture Cooperative Societies and other local banks, in respect of loan availed for land development purposes *etc.*
8. Certified copy of encumbrance certificate for 13 years in Form 15 and 16 from Sub Registrar
9. Certificate for not having violated Section 79A and 79B of Land Reforms Act (Certificate from Tahsildar and Assistant Commissioner if land had been purchased after 1.3.1974)
10. If land had been granted, certificate from Assistant Commissioner relating to cases registered under PTCL Act
11. If land is converted for non-agricultural purposes, certified copy of conversion order
12. Copy of SB Account along with 2 passport size photos for depositing compensation in the bank
13. Agreement on ₹ 100 stamp paper and an Indemnity bond on ₹ 100 stamp paper

**(c) Checklist of documents prescribed by SLAO-II, Bangalore**

1. Certified copy of RTC for 12 years
2. Certified copy of mutation copy
3. Original sale deed/partition deed/land grant certificate for the land.
4. Certified copy of family tree
5. Certificate that there are no outstanding dues to the Government
6. Certificate that there is no tenancy application pending under Section 48A
7. No Due Certificate from Primary Agriculture and Rural Development Bank
8. No Due Certificate from Agricultural Cooperative Societies
9. Certified copy of encumbrance certificate for 30 years in Form 15 and 16 from Sub Registrar
10. Hiduvali Certificate
11. Endorsement for not having violated Sections 66, 79A and 79B of Land Reforms Act from the Assistant Commissioner
12. In case of grant of Government land, endorsement from the Assistant Commissioner under PTCL Act
13. If land is converted for non-agricultural purposes, copy of conversion order

**Appendix-3**  
**(Paragraph 5.4(iii), Page 31)**  
**Payment made in respect of 64 cases**

Sl. No	Sl.No as per issue register	File No. – LND RUC SR No. -	Name of the Hobli	Name of the Village	Sy. No	Extent in (Acres-guntas)	Name of the grantee	Challan No (Scanned Cases)	Amount remitted in ₹. (Scanned Cases)	Guidance Value* per acre – ₹ in lakh	Cost of the land (₹ in lakh)
1	2	3	4	5	6	7	8	9	10	11	12 = 7 x 11
01	14/09-10	1014/91-92	Kasaba	Bhaktarahalli	54	0-10	Krishnappa			15.00	03.75
02	13/10-11	20/91-92	Anugondana halli	Doddadunnasandra	21	1-00	Muniyamma			45.00	45.00
03	14/10-11	23/91-92	Anugondana halli	Byalahalli	165	3-00	Doddattimmarayappa			15.00	45.00
04	15/10-11	1/91-92	Anugondana halli	Bellikere	95	2-00	Byamma			40.00	80.00
05	16/10-11	39/91-92	Sulibele	Mutsandra	79	3-00	Munivenkatappa	NA	4430.00	8.00	24.00
06	17/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Venkateshappa	NA	4430.00	8.00	16.00
07	18/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Jayamma	NA	4430.00	8.00	16.00
08	19/10-11	35/91-92	Sulibele	Begur	141	3-35	Kumar	26	6550.00	10.00	38.75
09	20/10-11	35/91-92	Sulibele	Begur	141	3-20	Narayanappa	27	6550.00	10.00	35.00
10	21/10-11	35/91-92	Sulibele	Begur	141	3-00	Manjunatha	28	4430.00	10.00	30.00
11	22/10-11	35/91-92	Sulibele	Begur	141	3-00	Rajamma	NA	NA	10.00	30.00
12	23/10-11	15/91-92	Nandagudi	Motakadahalli	16	2-00	Chikkanarasimhaiah	NA	2265.00	8.00	16.00
13	24/10-11	35/91-92	Sulibele	Begur	141	2-28	Byregowda	25	3660.00	10.00	27.00
14	25/10-11	39/91-92	Sulibele	Mutsandra	79	2-38	Mamatha	47	3700.00	8.00	23.60
15	26/10-11	39/91-92	Sulibele	Mutsandra	79	2-38	Shanthamma	49	4780.00	8.00	23.60
16	27/10-11	39/91-92	Sulibele	Mutsandra	79	3-39	Jagannatha	51	4800.00	8.00	31.80
17	28/10-11	39/91-92	Sulibele	Mutsandra	79	3-00	Hanumanthegowda	53	4300.00	8.00	24.00
18	29/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Venkatgowda	55	3800.00	8.00	16.00

Sl. No	Sl.No as per issue register	File No. – LND RUC SR No. -	Name of the Hobli	Name of the Village	Sy. No	Extent in (Acres-guntas)	Name of the grantee	Challan No (Scanned Cases)	Amount remitted in ₹. (Scanned Cases)	Guidance Value* per acre – ₹ in lakh	Cost of the land (₹ in lakh)
19	30/10-11	39/91-92	Sulibele	Mutsandra	79	3-36	Jayaramachari	57	4500.00	8.00	31.20
20	31/10-11	39/91-92	Sulibele	Mutsandra	79	3-00	K.M.Devaraja	59	3850.00	8.00	24.00
21	32/10-11	39/91-92	Sulibele	Mutsandra	79	2-20	Muniraja	61	3000.00	8.00	20.00
22	33/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Sriramaiah	63	1850.00	8.00	16.00
23	34/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Srinivasamurthy	65	1950.00	8.00	16.00
24	35/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Narayanaswamy	67	1950.00	8.00	16.00
25	36/10-11	39/91-92	Sulibele	Mutsandra	79	2-26	Ananda	69	2300.00	8.00	21.20
26	37/10-11	39/91-92	Sulibele	Mutsandra	79	2-20	Susheelamma	71	2350.00	8.00	20.00
27	38/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Aswathamma	73	3500.00	8.00	16.00
28	39/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Venkateshappa	75	3300.00	8.00	16.00
29	40/10-11	93/91-92	Jadigenahalli	Tavatahalli	1	2-07	Radhamma			15.00	32.63
30	41/10-11	36/91-92	Sulibele	Chikkakoliga	50	1-20	Sudha			10.00	15.00
31	42/10-11	45/91-92	Sulibele	Yekarajapura	32	3-30	Shivanna			40.00	150.00
32	43/10-11	45/91-92	Sulibele	Yekarajapura	32	3-00	Nagaraja			40.00	120.00
33	44/10-11	45/91-92	Sulibele	Yekarajapura	132	3-10	Venkataram			20.00	65.00
34	45/10-11	1/91-92	Sulibele	Yekarajapura	15	2-00	Sombaiah			20.00	40.00
35	46/10-11	44/91-92	Sulibele	Bagalur	32	1-20	N.M.Shankar			8.00	12.00
36	47/10-11	45/91-92	Kasaba	Hosakote	300	1-00	Sombaiah			100.00	100.00
37	48/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Govindaraj	77	2600.00	8.00	16.00
38	49/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Srinivasa	79	3010.00	8.00	16.00
39	50/10-11	139/91-92	Sulibele	Teneyur	17	3-00	P.Vijayalakshmi	21	3810.00	12.00	36.00
40	51/10-11	139/91-92	Sulibele	Teneyur	17	2-00	Chandrabha	22	2665.00	12.00	24.00
41	52/10-11	139/91-92	Sulibele	Teneyur	17	4-32	K.M.Munegowda	20	8660.00	12.00	57.60
42	53/10-11	739/91-92	Sulibele	Battiganahalli	1	2-00	S.A.Shanthamma			8.00	16.00
43	54/10-11	335/91-92	Sulibele	Begur	36	2-00	Tammanna			10.00	20.00
44	55/10-11	39/91-92	Sulibele	Doddaralagere	45	3-38	Pillamariyappa	06	6330.00	8.00	31.60

Sl. No	Sl.No as per issue register	File No. – LND RUC SR No. -	Name of the Hobli	Name of the Village	Sy. No	Extent in (Acres-guntas)	Name of the grantee	Challan No (Scanned Cases)	Amount remitted in ₹. (Scanned Cases)	Guidance Value* per acre – ₹ in lakh	Cost of the land (₹ in lakh)
45	56/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Mubeenataj	81	2660.00	8.00	16.00
46	57/10-11	39/91-92	Sulibele	Mutsandra	79	2-00	Khasima	83	3660.00	8.00	16.00
47	58/10-11	117/91-92	Anugondana halli	Doddadummasandra	21	0-10	Muniyamma			45.00	11.25
48	59/10-11	81/91-92	Kasaba	Nadavatti	88	0-30	N.M.Manjunatha			40.00	30.00
49	60/10-11	75/91-92	Anugondana halli	Samethanahalli	105	1-11	Nanjundappa			30.00	38.25
50	61/10-11	139/91-92	Sulibele	Teneyur	17	3-00	P.Vijayalakshmi			12.00	36.00
51	62/10-11	139/91-92	Sulibele	Teneyur	17	2-00	Chandraprabha			12.00	24.00
52	63/10-11	33/91-92	Sulibele	Teneyur	20	3-00	B.E.Narayanappa			12.00	36.00
53	64/10-11	54/92-93	Sulibele	Teneyur	20	3-00	B.E.Narayanappa	18	3700.00	12.00	36.00
54	65/10-11	54/92-93	Sulibele	Teneyur	20	2-00	Prakash	19	2668.00	12.00	24.00
55	66/10-11	35/91-92	Sulibele	Begur	141	2-20	Prema	24	4400.00	10.00	25.00
56	67/10-11	35/91-92	Sulibele	Begur	141	3-30	Name not mentioned			10.00	37.50
57	68/10-11	14/91-92	Kasaba	Nadavatti	88	1-00	Muttamma			40.00	40.00
58	69/10-11	4/91-92	Kasaba	Dandupalya	178	2-00	Manjula			80.00	160.00
59	70/10-11	151/91-92	Jadigenahalli	Appasandra	48	3-00	Muniakkayamma			15.00	45.00
60	71/10-11	151/91-92	Jadigenahalli	Appasandra	48	2-20	Govindappa			15.00	37.50
61	72/10-11	59/91-92	Anugondana halli	Sametanahalli	259	3-00	Murirama			30.00	90.00
62	73/10-11	59/91-92	Anugondana halli	Sametanahalli	259	3-20	Munivenkatappa			30.00	105.00
63	74/10-11	44/91-92	Anugondana halli	Mutkur	137	1-00	Rajamma			15.00	15.00
64	75/10-11	1014/91-92	Kasaba	Bhaktarahalli	54	0-10	B.H.Devaraja			15.00	3.75
<b>Total</b>						<b>150-38</b>					<b>2299.98</b>

\*Guidance Value of Dry land (least value among different types of lands) has been considered in the absence of detailed information

**Appendix-4**  
**(Paragraph 5.6.19, Page 52)**  
**Non-deduction of Income tax at source**

Name (Sri/Smt)	Survey No	Extent A-G	Amount paid (₹)	Date of payment	IT applicable (₹)
D.Narasimhulu Naidu	74/P316	2.00	66,00,000	28.4.08	7,47,780
D.Narasimhulu Naidu	40/359	2.00	1,98,00,000	24.6.08	22,43,340
D.Narasimhulu Naidu	74/308	4.00		20.8.08	
Nagaraju	74/P317	2.00	66,00,000	28.4.08	747780
JB & Hara Properties	74	4.00	1,32,00,000	10.6.08	14,95,560
Venkataramanappa	74/P5	2.00	66,00,000	12.11.08	747780
Nandish Reddy	74/318	2.00	66,00,000	13.11.08	747780
Mary John	74/302	4.00	1,68,00,000	13.1.09	19,03,440
D.Narasimhulu Naidu	110	4.07	1,37,77,500	22.4.08	15,60,991
JB & Hara Properties	137,138	8.00	2,64,00,000	22.4.08	29,91,120
T.H.Ramegowda	41	1.20	49,50,000	3.6.08	5,60,835
JB & Hara Properties	41	4.20	1,48,50,000	28.7.08 & 12.8.08	16,82,505
P.K.Rajendra	75/P1	1.35	61,87,500	29.7.08	7,01,044
Nandish Reddy	151	8.00	2,64,00,000	29.7.08	29,91,120
K.Sowbhagya	43/2	1.03	35,47,500	19.4.08	4,01,932
K.Sowbhagya	43/1	3.29	1,22,92,500	25.7.08	13,92,740
K.Sowbhagya	74/355	5.00	2,08,75,000	28.4.08	23,65,137
<b>Total</b>			<b>20,54,80,000</b>		<b>2,32,80,884</b>

Rates of Income Tax applicable to Financial Year 2008-09:

- Income Tax-10%
- Surcharge -10% of the IT
- Additional surcharge- 3% of IT + Surcharge

**Appendix-5**  
**(Paragraph 6, Page 53)**  
**District-wise land acquired, developed, allotted and extent of developed vacant land as of 31.03.2011**

Sl. No.	Name of the District	No. of Indl. Areas	Extent (Acres)		Allotted		Developed vacant land (Acres)
			Acquired	Developed	No. of units	Extent (Acres)	
1	Bagalkot	3	370.98	283.95	98	192.32	49.81
2	Bangalore Urban	16	6700.96	5775.25	2988	5771.82	0.00
3	Bangalore Rural	12	5888.29	4522.45	897	2078.36	1543.36
4	Belgaum	5	711.28	546.11	1766	528.91	17.20
5	Bellary	6	494.15	394.74	396	394.74	0.00
6	Bidar	7	2172.23	1519.23	1059	1182.29	200.00
7	Bijapur	3	556.98	469.26	187	429.26	40.00
8	Chikkaballapur	3	521.26	329.38	66	138.35	241.03
9	Chikmagalur	2	144.57	89.47	26	115.40	0.00
10	Chitradurga	1	87.23	73.40	80	77.00	0.00
11	Dakshina Kannada	7	2111.73	1414.89	650	1051.52	363.39
12	Davangere	4	289.46	253.97	285	188.06	29.24
13	Dharwad	8	3649.32	2822.97	862	2528.21	76.30
14	Gadag	1	162.75	136.78	124	117.03	19.75
15	Gulbarga	2	942.69	743.38	577	734.87	0.00
16	Hassan	9	2007.59	1582.08	374	1088.58	475.92
17	Kodagu	1	250.00	155.71	111	155.71	0.00
18	Kolar	6	1803.99	1571.38	325	617.55	0.00
19	Koppal	1	38.22	31.65	41	31.65	0.00
20	Mandya	4	462.72	412.58	229	323.38	55.00
21	Mysore	9	4538.30	3479.68	1216	3350.87	178.81
22	Raichur	5	2171.32	1875.41	340	1864.64	0.00
23	Ramanagar	5	2641.84	1988.44	541	1930.44	188.12
24	Shimoga	5	573.96	504.29	428	477.29	27.00
25	Tumkur	7	1625.46	1240.50	595	1039.94	6.00
26	Udupi	2	155.05	134.31	94	69.26	0.00
27	Uttara Kannada	1	35.30	28.34	45	28.34	0.00
28	Yadgir	1	19.05	19.05	35	19.05	0.00
	<b>Total (in acres)</b>	<b>136</b>	<b>41126.68</b>	<b>32398.65</b>	<b>14435</b>	<b>26524.84</b>	<b>3510.93</b>
	<b>Total (in acres and guntas)</b>		<b>41126-27</b>	<b>32398-26</b>		<b>26524-34</b>	<b>3510-37</b>

**Appendix-6**  
**(Reference: Paragraph 6.4, Page 55)**  
**Projects cleared by KUM long in advance of issue of final notification by the Board**

<b>Name of Industrial Area</b>	<b>Month/Year of issuance of FN u/s 28(4) of KIADB Act</b>	<b>Total number of projects cleared by KUM</b>	<b>Total number of projects cleared before publication of FN u/s 28(4) of KIADB Act</b>
Apparel Park,Doddaballapur	4/10	79	58
Bidadi IA	11/2007	66	8
Dabaspet 4 <sup>th</sup> phase	5/2010	79	65
Harohalli 2 <sup>nd</sup> phase	2/07	70	70
Ilawala IA,Mysore	10/2007	28	27
Koragahalli IA,Mysore	12/06	54	35
Malur IA	3/07	51	25
Narasapur IA	8/2007	68	37

