सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Compliance Audit of Energy & Power, Industries & Commerce and Urban Development clusters for the year ended 31 March 2021

भारतीय लेखापरीक्षा और लेखा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

सत्यमेव जयते
हरियाणा सरकार
GOVT. OF HARYANA

Government of Haryana

Report No. 7 of the year 2022

Report of
the Comptroller and Auditor General of India

on

Compliance Audit of
Energy & Power, Industries & Commerce and
Urban Development clusters

for the year ended 31 March 2021

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TABLE OF CONTENTS

APPENDICES

PREFACE

This Report for the year ended 31 March 2021 has been prepared for submission to the Governor of the State of Haryana under Article 151 of the Constitution of India.

The Report contains significant results of compliance audit of seven Departments, 17 Public Sector Undertakings and seven Autonomous bodies under three clusters of Energy and Power, Industry and Commerce and Urban Development of the Government of Haryana.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2020-21 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2020-21 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of government departments, autonomous bodies and public sector undertakings of the Government of Haryana. Compliance audit refers to examination of the expenditure and revenue of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of this Report is to bring important results of audit to the notice of the State Legislature. The findings of audit are expected to enable the executive to take corrective actions and also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations, thus contributing to better governance.

This Report of Comptroller and Auditor General of India (CAG) relates to matters arising from compliance audit of seven Departments, 17 Public Sector Undertakings and seven Autonomous bodies under three clusters of Energy and Power, Industries and Commerce and Urban Development. Chapter 1 is an introductory chapter, which contains financial profile of the state, details of the Budget and actual expenditure, planning and conduct of audit and follow up of the issues featured in past Audit Reports in respect of these three clusters. Chapters 2, 3 and 4 contain observations emanating from compliance audit in government departments, autonomous bodies and public sector undertakings pertaining to the three clusters.

(Para 1.1, Page 1)

The Report contains nine paragraphs, including one compliance-based paragraph on Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana.

Energy and Power Cluster

Chapter 2 contains Compliance Audit observations which highlight deficiencies in the management of State Public Sector Enterprises under Energy and Power cluster:

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana

The works for all the 21 projects, were awarded with a delay ranging between 306 days and 657 days with average delays of 470 days. None of the project was completed within the stipulated time and the delay ranged between 47 days and 690 days. Failure to achieve milestones in respect of timely award and completion of the scheme and in achievement of targets of reduction in Aggregate Technical and Commercial losses as per trajectory finalised by Ministry of Power, Government of India and power distribution companies of Haryana are likely to result in loss of opportunity to avail additional grant amounting to ₹ 36.93 crore.

(Para 2.1, Page 9)

Dakshin Haryana Bijli Vitran Nigam Limited

Inadequacy of Automatic Power Factor Capacitors

The Company had to pay reactive energy charge of ₹ 40.98 crore during 2016-17 to 2020-21 due to non-installation and maintenance of adequate Automatic Power Factor Capacitors.

(Para 2.2, Page 20)

Haryana Vidyut Prasaran Nigam Limited

Infructuous expenditure on construction of 220 KV Sub-station

The Company awarded and executed the work of construction of a substation without waiting for the decision of Court on land acquisition resulting in infructuous expenditure of ₹ 12.76 crore and loss of interest of ₹ 9.47 crore on idle sub-station equipments.

(Para 2.3, Page 22)

Industries and Commerce Cluster

Chapter 3 contains Compliance Audit observations which highlight deficiencies in the management of State Public Sector Enterprises under Industries and Commerce Cluster:

Haryana State Industrial and Infrastructure Development Corporation Limited

Undue reduction in extension fee

The Company, by granting extension beyond permitted time for construction of building, extended undue favour to the allottee in excess of ₹ 57.77 crore.

(Para 3.1, Page 25)

Non-levy of penalty

The Company extended undue favour to the allottee in declaring project complete without levy of fee/ penalty of ₹ 13.27 crore as per provisions of Estate Management Procedure of the Company.

(Para 3.2, Page 27)

Avoidable interest burden due to short deposit of advance income tax

The Company delayed adoption of Income Computation and Disclosure Standards and had to pay penal interest of ₹ 14.99 crore. In the process it had to bear avoidable additional interest cost of ₹ 4.05 crore.

(Para 3.3, Page 29)

Urban Development Cluster

Chapter 4 contains Compliance Audit observations which highlight deficiencies in the management of State Government Departments under Urban Development Cluster:

Town and Country Planning Department

Non-recovery of differential amount of license fee at revised rates

Due to non-initiation of timely action, the department failed to recover the differential amount of license fee amounting to ₹ 1.94 crore even after a period of more than eight years.

(Para 4.1, Page 31)

Non-revalidation of bank guarantees caused loss to the State Exchequer of ₹ 9.84 crore

Due to not enforcing the provisions of HDRUA Rules, Town and Country Planning Department failed to protect the interests of the State exchequer and extended undue favour to the licensees on account of non-revalidation of bank guarantees resulting into a loss of ₹ 9.84 crore.

(Para 4.2, Page 32)

Revenue and Disaster Management Department, Forest Department, Department of Town and Country Planning, Urban Local Bodies Department, Haryana and the Municipal Corporation of Faridabad (MCF)

Illegal construction of a multi-storey building in notified land (preserved and protected with prohibitions of non-forestry activities) allotted by the MCF and consequent illegal sale of commercial office spaces valuing ₹ 182.46 crore

The Municipal Corporation of Faridabad (MCF) allotted land notified under Punjab Land Preservation Act, 1900 (PLPA) (preserved and protected with prohibitions of non-forestry activities) to a developer who after getting a NOC from the Forest Department constructed a multi-storied building on this land. The building plans were sanctioned by the MCF and also granted Occupation Certificate in contravention of the terms of allotment. Thereafter, registration of illegal Conveyance Deeds were executed by the Developer from the Sub-Registrar. The total valuation of the building works out to ₹ 182.46 crore.

(Para 4.3, Page 35)

Chapter 1
Introduction

CHAPTER 1

Introduction

1.1 Introduction

There are 53 Departments, 37 Public Sector Undertakings and 37 Autonomous bodies under 16[1] clusters functioning under the Government of Haryana as detailed in ***Appendix 1***. This Report of Comptroller and Auditor General of India (CAG) relates to matters arising from compliance audit of seven Departments, 17 Public Sector Undertakings and seven Autonomous bodies functioning under three clusters of Energy and Power, Industries and Commerce and Urban Development as detailed in ***Appendix 2***.

The list of departments, public sector undertakings and autonomous bodies under three clusters are shown in ***Table 1.1***.

Table 1.1: Details of departments, autonomous bodies and public sector undertakings under three clusters

Sr. No.	Cluster	Number of departments	Number of public sector undertakings	Number of Autonomous bodies
1	Energy and Power	2	5	1
2	Industries and Commerce	2	6	1
3	Urban Development	3	6	5
	Total	**7**	**17**	**7**

Compliance audit refers to examination of the expenditure and revenue of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of this report is to bring important results of audit to the notice of the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the executive to take corrective actions and also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations, thus contributing to better governance.

This chapter explains the authority for audit, planning and extent of audit and responsiveness of Government to audit. Chapters 2, 3 and 4 contain

[1] (i) Health & Welfare, (ii) Education, Skill Development and Employment, (iii) Finance, (iv) Rural Development, (v) Agriculture, Food & Allied Industries, (vi) Water Resources, (vii) Energy and Power, (viii) Industry and Commerce, (ix) Transport, (x) Urban Development, (xi) Environment, Science and Technology, (xii) Public Works, (xiii) IT and Communication, (xiv) Law and Order, (xv) Culture and Tourism, and (xvi) General Administration

observations emanating from compliance audit in government departments, autonomous bodies and public sector undertakings pertaining to clusters of Energy & Power, Industries & Commerce and Urban Development respectively.

Apart from this Compliance Audit Report pertaining to the three clusters (Energy & Power, Industries & Commerce and Urban Development), Reports containing results of compliance audit of other clusters/ sectors and Performance Audit Reports are presented separately.

1.2 Budget profile

The position of budget estimates and actual expenditure there against by the State Government during 2016-21 is given in ***Table 1.2***.

Table 1.2: Budget and actual expenditure of the State during 2016-21

(₹ in crore)

Expenditure	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
General Services	21,663	21,631	24,379	26,699	29,788	28,169	35,358	31,884	37,228	34,734
Social Services	29,403	25,473	31,404	28,061	34,176	29,743	36,114	33,726	43,090	36,164
Economic Services	23,482	20,875	23,752	18,107	20,916	19,022	22,770	19,238	25,020	19,048
Grants-in-aid and Contributions	248	424	401	390	306	222	0	0	0	0
Total (1)	**74,796**	**68,403**	**79,936**	**73,257**	**85,186**	**77,156**	**94,242**	**84,848**	**1,05,338**	**89,946**
Capital Outlay	8,817	6,863	11,122	13,538	15,780	15,306	16,260	17,666	13,201	5,870
Loans and Advances Disbursed	4,729	4,515	1,326	1,395	1,766	756	1,407	1,309	1,213	926
Repayment of Public Debt	9,677	5,276	9,945	6,339	12,466	17,184	20,257	15,776	22,592	29,498
Contingency Fund	-	80	-	27	-	13	-	-	-	-
Appropriation to Contingency Fund	-	-	-	-	-	-	-	-	-	800
Public Accounts disbursements	96,756	29,276	2,04,107	31,171	2,32,569	37,386	1,41,707	42,171	51,356	50,245
Closing Cash balance	-	5,658	-	4,417	-	2,985	-	3,999	-	3,148
Total (2)	**1,19,979**	**51,668**	**2,26,500**	**56,887**	**2,62,581**	**73,630**	**1,79,631**	**80,921**	**88,362**	**90,487**
Grand Total (1+2)	**1,94,775**	**1,20,071**	**3,06,436**	**1,30,144**	**3,47,767**	**1,50,786**	**2,73,873**	**1,65,769**	**1,93,700**	**1,80,433**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

Out of the above services, the position of budget estimates and actual expenditure in respect of three clusters i.e. Energy & Power, Industries & Commerce and Urban Development during 2016-21 is given in ***Table 1.3***.

Table 1.3: Details of Budget and actual expenditure of three clusters

(₹ in crore)

Expenditure	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
Energy & Power										
Revenue expenditure	10716.77	10514.98	10230.3	7631.52	6586.09	7447.42	7338.16	7015.3	6684.51	5788.32
Capital Outlay	1933.51	1894.73	1525.34	5454.44	5490.01	5500.25	5834.19	5829.63	752.85	527.09
Loans and Advances Disbursed	4176.42	3647.08	923.15	887.48	1274.64	52.84	285.21	160.63	115.01	56.16
Total	**16826.7**	**16056.79**	**12678.79**	**13973.44**	**13350.74**	**13000.51**	**13457.56**	**13005.56**	**7552.37**	**6371.57**
Industries & Commerce										
Revenue expenditure	803.78	349.80	540.29	317.7	533.5	402.78	575.34	392.19	498.35	390.6
Capital Outlay	5.22	2.20	10.21	2.24	15.21	2.11	15.21	13.21	14.71	4.79
Loans and Advances Disbursed	425	322.00	235	230	270.01	413.96	870	815.64	600	479.9
Total	**1234**	**674.00**	**785.5**	**549.94**	**818.72**	**818.85**	**1460.55**	**1221.04**	**1113.06**	**875.29**
Urban Development										
Revenue expenditure	3673.05	2782.54	3984.96	4066.73	4362.52	2970.12	4637.78	3339.49	5136.22	3684.78
Capital Outlay	132	68.2	1132	1000	1300	1388.83	1468.2	979.14	1610	650.38
Loans and Advances Disbursed	0	0	0	0	0	0	0	0	0	0
Total	**3805.05**	**2850.74**	**5116.96**	**5066.73**	**5662.52**	**4358.95**	**6105.98**	**4318.63**	**6746.22**	**4335.16**
Grand Total	**21865.75**	**19581.53**	**18581.25**	**19590.11**	**19831.98**	**18178.31**	**21024.09**	**18545.23**	**15411.65**	**11582.02**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

1.3 Application of resources of the State Government

As against the total budget outlay of the State of ₹ 1,93,700 crore, the application of resources was ₹ 1,80,433 crore during 2020-21. The total expenditure[2] of these three clusters was ₹ 11,582 crore during 2020-21. Total expenditure of three clusters decreased by 40.85 *per cent* from ₹ 19,581.53 crore to ₹ 11,582.02 crore during the period 2016-17 to 2020-21. The Revenue expenditure decreased by 27.72 *per cent* from ₹ 13,647.32 crore to ₹ 9,863.70 crore during the same period. The revenue expenditure constituted 57.95 to 85.16 *per cent* of the total expenditure while capital expenditure was 10.04 to 37.91 *per cent* during the period from 2016-17 to 2020-21.

1.4 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

[2] Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are to be submitted to the Governor of Haryana under Article 151 of the Constitution of India.

During 2020-21, compliance audit of 10 departmental auditee units out of 86 units auditable under Section 13, 10 units out of 85 auditable units of 17 PSUs under Section 19 (1) and 15 units out of 79 auditable units of seven autonomous bodies under Sections 19 (2) and 19 (3) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana as a sub-ordinate formation of Comptroller and Auditor General of India.

1.5 Significant audit observations and response of Government to audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments/Public Sector Undertakings (PSUs) which have negative impact on the success of programmes and functioning of the departments/PSUs. The focus was on offering suitable recommendations to the Executive/Management for taking corrective action and improving service delivery to the citizens. The Departments/PSUs are required to send their responses to draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks.

This Audit Report contains nine compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative departments were awaited.

1.6 Responsiveness of Government to Audit

After periodical inspection of the Government departments/PSUs, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the concerned heads of offices with copies to their higher Management. The executive authorities/Managements are expected to rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of Inspection Reports (IRs) pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A total of 3,332 paragraphs pertaining to 962 IRs were outstanding as of 30 September 2021, against various auditable units pertaining to various

Departments, Public Sector Undertakings and Autonomous bodies under Energy & Power, Industries & Commerce and Urban Development Clusters as detailed in the ***Table 1.4***.

Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs

(₹ in crore)

Year	Energy & Power		Industries & Commerce		Urban Development	
	Number of IRs (paragraphs)	Money value	Number of IRs (paragraphs)	Money value	Number of IRs (paragraphs)	Money value
Prior to 2014-15	69 (156)	3,051.29	118 (188)	104.30	315 (841)	9,574.91
2015-16	22 (59)	1,716.54	12 (24)	119.70	43 (195)	1,431.87
2016-17	30 (73)	596.98	11 (39)	186.88	27 (133)	32,236.73
2017-18	38 (135)	1,008.97	15 (42)	121.49	52 (272)	78,338.17
2018-19	40 (182)	829.77	12 (38)	164.01	48 (294)	1,67,190.75
2019-20	36 (194)	1,927.22	12 (47)	292.83	17 (142)	767.16
2020-21	15 (115)	3,091.67	9 (53)	659.32	21 (110)	2,900.28
Total	**250 (914)**	**12,222.44**	**189 (431)**	**1,648.53**	**523 (1987)**	**2,92,439.87**

Source: Information derived from IR Registers maintained in PAG (Audit) Office.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of September 2021 are indicated in ***Appendix 3***.

1.7 Follow-up on Audit Reports

Discussion in PAC and Committee on Public Undertakings (COPU)

1.7.1 Compliance with Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *suo moto* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee (PAC) /Committee on Public Undertakings (COPU) or not. The Administrative Departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature.

The Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year 2018-19 has been discussed in PAC during the year 2021-22. The Audit Report Social, General and Economic Sectors (PSUs) for the year 2018-19 containing 15 paragraphs and Compliance Audit Report on Social, General and Economic Sectors for the year 2019-20 containing 19 paragraphs were placed before the State Legislature Assembly respectively on 5 March 2021 and 22 December 2021 ***(Appendix 4)*** and are yet to be discussed in PAC/COPU (March 2022). Status of paragraphs of departments/ PSUs/ABs pertaining to three clusters is given ***Table 1.5***.

Table 1.5: Detail of Paragraphs/ATNs to be discussed in PAC/COPU of Deptt./PSUs/ABs pertaining to three clusters as on 31 March 2022

Cluster	PSUs 2018-2019		Compliance Audit Report 2019-20	
	Total PAs / Paragraph in the Audit Report	Number of PAs/Paragraph for which ATNs were not received	Total PAs /Paragraph in the Audit Report	Number of PAs/Paragraph for which ATNs were not received
Energy and Power	08	01	03	03
Industries and Commerce	03	03	02	02
Urban Development	NIL	NIL	03	03

1.7.2 Action taken on paragraphs pointed out in Audit reports

24 administrative departments had 45 outstanding paragraphs (including Performance Audit) pertaining to the Audit Reports for the years 2000-01 to 2018-19 of monetary impact of ₹ 28,570.81 crore where action had not been taken, as detailed in ***Appendix 5***. Detail of monetary impact of outstanding paragraphs in respect of Departments/Public Sector Undertakings (PSUs)/Autonomous Bodies (ABs) pertaining to three clusters is given in ***Table 1.6***.

Table 1.6: Detail of impact of outstanding paragraphs in respect of Departments/PSUs/ABs pertaining to three clusters as on 31 March 2021

Department/PSUs/ABs	Year of Audit Report	Para Number of CAG Report	Amount (₹ in Lakh)
ENERGY AND POWER			
-	NIL	NIL	NIL
INDUSTRIES AND COMMERCE			
Industries and Commerce Department	2017-18	3.10	145.00
URBAN DEVELOPMENT			
Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
	2001-02	6.10	4,055.00
	2011-12	2.3.10.8	1,6700.00
	2013-14	2.3.10.6	1,266.00
		2.3.10.11	37,386.00
		3.20	84.64
	2015-16	3.18 (a)	41,715.00
		3.18 (b)	1,077.00
	2017-18	3.17 A	16,086.00
		3.17 B	1,972.00
		3.18.7 (i)	11,14,413.00
		3.18.7 (ii)	1,955.00
		3.18.10	4,678.00
		3.18.11 (i)	342.00
		3.18.11 (ii)	2,025.00
		3.18.11 (iii)	2,690.00
	2018-19	3.14.3.3	3,189.00
		3.14.3.4	713.00
		3.14.3.7	15,21,661.00
		3.14.3.8	1,314.00
		3.14.3.11	96.00
		3.14.4.3	1,122.00
		3.14.4.5	72.00
		3.15	561.00
Urban Local Bodies	2012-13	2.2.8.1	17,040.00
		2.2.8.6	10,182.00
		3.20	554.00
Housing	2018-19	3.9	41.00
TOTAL			**28,18,663.64**

1.7.3 Compliance to Reports of COPU and PAC

The response of the Administrative Departments towards the recommendations of the PAC and COPU was not encouraging. As many as 673 recommendations contained in 16^{th} to 82^{nd} Reports of PAC for the year 1979-80 to 2021-22 and 232 recommendations contained in 16^{th} to 68^{th} Reports of COPU for the year 1983-84 to 2021-22 were still awaiting final action by the concerned administrative departments as per details given in ***Appendix 6***. Detail of pending recommendations in respect of Departments/PSUs/ABs pertaining to three clusters is given in ***Table 1.7***.

Table 1.7: Detail of Recommendations of PAC/COPU in respect of Departments/ PSUs/ABs pertaining to three clusters as on 31 March 2022

No. of COPU Recommendations	COPU Report	Number of PAC Recommendations	PAC Report
Energy and Powers			
47	35^{th}, 52^{nd}, 53^{rd}, 57^{th}, 58^{th}, 60^{th}, 61^{st}, 62^{nd}, 63^{rd}, 64^{th}, 65^{th}, 66^{th}, 67^{th}, 68^{th}	2	35^{th}, 74^{th}
Industries and Commerce			
51	41^{st}, 45^{th}, 48^{th}, 49^{th}, 50^{th}, 52^{nd}, 56^{th}, 57^{th}, 58^{th}, 60^{th}, 62^{nd}, 65^{th}, 67^{th}, 68^{th}	15	9^{th}, 16^{th}, 22^{nd}, 32^{nd}, 36^{th}, 50^{th}, 68^{th}, 70^{th}, 73^{rd}, 79^{th}, 81^{st}
Urban Development			
15	47^{th}, 67^{th}	119	25^{th}, 32^{nd}, 36^{th}, 40^{th}, 44^{th}, 48^{th}, 50^{th}, 52^{nd}, 54^{th}, 58^{th}, 60^{th}, 61^{st}, 62^{nd}, 63^{rd}, 65^{th}, 67^{th}, 68^{th}, 72^{nd}, 73^{rd}, 74^{th}, 75^{th}, 79^{th}, 80^{th}, 81^{st}, 82^{nd}
113		**136**	

Chapter 2
Energy and Power

CHAPTER 2

Energy and Power

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

2.1 Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana

The works for all the 21 projects under the Scheme were awarded with delays ranging between 306 days and 657 days and with average delay of 470 days. None of the works were completed within the scheduled time and delays ranged between 47 days and 690 days. Failure to achieve milestones in respect of timely award and completion of the scheme and non-achievement of targets of reduction in Aggregate Technical and Commercial losses as per trajectory finalised by Ministry of Power, Government of India and power distribution Companies of Haryana are likely to result in loss of opportunity to avail additional grant amounting to ₹ 36.93 crore.

2.1.1 Introduction

Government of India launched (December 2014) the "Deen Dayal Upadhyaya Gram Jyoti Yojana" (DDUGJY) for separation of agricultural and non-agricultural electricity feeders in rural areas. This would facilitate judicious rostering of supply and strengthening and augmentation of sub transmission and distribution infrastructure including metering of distribution transformers/ feeders and consumers. The targets for rural electrification approved under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme for implementation during 12th and 13th five-year plan periods were subsumed in the DDUGJY scheme.

Ministry of Power (MoP), Government of India was the nodal Ministry for the implementation of DDUGJY scheme. The monitoring of implementation of the Scheme is done by a Committee[1] (MC) under the Chairmanship of Secretary, MoP. Rural Electrification Corporation Limited (REC) is the Nodal Agency for operationalisation and implementation of the DDUGJY scheme under the overall guidance of MoP. REC received grants from Government of India and channelized all funds to the implementing agencies.

[1] Consisting of Secretary, Ministry of Power (Chairman); Special Secretary/ Additional Secretary, Ministry of Power; Principal Adviser (Energy), Planning Commission/ successor organisation; etc. for approval of guidelines, sanction of DPRs/projects, monitoring and review of implementation of scheme, etc.

The two power distribution companies (DISCOMs)[2] in the State of Haryana are responsible for preparation of Detailed Project Reports (DPRs) and online submission of DPRs duly recommended by the State Level Standing Committee[3] (SLSC) to the Nodal Agency and implementation of the scheme as per guidelines.

The Audit objectives were to assess whether the DISCOMs had complied with the DDUGJY guidelines in execution of works and had utilised the available funds economically and efficiently.

The audit was conducted covering head offices of both the State DISCOMs (UHBVNL and DHBVNL) including five[4] selected districts/projects (25 *per cent*) out of 21 and including one[5] district/project (five *per cent*) which was of high value and high risk. The districts/projects were selected by using the simple random sampling without replacement method using IDEA (Interactive Data Extraction and Analysis) software.

2.1.2 Funding Mechanism of the scheme and expenditure incurred

The funding mechanism of DDUGJY scheme in Haryana is depicted in **Table 2.1**.

Table 2.1: Funding mechanism of DDUGJY

Agency	Nature of support	Quantum of support (Percentage of project cost)
Government of India (GoI)	Grant	60
DISCOM Contribution	Own Fund	10
Lender (REC/ FIs/ Banks)	Loan	30
Additional Grant from GoI on achievement of prescribed milestones	Grant	50 *per cent* of total loan component (30 *per cent*) i.e., 15 *per cent*
Maximum Grant by GoI (including additional grant on achievement of prescribed milestones)	Grant	75

Source: DDUGJY guidelines

A summary of amount sanctioned, amount released and actual expenditure on DDUGJY is mentioned in the **Table 2.2**.

2 Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited.

3 As per the REC guidelines on DDUGJY and Tripartite Agreement executed (January 2016) amongst Rural Electrification Corporation (REC), Govt. of Haryana (GoH) and DISCOMs, the Government of Haryana was to set up a State Level Standing Committee (SLSC) under Chairmanship of the Chief Secretary.

4 Kurukshetra, Rohtak, Jhajjar, Sirsa and Bhiwani.

5 Bhiwani.

Table 2.2: Amount sanctioned, amount released and actual expenditure incurred under DDUGJY

(₹ in crore)

Year	Uttar Haryana Bijli Vitran Nigam Limited			Dakshin Haryana Bijli Vitran Nigam Limited			Total Haryana		
	Amount sanctioned	Grant amount released	Actual expenditure incurred	Amount sanctioned	Amount released	Actual expenditure incurred	Amount sanctioned	Grant amount released	Actual expenditure incurred
2015-16	153.38	Nil	Nil	162.69	Nil	Nil	316.07	Nil	Nil
2016-17		Nil	Nil		Nil	Nil		Nil	Nil
2017-18		9.16	Nil		43.72	64.27		52.88	64.27
2018-19		18.47	40.09		Nil	11.28		18.47	51.37
2019-20		17.81	66.24		29.88	39.99		47.69	106.23
2020-21			46.23		3.74	13.78		3.74	60.01
2021-22		37.06	11.45		Nil	Nil		37.06	11.45
Total	**153.38**	**82.50**	**164.01**	**162.69**	**77.34**	**129.32**	**316.07**	**159.84**	**293.33**

Source: Compiled from information provided by DISCOMs.

The cost of total projects sanctioned for the two DISCOMs under DDUGJY scheme was ₹ 316.07 crore while actual expenditure incurred was ₹ 293.33 crore. In UHBVNL, the expenditure (₹ 164.01 crore) had exceeded the sanctioned amount of ₹ 153.38 crore whereas DHBVNL could incur expenditure of ₹ 129.32 crore against the sanctioned cost of ₹ 162.69 crore.

Audit findings

Audit noticed deficiencies in implementation of DDUGJY scheme by the DISCOMs.

2.1.3 Project delays and impact

a. DDUGJY guidelines (December 2014) stipulated that the projects were to be awarded within six months of the date of communication of Monitoring Committee's approval, i.e. by 20 March 2016. The project work was to be completed within 24 months (by March 2018) from the date of issue of Letter of Award (LoA) in case of turnkey contract and within 30 months in case of partial turnkey contract/departmental execution.

Audit observed delays in issue of Letters of Intent (LoI) and their completion in respect of all the 21 projects of both the DISCOMs as detailed in ***Table 2.3***. The LoI were issued between October 2017 and January 2018 in UHBVNL and January 2017 and April 2017 in DHBVNL. The delay was in the range of 306 days (Hisar, Jind and Fatehabad) to 657 days (Yamunanagar, Panipat and Ambala) of the date prescribed (March 2016) in DDUGJY guidelines. Further, there was delay in completion of projects in the range of 47 days (Yamunanagar) to 410 days (Jhajjar) in UHBVNL and 163 days (Bhiwani) to 690 days (Fatehabad) in DHBVNL from the scheduled date of completion

Table 2.3: Delays in award and completion of the Projects

Sr. No.	Name of the Project	Scheduled date of Award	Date of award of project by DISCOM	Delay in award (in days)	Scheduled date of completion	Date of completion of the Project	Date of closure of Project (Provisional)	Delay in Completion (in days)
	Uttar Haryana Bijli Vitran Nigam Limited							
1	Panchkula	31 March 2016	3 October 2017	551	2 October 2018	June 2019	28 November 2020	242
2	Rohtak		16 November 2017	595	15 May 2019	January 2020	05 January 2021	230
3	Jhajjar		16 November 2017	595	15 February 2019	March 2020	03 March 2021	380
4	Kaithal		19 December 2017	628	18 June 2019	December 2019	05 March 2021	166
5	Kurukshetra		19 December 2017	628	18 June 2019	December 2019	09 March 2021	166
6	Yamunanagar		17 January 2018	657	16 July 2019	September 2019	15 March 2021	47
7	Sonepat		3 October 2017	551	2 October 2018	September 2019	28 November 2020	334
8	Panipat		17 January 2018	657	16 January 2019	September 2019	05 January 2021	228
9	Ambala		17 January 2018	657	16 July 2019	March 2020	18 March 2021	229
10	Karnal		Departmental execution			February 2020	11 February 2021	--
	Dakshin Haryana Bijli Vitran Nigam Limited							
1	Bhiwani	31 March 2016	02 March 2017	336	30 March 2019	09 September 2019	15 December 2020	163
2	Gurugram		27 April 2017	392	26 April 2018	21 May 2019	27 November 2020	390
3	Faridabad		27 April 2017	392	26 April 2018	12 October 2019	10 December 2020	534
4	Fatehabad		31 January 2017	306	30 April 2018	20 March 2020	03 December 2020	690
5	Jind		31 January 2017	306	30 July 2018	09 October 2019	03 December 2020	436
6	Mohindergarh		02 March 2017	336	01 June 2018	22 August 2019	15 December 20	447
7	Mewat		27 April 2017	392	26 July 2018	15 January 2020	09 December 2020	538
8	Palwal		27 April 2017	392	26 July 2018	20 May 2019	09 December 2020	298
9	Rewari		27 April 2017	392	26 October 2018	25 November 2019	07 December 2020	395
10	Sirsa		02 March 2017	336	1 September 2018	26 December 2019	01 December 2020	481
11	Hisar		31 January 2017	306	Departmental execution	07 August 2019	14 January 2021	--

Source: Information provided by DISCOMs

The average delay in award of projects was 470 days while average delays in completion of projects were 340. The delay in completion of projects was mainly on the part of contractors such as paucity of funds, due to failure of samples of cables and their payments being stopped, slow progress of works, delay in rectification of defects.

DISCOMs replied (January 2022) that delay in award was due to frequent change in terms by REC and poor response by bidders. They added that delay in execution was due to certain contractual issues, Right of Way issues, public hindrances and that Liquidated Damages have been imposed on the contractors for the delays. The point stays that none of the projects was completed within scheduled time and the benefits envisaged were delayed.

b. In addition to 60 *per cent* grant admissible under DDUGJY, additional grant equal to 50 *per cent* of loan component (i.e., 15 *per cent*) was to be released by REC subject to achievement of following milestones besides timely completion of the scheme.

a) Reduction in Aggregate Technical & Commercial (AT&C) losses as per trajectory finalised by MoP in consultation with State Government (DISCOM wise)

b) Upfront release of admissible revenue subsidy by State Government based on metered consumption

The trajectory of reduction in AT&C losses finalised by MOP in consultation with State Governments (DISCOM-wise) was conveyed along with the guidelines (December 2014) for DDUGJY. The actual AT&C loss figure of the utility were to be compared with the corresponding AT&C loss level as per the trajectory finalised in order to assess the compliance of the condition. The AT&C loss trajectory finalised for DISCOMs and its actual position is given in ***Table 2.4***:

Table 2.4: AT&C losses of DISCOMs

(in percentage)

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL)					
Target	24.48	22.20	20.44	19.31	18.17
Actual	30.71	25.46	21.12	20.10	16.55
Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)					
Target	18.74	17.01	15.66	14.79	13.92
Actual	21.66	16.31	14.67	16.30	15.97

Source: Compiled from information provided by DISCOMs.

Due to the failure to achieve milestones in respect of timely award and completion of the scheme and non-reduction in AT&C losses as per trajectory finalised by MoP for UHBVNL in 2016-17 to 2019-20 and for DHBVNL in 2016-17, 2019-20 and 2020-21, the DISCOMs are likely to lose additional grant amounting to ₹ 36.93 crore (₹ 19.87 crore[6] in UHBVNL and ₹ 17.06 crore[7] in DHBVNL). The additional grant was claimable immediately after completion of the projects by March 2021. DHBVNL claimed the additional grant in March 2022 while UHBVNL had not claimed as of May 2022.

UHBVNL stated (January 2022) that although projects were completed within extended time but the target of reduction in Aggregate Technical & Commercial losses could not be achieved. DHBVNL stated that the Company has achieved all the milestones for claiming of additional grant component and the matter was being taken up with Nodal Agency for release of additional grant component.

The reply was not convincing as there were slippages in achievement of set milestones. Moreover, State Government had failed in upfront release of admissible revenue subsidy which was third milestone for claiming additional grant. Thus, DISCOMs are likely to lose the opportunity to avail additional grant.

6 Awarded cost ₹ 149.30 crore less State GST ₹ 13.09 crore, less liquidated damages ₹ 3.74 crore = ₹ 132.47 crore X 15 *per cent*= ₹ 19.87 crore.

7 Executed cost ₹ 129.18 crore, less State GST ₹ 11.26 crore, less liquidated damages ₹ 4.17 crore = ₹ 113.75 crore X 15 *per cent*= ₹ 17.06 crore.

2.1.4 Separation of Agricultural and non-agricultural feeders

DDUGJY scheme envisaged that it was possible to provide increased hours of power supply to non-agricultural consumers and assured power supply to agricultural consumers by separating agricultural and non-agricultural feeders. The summary of requirements of Haryana State, sanctions by Ministry of Power (MOP) and achievements of the Separation of Feeders/new Feeders component are as per detail given in ***Table 2.5*** below:

Table 2.5: Separation of Feeders/new Feeders

Name of component	Requirements of Haryana as per DPR	Sanctioned by MOP	Actual achievement	Remarks
Separation of Feeders/new Feeders (Nos.)	331 (UHBVNL-112 & DHBVNL-219)	331	211 (DHBVNL)	UHBVNL had already separated its feeders.

From the above, it is noticed that 331 feeders were sanctioned for separation in Haryana. In case of DHBVNL, actual achievement in respect of feeder separation was 211 against the sanctioned number of 219. In case of UHBVNL, the DISCOM had mentioned that all the feeders were already separated.

DHBVNL replied (January 2022) that work in respect of remaining eight feeders could not be executed due to Right of Way issues/public hindrance.

2.1.5 Strengthening and augmentation of sub transmission and distribution system in rural areas including metering of Distribution Transformers

Strengthening and augmentation of sub-transmission and distribution infrastructure alongwith adequate metering arrangements is an essential component to ensure reliable and quality power supply in rural areas and to complete the process of village electrification. The summary of requirements of Haryana, sanctions by Ministry of Power (MOP) and achievements against each component are as per detail given in ***Table 2.6*** below:

Table 2.6: Strengthening and augmentation of sub transmission and distribution system

Name of component	Requirements of States as per DPR/State Plan	Sanctioned by MOP	Actual achievement
Laying of 33KV/66KV lines (CKM)	123	123	136.21
Construction of new substations (Nos.)	14	14	14
Augmentation of existing substations (Nos.)	1	1	19
Metering (Nos.)	46,044	46,044	85,695

Source: Compiled from information provided by DISCOMs

The above table indicates that DISCOMs in Haryana had achieved targets in respect of strengthening and augmentation of sub-transmission and distribution infrastructure. Out of 19 sub-stations, 18 sub-stations were augmented by UHBVNL against the target of nil. Similarly, against the target of 15,583 and 30,461 nos. of metering, UHBVNL and DHBVNL exceeded the targets by 1,964 and 37,687 nos. respectively.

2.1.6 Erection of 11 kV Cross Linked Polyethylene cable

Work for supply and erection of material for rural electrification works under DDUGJY scheme in Yamunanagar district (under UHBVNL) was awarded (January 2018) to a contractor at a total cost of ₹ 17.12 crore.

UHBVNL observed (March 2018) that High Tension Aerial Bunched (HT AB) Cable provided in Notice Inviting Tender (NIT) were prone to frequent damages and had to be repaired. They, therefore, decided to use 11 kV HT Cross Linked Polyethylene (XLPE) cable. However, the Contractor did not agree (May 2018) to supply and erect 11 kV HT XLPE cable as this was not part of NIT and added at a later stage. The contractor wanted to be allowed to offer new rates for this item as per the Standard Bidding Document (SBD) which provides that if the rates and prices of any change item were not available in the contract, the parties thereto should agree on specific rates. However, UHBVNL awarded (June 2018) the work for supply and erection of 48.450 KM 11 kV HT XLPE cable at the rate of ₹ 796.61[8] per meter determined by the UHBVNL itself.

The contractor approached (July 2018) the Hon'ble High Court for quashing the work order where the contractor was allowed to appear before the Managing Director for personal hearing. The Company offered after negotiation rate of ₹ 1139.80[9] per meter in place of ₹ 940[10] per meter including GST of 11 kV HT XLPE Cables.

The Contractor supplied and erected 48.968 km of 11 kV HT XLPE cable and an additional expenditure of ₹ 97.84 lakh[11] was incurred in comparison to the approved rates of the UHBVNL.

Audit noticed that other contractors had supplied and erected same cable under DDUGJY projects in Ambala, Kurukshetra, Rohtak and Kaithal districts which was earlier not provided in the NITs. In all these Districts, rates allowed to contractors were rates as calculated by Planning and Design wing of the UHBVNL (PD rates) plus quoted premium.

UHBVNL stated (January 2022) stated that rate was fixed on the basis of quotation received from authorized dealer of Havells brand of cables. The reply was not acceptable as justification for fixing price of cable (valuing ₹ 5.58 crore) was based on single quotation which was higher than the already discovered rates by the Company.

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[8] Rates determined by the Planning & Design (PD) wing of the Company at ₹ 741.790 per meter plus premium @ 7.39 *per cent*.

[9] ₹ 814 + ₹ 146.52 (GST 18 *per cent* on ₹ 814)+ overheads ₹ 100.85 (10.5 *per cent* of ₹ 960.52) + premium ₹ 78.43 (7.39 *per cent* on ₹ 1,061.37) = ₹ 1 139.80 per meter.

[10] PD rate @ ₹ 741.790/meter + ₹ 54.82 (premium @ 7.39 *per cent*) + ₹ 143.39 (GST 18 *per cent* on ₹ 796.61) = ₹ 940/ meter.

[11] ₹ 1,139.80 per meter - ₹ 940 per meter= 199.8/meter X 48.968 km.

During Exit Conference, Additional Chief Secretary (Power), Haryana stated that cable could have been excluded from scope of contract and directed to examine at what level decision was taken. Further, instead of single quotation competitive bid should have been invited.

2.1.7 Non-recovery of differential cost in respect of material supplied by DHBVNL

In case of turnkey projects, the contractors were required to supply material as per work order along with erection of same within scheduled period of completion. Audit noticed that work orders for supply of plant and equipment (including installation) for Rural Electrification works of Sirsa and Bhiwani districts which, *inter-alia*, included construction of new 11 kV line, augmentation of existing 11kV lines, construction of new LT line, construction of new sub-station were issued (during March 2017 to March 2018) to different contractors[12].

The contractors citing financial crunch requested (November 2018 and February 2019) DHBVNL to provide material such as Aluminum Conductor Steel Reinforced (ACSR) conductors, distribution transformers, Plain Cement Concrete (PCC) poles, meter cover boxes, Gang Operated (GO) Switch, power transformers (for sub-station), 11 kV 8 panel board which otherwise they were required to purchase and install/erect in respect of allotted works. DHBVNL, in the interest of projects, decided (February 2019) to allocate material to contractors subject to availability in store and recovery of differential cost, if any, applicable.

DHBVNL had booked cost of own issued material on PD rates[13] in DDUGJY scheme for claiming grant, but differential cost of ₹ 37.83 lakh had not been recovered from four contractors. The differential cost was recoverable as per decision taken by DHBVNL while agreeing for issuing material from store, non-recovery was an irregular benefit to contractors and loss to the DISCOM.

DHBVNL stated (January 2022) that there was no additional financial implication for the Company as negative differential (₹ One crore appx.) amount was higher than the positive differential (₹ 76 lacs appx.) amount in case of all the projects. The reply was not tenable as material was supplied to contractors with condition that differential cost would be recovered and amount recoverable in case of these projects (Sirsa and Bhiwani) was net of positive and negative differential cost.

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12 Sirsa district (TED-240)- M/s Ridhi Sidhi Elect. Engg. & Const. Co. Bhiwani (EOI-05) - M/s Electrical Sales Corp., Gurugram, M/s Net Ram Mani Ram Elect. Co., Hanumangarh and M/s Sardana Electric & Mach. Store, Tosham.

13 Rates used for preparation of estimates which include purchase price plus overheads on account of Contingencies, establishment, transportation, interest & finance cost, etc.

During Exit Conference, Additional Chief Secretary (Power), Haryana directed DISCOM officials to prepare and submit the cost sheet in such cases.

2.1.8 Non-installation and non-maintenance of distribution boxes for protection of distribution transformers

As per specifications provided in bidding document, there was a provision of installation of Distribution Box for maximum utilisation of transformer capacity, providing protection to transformer and feeder against overload and short circuit so that there could be minimum interruption in power supply.

A review of the closure reports of 11 projects (in 11 districts[14]) executed by DHBVNL showed that 311 (including augmentation) Distribution Transformers (DTRs) of different capacities[15] were installed in six[16] districts.

Audit noticed that in case of 135 DTRs (out of 311 DTRs), distribution boxes were not installed. This was because no provision for these was made in work orders despite being clearly laid down in the bidding documents. 83 *per cent* of the DTRs were installed without distribution boxes in Sirsa district. These distribution boxes were for protecting the DTRs from overloading. In the absence of adequate protection there was a risk of damage to DTRs worth ₹ 1.60 crore in addition to non-compliance with the guidelines of REC.

In UHBVNL, under Operation circles Rohtak and Jhajjar, it was noticed that 12 (out of 17) and six (out of eight) distribution boxes (70 to 75 *per cent*) installed in seven villages[17] in Rohtak and Jhajjar were found damaged and were resultantly by-passed. Therefore, in the absence of proper maintenance/ repair of damaged distribution boxes, the total expenditure of ₹ 110.04 lakh (Rohtak-₹ 82.81 lakh[18] and Jhajjar-₹ 27.23 lakh[19]) incurred on these distribution boxes have not been fully utilised. Besides, there was risk of damage to DTRs and feeders in the absence of their protection.

UHBVNL stated (January 2022) that directions had been issued to field offices to rectify/ replace all the damaged LT Distribution Boxes and to recover the amount from the contractors if the material was under warranty. However, copy of directions issued to field offices along with compliance with the same were awaited in audit. DHBVNL stated (January 2022) that distribution box was not provided in works of DTR augmentation as the existing DTR structures already

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14 Hisar, Sirsa, Bhiwani, Fatehabad, Faridabad, Gurugram, Mewat, Palwal, Jind, Mahendragarh and Rewari.

15 25 kVA/63 kVA/100kVA.

16 Fatehabad, Hisar, Jind, Mahendragarh, Rewari and Sirsa.

17 Chulliana, Ismaila 9B, Garhi Sampla, Morkheri, Kahanaur, Timarpur (Rohtak) and Islamgarh (Jhajjar).

18 19 Nos. 63 kVA X ₹ 27,506 + 222 Nos. 100 kVA X ₹ 29,259 = ₹ 70,18,112 + 18 *per cent* GST.

19 19 Nos. 63 kVA X ₹ 27,506 + 61 Nos. 100 kVA X ₹ 29,259 = ₹ 23,07,413 + 18 *per cent* GST.

had LT Fuse Units which were used for purpose of protection against overload. The reply was not tenable as technical specification of the scheme as per standard bidding document (SBD) were not followed by the Company.

2.1.9 Delay in compliance of observations/ discrepancies pointed by REC resulted in interest loss due to non-receipt of 3rd tranche of grant

In January 2018, REC intimated that in order to reduce unspent balance with DISCOMs and ensure efficient fund management, 3rd tranche (60 *per cent* of Grant) under DDUGJY new projects would be released in two equal parts (Part-1 at the rate of 30 *per cent* of Grant and Part-2 at the rate of 30 *per cent* of Grant) subject to achievement of milestones[20].

As per the guidelines for Quality Assurance Mechanism, Stage-I inspection of REC Quality Monitors (RQM) should have commenced when 30 *per cent* of villages under Intensive Electrification (IE) were completed in all respects. Stage-II inspection of RQM should have commenced and concluded in a project when 70 *per cent* of IE villages were completed in all respect. However, as on February 2019, work in only 170 villages was completed against the requirement of 486 villages (30 *per cent* of 1619) required to be completed for Stage-I RQM inspection in UHBVNL. The work relating to construction of eight new sub-stations was also incomplete as of February 2019. As of October 2020, project wise 569[21] number of defects noticed by RQM were yet to be resolved.

Thus, due to delay in resolution of pending defects and finalisation of closure reports, UHBVNL could get only ₹ 17.82 crore against ₹ 54.96 crore due in respect of 3rd tranche (Part I & II). UHBVNL had carried out these works from own sources/ borrowed funds and it had to make payment of interest of ₹ 3.47 crore[22] (calculated for 14 months, April 2020 –May 2021) on bank limits utilized to meet its obligation. Had the resolution of pending defects been made immediately, UHBVNL could have received the grant earlier and avoided the payment of interest of ₹ 3.47 crore.

UHBVNL stated (January 2022) that all the defects were attended to and there was no delay in realisation of grant. The reply was not acceptable as despite completion of projects by March 2020 the third tranche was received in June 2021 due to delay in compliance of observations/ discrepancies pointed out by REC.

During Exit Conference, Additional Chief Secretary (Power), Haryana directed that DISCOMs need a better management module so that defects should be

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20 Utilization of 90 *per cent* of grant released, Sanction/Utilisation of loan component, Rectification of quality defects observed by REC inspection agency, if any, etc.

21 Ambala (12), Jhajjar (266), Karnal (81), Panipat (117), Rohtak (10), Sonepat (60) and Yamunanagar (23).

22 ₹ 54.96 - ₹ 17.82= 37.14 X 8 *per cent* = 2.97 x 14= ₹ 3.47 crore.

pointed out concurrently. Further, ACS directed that in future, lodging of claims should not be delayed beyond the financial year and claim should be lodged project wise to avoid delay.

2.1.10 Use of sub-standard material in DDUGJY, Hisar Project

Standard Bid Document (Quality Assurance and Evaluation Mechanism) provides that the Project Implementation Agency (PIA) shall be solely responsible for assuring quality in DDUGJY works. PIA should ensure that the quality of materials/equipment supplied at site and execution of works carried out at field was in accordance with Manufacturing Quality Plan (MQP)/Guaranteed Technical Particulars (GTP) and Field Quality Plan (FQP)/ Approved Drawings.

Audit noticed that the work of electrification of Hisar district was awarded (January 2017) to a Contractor[23] at a total cost of ₹ 18.92 crore. The scope of work also included conversion of existing Low Tension (LT) overhead lines to Aerial Bunched (AB) Cable. As per the work order a total of 315.819 circuit kilometer (ckm) of LT AB Cable was to be provided by the Contractor which was increased to 515 ckm after the foot survey. Audit noticed that against the total required quantity of 515 ckm, the Contractor had supplied 310 ckm cable of Relemac or Kalinga make.

During execution of the project, the Contractor was found involved in unfair business practices. The contractor took excess payment against the actual supplied material and resultantly the contract was terminated (23 February 2018). The matter was pending before the Arbitrator.

After termination of contract, DHBVNL got conducted the acceptance test of the cables already supplied and erected by the Contractor. As per the test reports, the cable of Relemac make (297 ckm) valuing ₹ 9.06 crore failed to conform to required specifications and was declared defective/sub-standard by the National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited laboratories. DHBVNL had not made any efforts to replace the same and resultantly defective cable of 297 ckm continue to be under use. By not replacing the defective cable, DHBVNL compromised with the safety norms.

DHBVNL stated (January 2022) that the firm has disputed the non-conformation of the cable to the specifications and matter is under adjudication before arbitrators and in such circumstances, it would have not been in the fitness of things to get the below standard cables replaced departmentally. The Management thus confirmed that sub-standard cables are still under use.

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[23] M/s Duhan Electrical Works, Hisar

2.1.11 Conclusion and Recommendations

- The works for all the 21 projects, were awarded with delay. These projects also could not adhere to the timelines set for completion which was attributed to paucity of funds with contractors and delay in rectification of defects.
- Failure to achieve milestones of timely award and completion of the scheme and non-achievement of targets of reduction in Aggregate Technical and Commercial losses as per trajectory finalised by Ministry of power, the two DISCOMs may lose the opportunity to avail additional grant amounting to ₹ 36.93 crore.
- Due to delay in compliance of pending defects and finalisation of closure reports, UHBVNL could get grant of only ₹ 17.82 crore against ₹ 54.96 crore due in respect of 3rd tranche which had made adverse impact on its financial management as UHBVNL had carried out these works from borrowed funds.

It is recommended that the DISCOMs may strive to complete the works within the time schedule so that the intended benefits are achieved under DDUGJY scheme and achieve the milestones of the scheme to avail the maximum grant, i.e., 75 per cent available in the scheme.

Dakshin Haryana Bijli Vitran Nigam Limited

2.2 Inadequacy of Automatic Power Factor Capacitors

The Company had to pay reactive energy charge of ₹ 40.98 crore during 2016-17 to 2020-21 due to non-installation and maintenance of adequate Automatic Power Factor Capacitors.

An Automatic Power Factor Capacitor (APFC) is an electrical device which improves power factor[24] by regulating current flow and voltage. In the event of voltage falling below normal, sufficient capacitor banks[25], if provided in the system, improves the voltage profile and reduces dissipation of energy, thereby saving energy. The Indian Electricity Grid Code seeks the participants in the system to plan, develop, maintain, and operate the power system in the most secure, reliable, economic, and efficient manner. Regulation 48 of Haryana Electricity Regulatory Commission's Multi Year Tariff Regulations, 2012 states that 'Reactive Energy Charges were payable by distribution licensee (*viz.*

[24] The power factor of an Alternating Current electrical power system is defined as the ratio of the real power absorbed by the load to the apparent power flowing in the circuit.

[25] A capacitor bank is a physical group of several capacitors that are of the common specifications.

Dakshin Haryana Bijli Vitran Nigam Limited and Uttar Haryana Bijli Vitran Nigam Limited) to the transmission licensee (*viz.* Haryana Vidyut Prasaran Nigam Limited) in terms of Regulation 5.5.1 of Haryana Grid Code' - Scheme for payment of Reactive Energy Exchange. The reactive energy charges so paid by distribution licencees were not recoverable through annual revenue requirements.

Audit noticed that there was consistent shortfall in the number of capacitors installed by the Company against requirements during 2016-2017 to 2020-21. ***Table 2.7*** depicts year wise deficiency of capacitors, defective capacitors and reactive energy compensation paid by the Company during the last five years.

Table 2.7: Details of APFCs and reactive energy charges paid during 2016-17 to 2020-21

Year	New Capacitors required during the year	Defective Capacitors repaired	Net Defective Capacitors need revival	Reactive energy charges paid
	(In MVAr[26])			(₹ in crore)
2016-17	285.920	Nil	185.889	7.81
2017-18	116.430	36.60	136.827	7.95
2018-19	103.730	13.80	171.187	9.64
2019-20	200.030	19.00	208.767	11.31
2020-21	301.230	Nil	260.762	4.27
Total		**69.40**		**40.98**

Source: Information provided by Company

The requirement of new capacitor banks ranged from 103.730 Megavolt Ampere reactive (MVAr) to 301.230 during the period 2016-17 to 2020-21. The net defective capacitors requiring revival also increased consistently from 2017-18 onwards and capacitors of 260.762 MVAR capacity were defective as on 31 March 2021.

The Company added capacitors of 298.80 MVAR during 2016-17 and 2017-18 at a cost of ₹ 17.47 crore and thereafter no addition has been made up to March 2021. At the same time, the Company failed to repair the defective capacitors and only 69.40 MVAr capacitors were repaired during 2016-17 to 2020-21.

Thus, due to inadequate/ defective capacitor banks, the Company had to pay reactive energy charge of ₹ 40.98 crore during 2016-17 to 2020-21. Had the Company added adequate capacitors by installing new capacitors and by repairing the existing damaged capacitors, the Company could have reduced the Reactive Energy charges.

During Exit Conference (May 2022), Additional Chief Secretary (Power) confirmed that had there been working capacitors installed, the payment of reactive energy charges could have been avoided.

[26] MVAR means megavolt ampere of reactive power.

It is recommended that the Company may procure and install adequate APFCs as well as repair the damaged ones to avoid payment of reactive energy charges.

The matter was referred (February 2022) to the Government and the Company; their replies were awaited (May 2022).

Haryana Vidyut Prasaran Nigam Limited

2.3 Infructuous expenditure on construction of 220 kV Sub-station

The Company awarded and executed the work of construction of a substation without waiting for the decision of Court on land acquisition resulting in infructuous expenditure of ₹ 12.76 crore and loss of interest of ₹ 9.47 crore on idle sub-station equipments.

Haryana Shahri Vikas Pradhikaran (HSVP) acquired (July 2013) 15.52 acres of land in village Shikohpur, Tehsil and District Gurugram at a cost of ₹ 1.55 crore per acre for setting up 220 kV sub-station and other utilities. Of this, HSVP allotted (December 2013) land measuring 12 acres to Haryana Vidyut Prasaran Nigam Limited (Company) for setting up of 220 kV sub-station in Sector- 77, Gurugram which was, however, later revised (May 2017) to 11.20 acres. In the meantime, the Whole Time Directors of the Company granted (November 2013) in-principle approval for creation of 220 kV sub-station in Sector-77, Gurugram with installed capacity of 2X100 MVA, 220/33 kV transformer along with associated transmission lines. The cost of project was to be shared between HSVP and the HVPNL in the ratio of 50:50 as per the standing instructions (February 2007) of HSVP.

In January 2015, the landowners filed a suit for enhancement in compensation for the land in the Court of Additional District Judge, Gurugram. The Company without waiting for the decision of the Court, awarded (May 2017) the work for construction of the sub-station to a contractor[27] at ₹ 58.24 crore. The field office of the Company however, noticed (July 2014/October 2017) difficulties created by the landowners in preliminary survey and cultivation of this land by the farmers.

In July 2019, the competent Court deciding the compensation case in favour of land owners, raised the land acquisition rates from ₹ 1.55 crore per acre to ₹ 18.38 crore per acre alongwith other statutory benefits. Owing to high compensation awarded by the Court, the Urban Estate Department through Town & Country Planning Department decided (November 2019) to drop the land acquisition proceedings; and to de-notify the land under Section 101A of the 'Right to Fair Compensation and Transparency in Land Acquisition,

[27] M/s Kalpatru Power Transmission Limited, Noida.

Rehabilitation and Resettlement Act, 2013'. This states that when any public purpose, for which the land acquired become unviable or non-essential, the State Government shall be at liberty to denotify such land on such terms as considered expedient by the State Government including payment of compensation on account of damages, if any, sustained by the land owner due to such acquisition.

By that time (November 2019), the Company had already completed work amounting to ₹ 59.80 crore of which ₹ 12.47 crore was in respect of civil and erection works. The Company decided (January 2020) to shift the infrastructure to another location, at Sector-75A, Gurugram and to dismantle the infrastructure of sub-station already constructed at an additional estimated cost of ₹ 28.69 lakh. It was also decided (January 2020) by the State Government that the cost of dismantlement and erection of new sub-station would be shared between HSVP and the Company in the ratio of 50:50. The Company floated notice inviting E-Tender (NIT) in October 2021 for dismantling of 220 kV sub-station at Sector 77, Gurugram and construction of 220 kV sub-station at Sector 75-A Gurugram by utilising the dismantled equipment material on turn-key basis. The outcome of the NIT was awaited (December 2021).

As per procedure defined in notification dated 14 September 2018 for de-notification of acquired land, if the acquiring department is of the opinion that the land acquired under the land acquisition act is unviable or non-essential for the public purpose for which it has been acquired and it should be de notified from acquisition, it will inform the Government about its opinion and seek approval of the Government. The opinion of the acquiring department after preliminary examination shall be referred to the concerned District level sub - committee not later than one month from its receipt. The District level sub - committee after examining the matter shall give its recommendation and reasons as to whether the opinion of the acquiring department referred for consideration deserves to be accepted or not. The District level sub -committee will submit the report to Administrative Secretary of the acquiring department who shall after taking approval of the Government place the matter before the ministerial sub - committee. The ministerial sub-committee report shall be presented for decision by the cabinet, who may allow the de notification. It was however noticed that after approval of the State Government, the matter has not been referred to the District level sub- committee/Ministerial sub Committee so far and no approval of Cabinet Committee has been obtained.

It was also noticed that neither the Company nor HSVP recommended de-notification of the acquired land and decision to de-notify was taken by Urban Estate Department (authority which processes acquisition of land in Haryana). The Urban Estate Department, however, did not follow it to its logical conclusion of de-notifying it even after passage of over two years. Further, the orders (22 November 2019) conveyed to Zonal Administrator, HSVP and Land Acquisition Officer, Gurugram by Urban Estate Department for issuing draft de-notification order has been stayed (December 2021) by the High Court upon a petition filed by a land owner in December 2021.

Audit observed that despite knowing about the suit for enhancement in land compensation filed by the landowners and hindrances created by the landowners in July 2014/October 2017, the Company awarded the work of sub-station and did not stop the work thereafter on the disputed land.

Resultantly, the expenditure of ₹ 12.76 crore (₹ 12.47 crore + ₹ 0.29 crore) on civil works and its dismantlement proved wasteful. The cost of equipment supplied for sub- station amounting to ₹ 47.33 crore was also an idle investment and resulted in loss of interest of ₹ 9.47 crore (calculated at the rate of 10 *per cent* per annum). Further, due to non-construction of the sub-station, the residents were deprived of the benefits to be received from construction of sub-station.

During Exit Conference (May 2022), Additional Chief Secretary (Power) stated that the stay on issue of de-notification was a matter between the acquiring department and the land owners and the station had to be dismantled as early as possible.

The Management replied (May 2022) that the acquisition of land was dropped by the State Government. The decision was taken by the apex authority, keeping in view the financial repercussion based on a decision of the Court, which came across later. The decision was taken by HSVP and the State, which has a mandate to provide land to HVPNL free of cost and HVPNL did not have any involvement in acquisition proceedings. The point remains that the Company went ahead with work of construction of sub - station despite being aware of the disputed status of land. The Company should have looked for alternates (including site/location) or waited for the outcome of the litigation before taking up the construction of sub-station in case it was of an assessment that judicial pronouncement would have had an impact on their infrastructure development and utilization.

Chapter 3
Industries and Commerce

CHAPTER 3

Industries and Commerce

Haryana State Industrial and Infrastructure Development Corporation Limited

3.1 Undue reduction in extension fee

The Company, by granting extension beyond permitted time period for construction of building, extended undue favour in excess of ₹ 57.77 crore.

Haryana State Industrial and Infrastructure Development Corporation Limited (Company) allotted (11 June 2010) a commercial plot measuring 12.88 acres (revised to 12.20 acres) in Sector 16, Gurugram to an allottee[1] at ₹ 587.56 crore through auction held (April 2010) against Request for Proposal (RFP) floated by the Company for sale of the plot.

The terms and conditions of the allotment/ RFP required the allottee to complete the construction within five years from the date of allotment. This time period for completion of construction was extendable up to two years on payment of applicable extension fees. In the event of default or breach of any of the terms and conditions of the RFP, the project site was liable for resumption[2]. Clause 18.6 (i) (b) of Estate Management Procedure, 2015 (EMP) of the Company prescribes that sites auctioned on the basis of RFPs shall be governed by the terms and conditions of respective auction and extension period of five years as provided in clause 18.6 (a) of EMP shall not be applicable for such sites.

Board of Directors (BoDs) of the Company granted (October 2020) one year general extension to all allottees, whose stipulated/ extended period for project implementation/ completion had expired after 31 December 2019, without charging any extension fee due to COVID-19 pandemic.

The allottee failed to complete the construction within the stipulated period of five years i.e., up to 10 June 2015 and the Company granted two years extension up to 10 June 2017 on payment of applicable extension fees as per Clause 5.4 of RFP. On non-completion of project by 10 June 2017, the Company issued (January 2018) show cause notice to the allottee. The allottee represented (January 2018) against the notice of resumption of plot stating that their project had now been pre-certified by Green Rating for Integrated Habitat Assessment (GRIHA) and more than 90 *per cent* of the building in the project

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1 M/s Brahma Centre Development Private Limited, Delhi.

2 In case of resumption of plot, the allottee would be entitled for refund of amount deposited subject to forfeiture of amount equivalent to 15 *per cent* of the bid amount.

had been completed. They sought further extension of two years. The Company granted (March 2018) two years extension (up to 10 June 2019) for completion of construction citing adoption of GRIHA norms in the building and payment by the allottee of the applicable extension fees. The grant of extension in time period of completion of project by two years was irregular as (i) this was beyond the provisions of EMP (paragraph 18.6 (i) (b)); and (ii) the certification under GRIHA was optional and involved an additional Floor Area Ratio (FAR) from three *per cent* to 15 *per cent* as per GRIHA rating from one star to five stars. Moreover, verification by the Company of the allottee's claims of completing construction of more than 90 *per cent* of the structures before granting the extension was not on record. The Company derived the applicable extension fees from EMP clause 18.7 at ₹ 60 per square meter for the period 11 June 2017 to 10 June 2018 and ₹ 100 per square meter for the period 11 June 2018 to 10 June 2019.

Upon expiry of the extension period on 10 June 2019, the allottee again requested (June 2019, March 2020 and July 2020) for extension in permitted time period for completion. The BoDs decided (March 2021) to grant extension in completion period up to June 2022 subject to payment of extension fee at the rate of ₹ 100 per sqm (from 10 June 19 to 9 June 20) and thereafter @ five *per cent* of allotment price for each year.

The BoD on appeal of the allottee reconsidered (July 2021) the quantum of extension fee leviable and decided not to charge any extension fee for 10 June 2020 to 09 June 2021 considering it as general extension period granted to all allottees and charged at the ₹ 200 per sqm for the period from 10 June 2021 to 09 June 2022. Thereby the extension charges for the period 10 June 2019 to 09 June 2022 was reduced from envisaged ₹ 58.76 crore to a mere ₹ 0.99 crore. The granting of extensions for completion of project beyond the terms and conditions of RFP, non-levying of material extension fee was and tantamount to granting of undue favour to the allottee in excess of ₹ 57.77 crore.

During Exit Conference (April 2022), the Management stated that the extension of five years beyond the period of seven years as prescribed in the RFP was allowed on the basis of EMP-2015. It was further stated the Managing Director of the Company granted (March 2018) two years extension (up to 10 June 2019) by passing a speaking order on the basis of incorporation of GRIHA in the building by the allottee on applicable extension fees as per EMP-2015. The reply of the management is not tenable as provisions of EMP were not applicable in the instant case as the allotment was made under RFP and terms and conditions of RFP was applicable in this case. Further, the Managing Director was not competent to grant any extension.

The matter was referred (January 2022) to the Government and the Company; their replies were awaited (April 2022).

Recommendation: The Company should fix responsibility of the erring officers for granting undue benefit to the allottee.

3.2 Non-levy of penalty

The Company extended undue favour to the allottee in declaring project complete without levy of fee/ penalty of ₹ 13.27 crore as per provisions of Estate Management Procedure of the Company.

On the approval (December 2010) of the Higher level plot allotment committee[3] the Company allotted (April 2011) a plot (No. 64) measuring 11,250 sqm. to allottee 'A'[4] in Industrial Estate, Kundli at the rate of ₹ 5,500 per sqm. for setting up industrial project with fixed capital investment of ₹ 60.02 crore under prestigious category[5] on nomination basis. The Company allotted (November 2012) another plot (No.51) measuring 11,250 sqm. to another allottee 'B'[6], having same set of promoters, in the same industrial estate at the rate of ₹ 7,000 per sqm. with fixed capital investment of ₹ 44.86 crore on nomination basis. Both the allottees had same set of shareholders and the two plots shared common boundary from their back. As per the terms and conditions of the allotment and Estate Management Procedure (EMP) adopted by the Company, the allottees were required to partially complete the project (i.e., start of commercial production) within initial period of three years from the date of offer of possession. Further, the project was to be considered complete on achieving fixed capital investment of above 75 *per cent* of proposed investment within a period of six years subject to minimum benchmark investment of ₹ 30 crore in each case. EMP 2015 provides for fee/ penalty[7] ranging from 15 to 35 *per cent* of current allotment price for non-achievement of investment criteria.

Allottee 'B' amalgamated with allottee 'A' vide Hon'ble Delhi High Court order dated 07 November 2013. Thereafter, the allottee 'A'[8] requested (May 2014) the Company to order physical amalgamation of both the plots since they now belonged to same entity. The Company granted (September 2014) provisional approval to the allottee 'A' stating that the amalgamated entity would accept all the terms and conditions of the allotment/ agreement and

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3 Constituted under the chairmanship of Financial Commissioner and Principal Secretary Industries, and MD HSIIDC, MD Haryana Financial Corporation and Director Industries Haryana as members. The committee considers allotment of plots under mega projects and under prestigious projects categories.

4 M/s Kay International Limited.

5 Under Prestigious Category, the allottee was required to make fixed capital investment of ₹ 30 crore and above.

6 M/s Bobkay Polymers & Irrigation Private Limited.

7 EMP-2015 provides for fee/ penalty ranging from 15 to 35 *per cent* of current allotment price depending upon the achievement of investment.

8 M/s Kay International Limited.

agreements already executed with the original allottees would be binding upon the proposed transferee. The combined zoning plan was approved by the Company in September 2014. Allottee 'A' partially completed the project on both the plots in February 2015 (on plot number 64) and June 2018 (on plot number 51) respectively.

Later, allottee 'A' requested (August and September 2017) the Company to reduce their project fixed investment cost from ₹ 104.88 crore to ₹ 60.72 crore (for first plot: ₹ 30.08 crore and for second plot: ₹ 30.64 crore) citing that at the time of allotment, they projected a capital cost on the basis of imported machinery but later there was lot of change in the industry which resulted in revision of project cost.

The Company passed (October 2017) order for reducing the investment from ₹ 104.88 crore to ₹ 60.72 crore and further recorded that the Company had also allowed merger of both allottees. Both the plots were clubbed after the approval by the Company on 02 September 2014. Thus, both the plots were combined as one single unit for having the same promoters and have same project. The allottee obtained occupation certificate (September 2014) and commenced production in February 2015.

The Company also issued (April 2019) project completion certificate on the basis of total investment of ₹ 60.69 crore (including ₹ 2.56 crore on account of preliminary and pre-operative expenses) considering both the plots as single unit and did not levy any penalty for non-achievement of projected investment in disregard of its terms of allotment. Therefore, considering the investment of ₹ 58.13 crore made by the allottee which works out to only 55.42 *per cent* of the proposed investment (₹ 104.88 crore), penalty amount works out to ₹ 13.27 crore[9] as per the EMP 2015.

Audit observed that the issue of project completion certificate by the Company without levy of fee/ penalty was not justified as the provisional approval issued by the Company for amalgamation of allottee companies was conditional and as per the terms and conditions of the provisional approval, the proposed transferee was bound by the terms and conditions of the agreement already executed with the two original allottees and no final approval was issued by the Company. Further, the approval (02 September 2014) of combined zoning plan by the Company cannot be construed as approval for treatment of both the plots as single unit for project implementation purpose as zoning plan is issued for very limited purpose i.e., for preparation of building plan.

The Management contended (November 2020) that as a result of approval of combined zoning plan by the Company, two plots become one plot for all

9 22,500 sqm area of plots X ₹ 5,900 per sqm. (being 25 *per cent* of allotment price of ₹ 23,600 per sqm. for 2018-19). For investment above 50 *per cent* of proposed investment but up to 75 *per cent* of proposed investment, the fee/penalty equivalent to 25 *per cent* of current allotment price is to be levied.

intent and purpose including implementation of one project on clubbed plots. The reply was not acceptable as amalgamation of allottee companies was conditional and as per the terms and conditions of the provisional approval, the proposed transferee was bound with the terms and conditions of the agreement already executed with the allottee and approval of combined zoning plan cannot be construed as approval for treatment of both the plots as single unit for investment involved. Further, the recent office order of the Company dated 03 February 2021 specified that clubbing of plot would not qualify the allottee to take any benefit over the terms and condition of allotment.

During Exit Conference (April 2022), the Management stated that as per Estate Management Procedure, project was to be considered complete on achieving fixed capital investment of above 75 *per cent* of proposed investment to minimum benchmark investment of ₹ 30 crore. In the instant case, the allottee achieved the minimum criteria of investment of ₹ 60 crore. The reply of the management is not tenable as the allottee made the investment of ₹ 58.13 crore which works out to only 55.42 *per cent* of the proposed investment (₹ 104.88 crore), therefore, penalty should have been levied as per the provision of EMP.

Thus, the Company extended undue favour to the allottee in declaring project complete without levy of fee/ penalty of ₹ 13.27 crore as per provisions of EMP 2015.

The matter was referred (January 2022) to the Government and the Company; their replies were awaited (April 2022).

3.3 Avoidable interest burden due to short deposit of advance income tax

The Company delayed adoption of Income Computation and Disclosure Standards and had to pay penal interest of ₹ 14.99 crore. In the process it had to bear avoidable additional interest cost of ₹ 4.05 crore.

Haryana State Industrial and Infrastructure Development Corporation Limited (Company) allots industrial plots to the allottees for setting up industrial projects, the cost of which is recovered in instalments over the period along with applicable interest. The financial statements of the Company were maintained on accrual basis except for the interest recoverable from allottees, which was accounted for on cash basis.

The Ministry of Finance, Government of India notified (March 2015) the Income Computation and Disclosure Standards (ICDS) by virtue of which revenue including interest income should be computed on accrual basis for income tax purpose. These ICDS, which were initially applicable from Assessment Year (AY) 2016-17, were made (September 2016) effective from AY 2017-18. The Company was, therefore, required to make applicable the

ICDS during the Financial Year (FY) 2016-17 and advance tax for the FY 2016-17 was to be calculated accordingly and deposited with the Income Tax department. The Company, however, did not calculate interest income on accrual basis in the projected profits and deposited advance tax of ₹ 24.47 crore only for FY 2016-17 with total income of ₹ 136.28 crore.

The Company took cognisance of new income tax provisions only in April 2018 and filed (October 2018) its revised Income Tax return assessing its income at ₹ 285.43 crore on the basis of audited accounts by adding interest income of ₹ 204.06 crore on accrual basis. The Company now paid (October 2018) balance tax of ₹ 80.32 crore including penal interest of ₹ 14.99 crore under section 234B and 234C of the Income tax Act.

Hence, due to non-inclusion of interest income receivable from plots allottees on accrual basis in terms of ICDS in the first instance, the Company had to pay penal interest of ₹ 14.99 crore for FY 2016-17. In the process, the Company had to bear avoidable additional interest cost of ₹ 4.05[10] crore as the penal rate of interest imposed by Income Tax Authorities i.e., 12 *per cent* per annum was much higher than the borrowing cost of the company i.e. 8.76 *per cent* per annum during FY 2016-17.

The Management stated (November 2020) that if the Company had paid tax during the year out of its borrowed funds, it would have had to pay interest cost on the borrowed funds. Thus, the increase in tax liability did not have much impact. The reply was not tenable as weighted average borrowings cost of the Company was 8.76 *per cent* per annum during 2016-17 whereas the Company paid penal interest (₹ 14.99 crore) as imposed by Income Tax Authorities at 12 *per cent* per annum, which was much higher than the borrowing cost of the Company. The Company did not offer any reasons for not adopting the ICDS during 2016-17 when it was required to deposit advance tax by considering the interest income on accrual basis.

During exit conference (April 2022), Management stated that there was delay in deposit of Advance tax during financial year 2016-17 as the matter regarding implementation of Integrated Computation and Disclosure Standard (ICDS) was pending before the Delhi High Court and final decision in this regard was delivered in November 2017. The reply of the Management is not tenable as the ICDS framed by the Government of India were applicable on the Company. While taking the financial decision, the Management needed to consider the borrowing cost of the Company which was lower than the interest rate charged by Income Tax Department due to delay in deposit of advance tax.

The matter was referred (December 2021) to the Government and the Company; their replies were awaited (March 2022).

[10] Difference of ₹ 14.99 crore and ₹ 10.94 crore (₹ 14.99 crore *8.76/12= ₹ 10.94 crore).

Chapter 4
Urban Development

CHAPTER 4

Urban Development

Town and Country Planning Department

4.1 Non-recovery of differential amount of license fee at revised rates

Due to non-initiation of timely action, the department failed to recover the differential amount of license fee amounting to ₹ 1.94 crore even after a period of more than eight years.

Town and Country Planning Department (TCPD) grants licences to private colonisers for development of residential, commercial and industrial areas under the provisions of Haryana Development and Regulation of Urban Areas (HDRUA) Act, 1975. As per section 3 of the HDRUA Act, 1975 any person desiring to convert his land into a colony shall, unless exempted under section 9, make an application to the Director, for the grant of license to develop a colony in the prescribed form and pay for it such fee and conversion charges as may be prescribed. The TCPD, Haryana collects the license fee from the colonisers as notified by the Government from time to time. Government of Haryana had revised rates of license fee in August 2013 in place of earlier notified rate of April 2008 to be effective from 1st June 2012.

During test check of records (21 June 2021 to 15 July 2021) in the office of the Director, TCPD, Haryana for the period from April 2019 to March 2021, it was observed that the department collected license fee as per pre-revised rates from three private colonisers between September 2012 and March 2013. The detail of test checked cases is given in ***Table 4.1***.

Table 4.1: Detail of test checked cases in which department collected license fee as per pre-revised rates from private colonisers

(₹ in lakh)

Sr. No.	Name of the licensee/Location	License No. & Date of issue	Area in acres	License fee to be recovered per acre	License fee recovered per acre	Differential amount to be recovered
1.	M/s Harman Property Ltd., Ambala	105 of 2012 11 October 2012	Residential Plotted 51.366	5 per acre (₹ 256.83 lakh)	3.10 per acre (₹ 159.23 lakh)	97.60
			Commercial 1.99	50 per acre (₹ 99.50 lakh)	51 per acre (₹ 101.49 lakh)	(-) 1.99
			Net difference -----(1)			**95.61**
2.	M/s Taneja Developers and Infrastructure Ltd., Panipat	121 of 2012 13 December 2012	Residential Plotted Colony 25.67	7.50 per acre (₹ 192.53 lakh)	4.30 per acre (₹ 110.38 lakh)	82.15
			Commercial 2.248	110 per acre (₹ 247.28 lakh)	110 per acre (₹ 247.28 lakh)	0
			Net difference -----(2)			**82.15**
3.	M/s Prime Zone Developer Pvt. Ltd., Assandh	120 of 2012 10 December 2012	Residential Plotted 33.287	1 per acre (₹ 33.29 lakh)	0.51 per acre (₹ 16.98 lakh)	16.31
			Commercial 1.35	10 per acre (₹ 13.50 lakh)	10.10 per acre (₹ 13.64 lakh)	(-)0.14
			Net difference----(3)			**16.17**
Total (1+2+3)						**193.93**

It was further observed that the department did not issue any demand notice to these licensees till the matter was brought to the notice of the department by audit.

On being pointed out in audit, the Director, TCPD intimated during exit conference (April 2022) that the license of M/s Prime Zone Developers Pvt. Ltd. was cancelled (October 2018) as it had not applied for renewal of license and the matter had been taken up with the Government of Maharashtra for recovery of outstanding dues as the licensed land has been attached by the Government of Maharashtra vide notification dated 17 April 2014. The Director further stated that in remaining two cases, efforts were being made for recovering differential amount of license fee.

Thus, due to not taking timely action by the department differential license fee amounting to ₹ 1.94 crore remained unrecovered.

The Department may re-check all the cases of license fees to ensure recovery of difference of license fees at revised rates to avoid loss of revenue to the Government. Responsibility needs to be fixed for non-recovery of license fee at revised rates.

The matter was referred (January 2022) to Additional Chief Secretary, Town and Country Planning Department, Government of Haryana for reply/ comments. Reply was awaited (April 2022).

Town and Country Planning Department

4.2 Non-revalidation of bank guarantees caused loss to the State Exchequer of ₹ 9.84 crore

Due to not enforcing the provisions of HDRUA Rules, Town and Country Planning Department failed to protect the interests of the State exchequer and extended undue favour to the licensees on account of non-revalidation of bank guarantees resulting into a loss of ₹ 9.84 crore.

As per provisions of Section 8 (1) of Haryana Development and Regulation of Urban Areas (HDRUA) Act, 1975, a license is liable to be cancelled by the Department if the coloniser contravenes any of the conditions of the license or the provisions of the Act or the Rules made there under; provided that before such cancellation the coloniser shall be given an opportunity of being heard. After the cancellation, as per Section 8 (2) of the Act, the Department may carry development works in the colony and recover the charges incurred on the said development works from the coloniser and the plot-holders.

As per provision of Rule 11 of HDRUA Rules, colonisers were required to furnish bank guarantee equivalent to 25 *per cent* of the estimated cost of development works[1]. In the event of breach of any clause of agreement by the colonisers, the Department was entitled to cancel the license granted and the bank guarantee in that event was required to be encashed.

Rule 4.1 of the Punjab Financial Rules (PFR) provides that the departmental controlling officers should see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the treasury.

During test check of records (21 June 2021 to 15 July 2021) in the office of the Director, Town and Country Planning Department (TCPD), Haryana for the period from April 2019 to March 2021, it was seen that the Department was not enforcing the rules and regulations to protect the interests of the State exchequer and was extending undue favour to the licensees. It was observed that three cases of non-revalidation of bank guarantee caused loss to the State exchequer of ₹ 9.84 crore as discussed below:

(i) TCPD, Haryana issued a license 1283 of 2006 (LC 785) in November 2006 for setting up of Group Housing Colony at Village Raipur, Sector 10 and 11 of Sonipat District over an area measuring 13.3125 acres of land. The license was valid upto 28 November 2008. The licensee applied for the renewal of the license on 20 November 2008 which was rejected by the Department due to huge outstanding amount of ₹ 29.74 crore against the licensee. Thereafter, the licensee had not applied for the renewal of the license. The Department cancelled the license in October 2012. The department had the bank guarantees on account of External Development Charges (EDC) and Internal Development Charges (IDC) of ₹ 4.16[2] crore which were valid upto 12 October 2009. However, the Department had not revalidated/revoked the bank guarantees which resulted in the loss of ₹ 4.16 crore to the State exchequer in the instant case. The Department had not initiated any action to recover the pending dues so far except making a request (November 2020) to Deputy Commissioner, Sonipat for handing over of land/building of the license to the Senior Town Planner, Rohtak.

(ii) TCPD, Haryana issued license 65 of 2008 (LC 1589) in March 2008 for setting up of Group Housing Colony at village Dholagarh, Sector 14, Palwal over an area measuring 6.98 acres of land. The license was valid upto 18 March 2010 which was renewed upto 18 March 2012 by the Department. The licensee had violated various provisions of HDRUA Act and Rules made thereunder including non-submission of documents in compliance with Rules 24, 26, 27 and 28 of HDRUA Act, 1975 as well as non-renewal of license after

1 Internal and External Development Works.

2 Bank Guarantees of ₹ 315.98 lakh and ₹ 99.97 lakh on account of External Development Charges and Internal Development Works respectively.

2012. The department, after giving the opportunity of hearing to the licensee to rectify the discrepancies, cancelled the license on 21 August 2018.

The department had bank guarantees amounting to ₹ 2.31[3] crore at the time of cancellation of license with validity upto 27 February 2020. However, the Department had not revalidated/revoked the bank guarantees. This resulted in the loss of ₹ 2.31 crore to the State exchequer in the instant case. The Department requested (August 2018) the Deputy Commissioner, Palwal (DC) to recover the outstanding dues, however no recovery has been made till June 2021.

(iii) Licence 42 of 2008 for setting up a Group Housing Colony over an area measuring 10.25 acres in Sector-95, Gurugram was granted by the department. The license was valid upto 1 March 2010. The coloniser submitted bank guarantees of ₹ 3.37[4] crore with period of validity upto 25 January 2012 against which claims could be lodged upto 25 July 2012 on account of EDC and Infrastructure Development Works (IDW). During scrutiny, it was observed that the department did not initiate the cancellation process timely as the period of validity of the license had expired on 1 March 2010. Due to non-initiation of cancellation process and revocation of bank guarantees the State exchequer suffered a loss of ₹ 3.37 crore.

It was further observed that the coloniser also submitted (March 2013) an undated cheque of ₹ three crore alongwith review petition for renewal of license with the assurance that he will deposit the balance amount of EDC on or before 30 June 2013. The Department did not encash the above mentioned undated cheque though the coloniser did not deposit the balance amount of EDC till the end of June 2013. Further, no action has been taken by the Department to recover the outstanding dues from the coloniser till July 2021. It is pertinent to mention here that chances of recovery of outstanding dues are very bleak as Corporate Insolvency Resolution Process has been initiated (September 2019) against the coloniser at the National Company Law Tribunal.

During exit conference (April 2022) the Director, TCPD stated that in all three cases licenses were cancelled by the department and the process of encashment of bank guarantee was initiated before the expiry of validation period. However, the department could not produce the documents in support of reply except in case of license no. 42 of 2008 wherein the department had instructed the bank in July 2012 to encash the bank guarantee but the bank conveyed its inability due to expiry of validation period of the Bank Guarantee.

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[3] Bank Guarantees of ₹ 182.25 lakh and ₹ 49.21 lakh on account of External Development Charges and Internal Development Works respectively.

[4] Bank Guarantees of ₹ 267.63 lakh and ₹ 69.65 lakh on account of External Development Charges and Internal Development Works respectively.

Thus, due to the lackadaisical approach of the Department to enforce the provisions of HDRUA Rules, the State exchequer has suffered a loss of ₹ 9.84[5] crore.

The matter was referred (19 January 2022) to Additional Chief Secretary, Town and Country Planning Department, Government of Haryana for reply/comments. Reply was awaited (April 2022).

Revenue and Disaster Management Department, Forest Department, Department of Town and Country Planning, Urban Local Bodies Department, Haryana and the Municipal Corporation of Faridabad (MCF)

4.3 Illegal construction of a multi-storey building in notified land and consequent illegal sale of commercial office spaces valuing ₹ 182.46 crore

The Municipal Corporation of Faridabad allotted land notified under Punjab Land Preservation Act, 1900 (PLPA) (preserved and protected with prohibitions of non-forestry activities) to a developer who after getting a NOC from the Forest Department constructed a multi-storied building on this land. The building plans were sanctioned by the MCF and also granted Occupation Certificate in contravention of the terms of allotment. Thereafter, registration of illegal Conveyance Deeds were got executed by the Developer from the Sub-Registrar. The total valuation of the building works out to ₹ 182.46 crore.

Sections 3, 6 & 7 of the Act, 1963[6], stipulate prohibitions against erection/re-erection of buildings along the scheduled roads and/or within the controlled areas and use of land in the controlled areas. Every person desiring to obtain the permission against these prohibitions shall make an application to the Director[7], Town and Country Planning, Haryana under Section 8 of the Act, 1963. The prescribed procedure of granting of the said permission under Section 8 i.e. Change of Land Use (CLU) has been dealt with under Part IV-A (Rule 26-A to 26-F) of the Rules, 1965[8]. The applicant has to apply for the CLU in Form CLU-I prescribed under Rule 26-A and the provisions are for a person other than a coloniser. Execution of an agreement

[5] ₹ 9.84 crore = ₹ 4.16 crore + ₹ 2.31 crore + ₹ 3.37 crore.

[6] The Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963.

[7] Or to any person appointed by the Govt. by notification to exercise and perform powers and functions of the Director u/s 2 (6) of the Act, 1963.

[8] The Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Rules, 1965.

in the Form CLU-II prescribed under Rule 26D of the Rules, 1965 is a condition for approval of the change of land use granted in the Form CLU-III. The Developer also has to give an undertaking in the agreement, to not sell the said land or portion thereof unless the said land had been put to use as permitted by the Director and to use the said land only for the purposes permitted by the Director. The CLU permission including zoning plans granted by Chief Administrator of Faridabad Complex Administration and subsequently by MCF were using these powers, functions and procedures on behalf of Director, Town and Country Planning.

When the developer wants to act as a coloniser, intending to change the existing use of the land in a controlled area for the purpose of setting up a colony by sub-dividing and developing the said land into building plots for residential, industrial, commercial or other purposes, he has to apply under Rule 11 in Form CL-I and comply with the provisions stipulated in Rules 11 to 16 of the Rules, 1965.

Alternatively, the Developer can apply for grant of licence to the Director, Town and Country Planning under Section 3 of the Haryana Development and Regulation of Urban Areas Act, 1975 (the Act, 1975) by following the provisions prescribed in the Rules 3 to 11 of the Haryana Development and Regulation of Urban Areas Rules, 1976 (the Rules, 1976). The Sub-Registrar may allow sale of such sub-divided parts as land after compliance with provisions of Section 7A of the Act, 1975[9] or as constructed area after compliance with the provisions of the Haryana Apartment Ownership Act, 1983 (the Apartment Act, 1983). The developer has to register a Deed of Declaration as specified under Sections 2 and 3 (j) of the Apartment Act, 1983 within 90 days of Completion Certificate/Occupation Certificate as may be applicable for licensed development under the Act of 1975 and/or Act of 1963. Besides, the purchasers of commercial spaces in integrated commercial complexes have proportionate rights over the land on which the integrated complex is built in addition to other areas contained in the common areas under the Apartment Act, 1983 (specified under Sections 2, 3(f) and 4 of the Apartment Act, 1983).

(i) Approval of CLU and further allotment of MCF land

During examination of issues (November-December 2021) related to multiple Departments and entities viz Municipal Corporation of Faridabad (MCF),

[9] Under 7A an NOC is required from the Director for purporting to transfer by way of sale or lease or gift any vacant land having an area of less than 1000 sqm before 3rd March 2017 and less than two kanals thereafter; u/s 7(i) transfer of plots in a colony has been prohibited without a license u/s 3 of the Act of 1975.

Forest Department, Department of Town and Country Planning and Department of Stamp and Registration, it was seen that M/s Godavari Shilpkala Pvt. Ltd. (the Developer) had been granted permission/approval for change in land use (CLU) on 12th March 1992 by Chief Administrator-cum-Director, Town and Country Planning, Faridabad Complex Administration (FCA)[10], Faridabad for a land stretch of 5.5 acres (44 kanals) situated in the revenue estate of Lakkarpur[11] village for development and use of the land as 'Recreational, Cultural and Hotel Complex'. The CLU approval was granted under the Act, 1963 using powers and functions of the Director, Town and Country Planning under Section 2 (6) of the Act of 1963. The Developer was granted the CLU approvals after execution of an agreement in the prescribed Form CLU-II (Rule 26D of the Rules, 1965). The land was categorised originally (prior to 12 March 1992) and presently (December 2021) in revenue records as non-cultivable hills (*Gair mumkin pahar*).

The Developer requested (November, 1994) for allotment of a 3.93 acre parcel of land (comprising three pieces of land) abutting the 5.5 acre land (referred to in the preceding paragraph) for the purpose of parking, landscaping and expansion of 5 star hotel. The MCF after approval from the Government[12] of Haryana allotted (May, 1995) the 3.93 acre parcel of land belonging to MCF in the revenue estate of Lakkarpur Village at the rate of ₹ 20 lakh per acre and other applicable charges including External Development Charges (EDC). The Conveyance Deed was executed on 28 August 1995. The last revised Zoning Plan of the complete CLU site of 9.43 (5.5+3.93) acres was issued on 19 November 2006 by the Commissioner, MCF in continuation of previous zoning plans issued on 26 May 1992 and 11 September 1995. There were specific conditions prescribed which were *inter alia* as follows:-

(a) The CLU site was not to be fragmented/sub-divided under any circumstances as contained in CLU-II agreement, terms and conditions of allotment letter and clauses of applicable zoning plan(s); and

(b) Building permitted at site shall be used for development of recreational, cultural and hotel complex as per revised zoning plan dated 19 November 2006. The category of this land parcel of 3.93 acre originally was and also is non-cultivable hills (*Gair Mumkin Pahar*) as per revenue records.

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10 Faridabad Complex Administration became a part of MCF in 1994 and consequently functions of Chief Administrator became a part of functions of Commissioner MCF.

11 Lakkarpur Village falls under controlled area of the Act of 1963 as per notification no. 3826-2TCP-63/35804 of 19 December 1963 issued by the Town and Country Planning Department of Punjab.

12 Records relating to the approval were not produced to Audit by the Director, ULB as well as PS (ULB).

(ii) Illegal construction

The developer planned five building blocks in the 5.5 acre stretch of which four blocks (No. 1 to 4) were interconnected towers and Occupation Certificate[13] was granted by the Commissioner MCF on 14 November 1994. The fifth block was a separate building constructed later.Its part Completion and Permission to Occupy Certificate was granted on 4 July 2008 with ten storeys above the Ground Floor and basements (total 14 storeys) covering 51,609.173 sqms.

The Developer planned another multi-storied building on the land allotted by the MCF (i.e. 3.93 acre) and the proposed building plans were sanctioned (6 November 2007) with validity up to 5 November 2009. The sanctioned tower incorporated nine floors for commercial offices, three floors for halls, two floors for car parking above the Ground Floor reserved for ATM Space and Entrance Lobby with one Basement (total 16 storeys). The said building was completed on the site and Occupation and Completion Certificate was granted by the MCF on 7 April 2011 with 32,975.96 sqm covered area. The details of floor-wise area and rates per square feet for commercial space in the area notified by the Deputy Commissioner Office of Faridabad and corresponding value of the constructed office space is given in ***Appendix-7***. The value works out to ₹ 182.46 crore.

The permission for change of land use and allotment approval of additional land did not permit construction and use of constructed area for commercial offices. However, review of records showed that the MCF sanctioned the building plans (reflecting use of building spaces as commercial) in contravention of the approval of CLU and land allotment.

(iii) Illegal sale

The Developer was selling office space since December 2011. The MCF became aware of the illegal Conveyance Deeds in December 2020 when an individual sought information from MCF regarding the legality of Conveyance Deeds. The Chief Town Planner (CTP), MCF provided the information only in February 2021. Later, the Commissioner, MCF ordered (24 March 2021) collection of information of Conveyance Deeds from the Tehsildar, Badkhal (Faridabad). As per information received from the Tehsildar, Badkhal, 10 Conveyance Deeds (***Appendix 8***) in the tower at Godavari Shilpkala named ‘Pinnacle Business Tower’ were registered at the office of Sub-Registrar Badhkal between 6 October 2017 and 21 December 2020. Commissioner, MCF issued Show Cause notice

[13] Detail of floor area of these blocks was not made available by the MCF.

(25 March 2021) to the developer. The Developer did not respond to the notices. The Commissioner, MCF ordered (8 April 2021) sealing of the premises of the Pinnacle Business Tower as there were contraventions in the use of land, subdivision of land and sale of building violating the provisions of CLU permission, CLU-II agreement under Rule 26D of the Rule, 1965 and the approved zoning plan.

(iv) Joint physical verification by Audit

Audit conducted a joint physical verification of the Pinnacle Business Tower on 2 December 2021 with the officials of the MCF and it was found that the Pinnacle Business Tower was not sealed. On detailed floor wise verification, it was found that all the ten sold out units which were made out to be the ground for sealing the premises of the Pinnacle Business Tower by the Commissioner, MCF on 8 April 2021, were open and not sealed. Contrarily eight other units[14] (which were not part of the list) were found sealed with a white tape.

(v) Irregularities in registration of sale deeds

Examination of records in the Sub-Registrar offices at Badkhal and Faridabad enabled collection of copies of 40 Conveyance Deeds (***Appendix 9***) pertaining to the Pinnacle Business Tower including 10 deeds already on record of the MCF. The MCF had obtained the Conveyance Deeds from the office of the Sub-Registrar, Badkhal. This office had come into existence in the year 2017 and the deeds executed prior to the year 2017 remained to be obtained. These were in the custody of the office of the Sub-Registrar, Faridabad. It was also observed that Conveyance Deeds at Sr. No. 3, 4 & 5 in the ***Appendix 9*** were got registered without signatures of the Sub-Registrar Faridabad. The sale deeds/ agreements, had been drafted to convey creation of third-party rights restricted to commercial offices and there was no reference to sub-division of land. Sub-Registrar, Badkhal mentioned during the Exit Conference with Audit (December 2021) that in such projects the developers submit the project file at the initial stage and the file is checked in detail. The Deeds are registered routinely thereafter and every time the project file was not checked but only Occupation/Completion Certificate was checked. He also mentioned that there was no necessity of NOC under Section 7A of the Haryana Development and Regulation of Urban Areas Act, 1975 (the Act, 1975) before registration of Conveyance Deeds in the Pinnacle Tower as the saleable area was not land but a constructed area. The statement of

14 2nd Floor – No. 201 & 206; 3rd Floor – No. 301, 305 & 306; 4th Floor – No. 404 and 6th Floor – No. 603 & 605.

Sub-Registrar was not correct as conveyance deeds could not be executed without obtaining license under Section 3 of the Act of 1975. Copy of project file was specifically sought from the office of Sub-Registrar-cum-Tehsildar, Badkhal and Faridabad but was not made available. However, the Sub-Registrar-cum-Tehsildar, Faridabad intimated that the Deed of Declaration (under Sections 2 and 3 (j) of the Apartment Act, 1983) was not got registered by the developer.

Audit observed that the Developer was not entitled to set up a colony in the form of an integrated commercial complex by flouting the combined zoning plan issued in November 2006. The Developer had also not obtained license under Section 3 of the Act, 1975 by following the provisions prescribed in the Rules 3 to 11 of the Rules, 1976 nor complied with the provisions under section 7A of the Act, 1975 (which requires permission from Director, Town and Country Planning) or followed the provisions of the Apartment Act, 1983, requiring registration of Deed of Declaration. The registered Conveyance Deeds were contrary to above referred provisions. The Developer succeeded in executing 40 conveyance deeds for ₹ 88.94 crore fraudulently (as detailed in ***Appendix 9***). Offices of Sub-Registrars had ignored the facts that the Developer had not registered the Deed of Declaration under the Apartment Act, 1983; the Conveyance Deeds did not mention any license under Section 3 of the Act, 1975 mandated under Section 7 (i) of the Act of 1975; and the referred CLU permission was merely for setting up a 'cultural, recreational and hotel' complex issued under the provisions of Rule 26D of the Rules, 1965 without vesting any sale and fragmentation rights. Similar views have also been taken by the Hon'ble Punjab and Haryana High Court in an identical matter in the CWP No. 26147 of 2015 decided on 10 January 2020.

(vi) MCF allotted the land notified under PLPA, 1900

It was also seen in audit that the Government of Haryana (Forest Department) had issued a notification under Section 4 of the Punjab Land Preservation Act (PLPA), 1900 (applicable to Haryana), vide Notification No. S.100/P.A.2/S.4/92 dated 18 August 1992. The notification stipulated deemed necessary prohibitions in the revenue estate of Lakkarpur Village of Ballabhgarh Tehsil in Faridabad District for 30 years to save the soil from erosion. The MCF land (3.93 acres) allotted to the Developer, on which the 'Pinnacle Business Tower' had been constructed, was part of this PLPA notified area (preserved and protected with prohibitions of non-forestry activities). Despite being a part of the notified PLPA area, the MCF records do not refer to any consultation/No Objection Certificate (NOC) from the Forest Department before making allotment.

(vii) Lapses on the part of Forest Department

On further investigation in the Forest Department, it was observed that the Range Forest Officer, Faridabad issued two notices on 1 August 2021 addressed to the buildings situated in the developer's land (Hotel Vivanta and the Pinnacle) for execution of non-forestry activities and committing of violations of the PLPA, 1900, Indian Forest Act, 1927 and Forest Conservation Act, 1980. In response to this notice, the developer submitted an NOC issued on 11 December 2006 by the Range Forest Officer, Ballabgarh (the then jurisdictional office). Vide this NOC, it was intimated that the khasra numbers of the developer's land were not covered under the provisions of the PLPA. However, audit compared the khasra numbers of the developer's land, the PLPA notification dated 18 August 1992 and the khasra numbers mentioned in this NOC (***Appendix 10***) and it was revealed that whole stretch of 3.93 acre land allotted by the MCF (on which Pinnacle Tower was constructed) was covered under the PLPA notified area.

The Range Forest Officer, Ballabgarh intimated on 5 January 2022 that an NOC to the developer had been dispatched vide Sr. No. 211 on 11 December 2006 but no office record of this NOC was in existence in the office. On further scrutiny in the Office of the Dy. Conservator of Forests, Faridabad, it was intimated that the Range Forest Officer was not the competent authority to issue such NOC. Thus, the Range Forest Officer had issued a NOC despite not being competent to do so and had facilitated non-forestry activities in contravention to the *ibid* forest laws. The Forest Department had not initiated any action despite being cognizant of the violations.

Conclusions

Audit observed a trail of illegalities starting from the land allotment to the Developer by the MCF in the PLPA notified area; abetted through sanction of building plans for commercial office space in contravention to the CLU agreement; facilitation through issuing of Forest NOC on the PLPA notified area by an officer not authorised to do so and culminating into the illegal execution of Conveyance Deeds at the Offices of the Sub-Registrars, Faridabad and Badkhal. Thus, the officials of MCF, ULB Department, Forest Department and Revenue Department had facilitated such gross violations by the Developer.

The enforcement wings at the MCF as well as the Department of Town and Country Planning had not taken any action against the illegal construction carried out for a period more than nine years.

The matter was discussed in the Exit Conference with the Commissioner, MCF on 3 December 2021.The Commissioner directed the Chief Town Planner to explain the gaps with relevant records due to which the observations have arisen. However, no such explanatory records were produced. These audit findings were brought to the notice of the Principal Secretary to Government of Haryana, Urban Local Bodies Department, Director, Urban Local Bodies, Principal Secretary to Government of Haryana, Forest Department, Financial Commissioner to Government of Haryana in Revenue Department and the Director, Town and Country Planning Department in December 2021 and again in January 2022. An exit conference was held with Director, TCPD and Director, Urban Local Bodies Department (ULB) in April 2022.

(i) The official from ULB Department contended that the area in which the Pinnacle Tower is situated, had been converted to residential area through Spot Zoning in 1994. Audit observed that provision of spot zoning is not available in the Act of 1963 and Act of 1975 and Rules thereunder. Further, the proposal for excluding a part of this site from Natural Conservation Zone (NCZ) had not been approved so far (April 2022).

(ii) The officials of ULB Department stated that CLU was granted before notification under the Punjab Land Preservation Act, 1900 (PLPA). The statement was not based on facts as the notification under PLPA was issued in 1992 and the land in question was allotted by the MCF in 1995.

(iii) It was also intimated by officials of TCPD that notice had already been issued to the Company and an FIR had been registered under Section 7(i) of the Act, 1975. The final action was awaited (April 2022).

Recommendations

The Haryana Government may consider the following:

(i) Initiation of action against the developer(s) and involved public servants for violating PLPA notification as well as other legal and internal central provisions/procedures at all stages of deviation(s).

(ii) Prescribing suitable internal control procedures for the offices of Sub-Registrars to ensure that sub-division/fragmentation of the CLU sites is not facilitated through registration of Conveyance/Sale Deeds.

(iii) Determining the compensation required to be paid to the investors by the Government of Haryana and the Municipal Corporation of Faridabad followed by its payment. This is further required to be followed by consequential action of recovering the compensation amount paid from the developers and from the concerned officials/persons responsible for the events.

The matter was referred (27 January 2022) to the Principal Secretary/ Additional Chief Secretaries of Government of Haryana, Revenue and Disaster Management Department, Forest Department, Town and Country Planning Department, Urban Local Bodies Department, Haryana for reply/ comments. No response has been received till April 2022.

Vishal Bansal

Chandigarh **(VISHAL BANSAL)**
Dated: 27 July 2022 **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
Dated: 02 August 2022 **Comptroller and Auditor General of India**

Appendices

Appendix 1

(Reference: Paragraph 1.1; Page 1)

Detail of clusters alongwith Departments, Public Sector Undertakings and Autonomous Bodies within a cluster

Cluster	Departments	Public Sector Undertaking	Autonomous Bodies
1. Health & welfare	Health and Family Welfare	.	Haryana State Commission for Child Rights
	Medical Education & Research Department	Haryana Medical Service Corporation Limited	
	Sainik and Ardh Sainik Welfare Department		
	Social Justice & Empowerment Department		
	Welfare of SC & BC Department	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	
		Haryana Schedule Caste Finance and Development Corporation Limited	
	Women and Child Development	Haryana Women Development Corporation Limited	
2.Education, skill Development and Employment	Higher Education Department		Haryana Building &Other Construction Workers Welfare Board, Panchkula
	Labour Department		Haryana Labour Welfare Board Panchkula
	School Education Department		
	Skill Development & Industrial Training Department		
	Sports and Youth Department Affairs		
	Technical Education Department		
	Employment Department		
3. Finance	Excise and Taxation Department		
	Finance Department	Haryana State Financial Services Limited	
4. Rural	Rural Development Department		
5. Agriculture, Food And Allied Industries	Agriculture & Farmers' Welfare Department	Haryana Agro Industries Corporation Limited	Haryana State Agriculture Marketing Board
		Haryana Land Reclamation and Development Corporation Limited	
		Haryana Seeds Development Corporation Limited	
		Haryana State Warehousing Corporation	
	Animal Husbandry & Dairying Department		
	Cooperation Department		
	Fisheries Department		
	Food, Civil Supplies & Consumer Affairs Department		
	Horticulture Department	Haryana International Horticulture Marketing Corporation Limited	
6. Water Resources	Irrigation & Water Resources Department	Haryana Minor Irrigation and Tubewells Corporation Limited	

Cluster	Departments	Public Sector Undertaking	Autonomous Bodies
7.Energy and Power	New and Renewable Energy		
	Power Department	Haryana Power Generation Corporation Limited	Haryana Electricity Regulatory Commission
		Haryana Vidyut Prasaran Nigam Limited	
		Uttar Haryana Bijli Vitran Nigam Limited	
		Dakshin Haryana Bijli Vitran Nigam Limited	
		Saur Urja Nigam Haryana Limited (Non-Working)	
8. Industry and Commerce	Industry and Commerce	Haryana State Industrial and Infrastructure Development Corporation Limited	Haryana Khadi & Village Industries Board Panchkula
		Panipat Plastic Park Haryana Limited	
		Haryana State Housing Finance Corporation Limited (Non-Working)	
		Haryana Concast Limited (Non-Working)	
		Haryana Minerals Limited (Non-Working)	
		Haryana State Financial Services Limited	
	Mines and Geology		
9. Transport	Civil Aviation		
	Transport Department	Haryana Roadways Engineering Corporation Limited	
10. Urban Development	Town and Country Planning	Haryana Mass Rapid Transport Limited	Haryana Shehri Vikas Pradhikaran Panchkula (HSVP)
		Gurgaon Technology Park Limited	Haryana Real Estate Regulatory Authority, Panchkula
		Gurugram Metropolitan City Bus Limited	Haryana Real Estate Regulatory Authority, Gurugram
			Gurugram Metropolitan Development Authority
	Urban Local Bodies	Faridabad Smart City Limited	
		Faridabad City Transport Services Limited	
		Karnal Smart City Limited	
	Housing for All		Housing Board Haryana Panchkula
11. Environment, Science and Technology	Environment & Climate Change Department		
	Forest Department	Haryana Forest Development Corporation Limited	State compensatory Afforestation Fund Management and Planning authority
	Science and Technology Department		

Cluster	Departments	Public Sector Undertaking	Autonomous Bodies
12. Public Works	Public Health Engineering Department		
	PWD (Buildings and Roads)	Haryana State Roads and Bridges Development Corporation Limited	
		Haryana Orbital Rail Corporation Limited	
		Haryana Rail Infrastructure Development Corporation Limited	
13. IT and Communication	Information and Technology	Haryana State Electronics Development Corporation Limited	
		HARTRON Informatics Limited	
14. Law and Order	Home	Haryana Police Housing Corporation Limited	District Legal Service Authority, Ambala
			District Legal Service Authority, Kurukshetra
			District Legal Service Authority, Karnal
			District Legal Service Authority, Narnaul
			District Legal Service Authority, Fatehabad
			District Legal Service Authority, Jind
			District Legal Service Authority, Kaithal
			District Legal Service Authority, Hisar
			District Legal Service Authority, Sirsa
			District Legal Service Authority, Yamuna Nagar
			District Legal Service Authority, Faridabad
			District Legal Service Authority, Panipat
			District Legal Service Authority, Bhiwani
			District Legal Service Authority, Panchkula
			District Legal Service Authority, Rewari
			District Legal Service Authority, Gurugram
			District Legal Service Authority, Mewat
			District Legal Service Authority, Palwal
			District Legal Service Authority, Rohtak
			District Legal Service Authority, Sonipat
			District Legal Service Authority, Jhajjar
			District Legal Service Authority, Charkhi dadri
			Haryana State Legal Services Authority, Panchkula
			Haryana Waqf Board, Ambala cantt.

Cluster	Departments	Public Sector Undertaking	Autonomous Bodies
15. Culture and Tourism	Art and Culture		
	Archieves		
	Archaeology and Museum		
	Tourism	Haryana Tourism Corporation Limited	
16. General Administration	Principal Secretary to Election Department		
	Citizen Resource Information Department		
	General Administration		Haryana Human Right Commission
	State Election Commission		
	Secretary to Haryana Vidhan Sabha		
	Revenue and Disaster Management Department		
	Printing and Stationery		
	Secretary to Governor		
	Information, Public Relations and Language		
	Department of International Coopration		

Appendix 2

(Reference: Paragraph 1.1; Page 1)

Statement showing detail of Departments, Public Sector Undertakings and Autonomous Bodies in three clusters

Cluster	Departments	Public Sector Undertakings	Autonomous Bodies
Energy and Power	New and Renewable Energy		
	Power Department	Haryana Power Generation Corporation Limited	Haryana Electricity Regulatory Commission
		Haryana Vidyut Prasaran Nigam Limited	
		Uttar Haryana Bijli Vitran Nigam Limited	
		Dakshin Haryana Bijli Vitran Nigam Limited	
		Saur Urja Nigam Haryana Limited (Non-Working)	
Industry and Commerce	Industry and Commerce	Haryana State Industrial and Infrastructure Development Corporation Limited	Haryana Khadi & Village Industries Board Panchkula
		Panipat Plastic Park Haryana Limited	
		Haryana State Housing Finance Corporation Limited (Non-Working)	
		Haryana Concast Limited (Non-Working)	
		Haryana Minerals Limited (Non-Working)	
		Haryana State Financial Services Ltd.	
	Mines and Geology		
Urban Development	Town and Country Planning	Haryana Mass Rapid Transport Limited	Haryana Shehri Vikas Pradhikaran Panchkula (HSVP)
		Gurgaon Technology Park Limited	Haryana Real Estate Regulatory Authority, Panchkula
		Gurugram Metropolitan City Bus Limited	Haryana Real Estate Regulatory Authority, Gurugram
			Gurugram Metropolitan Development Authority
	Urban Local Bodies	Faridabad Smart City Limited	
		Faridabad City Transport Services Limited	
		Karnal Smart City Limited	
	Housing for All		Housing Board Haryana Panchkula

Appendix 3

(Reference: Paragraph 1.6; Page 5)

Statement showing detail of category-wise amount of outstanding paragraphs

(₹ in crore)

Sr. No.	Category/Nature of Irregularities	Number of Paragraphs	Money Value
1	Loss due to theft, fire, misappropriation	33	17.60
2	Recoverable Amount	604	2,07,589.41
3	Non-compliance of rules	495	43,090.06
4	Avoidable/irregular/Excess expenditure	429	6,356.33
5	Unfruitful/wasteful expenditure	68	773.52
6	Shortcoming in implementation of scheme/execution of work	366	4,464.71
7	Non-utilisation/blockade of funds	112	1,783.03
8	Non-verification of store/stock	58	13.42
9	Loss of revenue due to non-utilisation of means	686	25,139.07
10	Miscellaneous	481	17,083.69
	Total	**3,332**	**3,06,310.84**

Source: Information compiled from Inspection Report Register.

Say ₹ 3,06,310.84 crore

Appendix 4

(Reference: Paragraph 1.7.1; Page 5)

Detail of Outstanding Paragraphs of Audit Report (PSUs) 2018-19 and Compliance Audit Report 2019-20 to be discussed in PAC and COPU as on 31 March 2022

Audit Report	Name of Department	Year of Audit report	Para No.	Total number of paras
PSUs	Energy and Power	2018-19	2.1, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7	8
	Industries and Commerce	2018-19	5.1, 5.2, 5.3	3
	Public works department	2018-19	5.4, 5.5	2
	Agriculture, Food and Allied Industries	2018-19	5.6, 5.7	2
Total				**15**
Compliance Audit Report	Food, Civil Supplies and Consumer Affairs department	2019-20	2.1, 2.2	2
	Sports and Youth Affairs Department	2019-20	2.3	1
	Town and Country Planning Department (Haryana Shehri Vikas Pradhikaran)	2019-20	2.4, 2.5	2
	Labour Department	2019-20	2.6	1
	Urban Local Bodies Department	2019-20	2.7	1
	Public Health Engineering Department	2019-20	2.8, 2.9	2
	Energy and Power	2019-20	3.1,3.2,3.3	3
	Industries and Commerce	2019-20	3.4,3.5	2
	Agriculture, Food and Allied Industries	2019-20	3.6,3.7,3.8,3.9	4
	Health and Welfare	2019-20	3.10	1
Total				**19**
Grand total				**34**

Appendix 5

(Reference: Paragraph 1.7.2; Page 6)

Detail of paragraphs where action has not been taken by the Administrative Departments as on 31 March 2021

Sr. No.	Name of Administrative Department	Year of Audit Report	Paragraph Number	Amount (₹ in lakh)
1.	Agriculture	2000-01	6.3	40.45
		2013-14	3.1	4,131.00
		2015-16	2.1.7.5	12,644.00
			2.1.9.3	21.41
		2017-18	2.1.6.3	2,222.00
2.	Animal Husbandry	2000-01	3.4	21.96
		2001-02	6.3	747.00
3.	Finance	2013-14	3.7	2,021.00
4.	Food and Supplies	2002-03	4.6.8	23.89
		2014-15	3.6.2	2,446.00
			3.6.3	240.00
		2017-18	3.4	2,404.00
		2018-19	3.5	299.00
5.	Rural Development (DRDA)	2001-02	6.1.11	0.54
		2011-12	2.4.10.2	2.60
6.	Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
		2001-02	6.10	4,055.00
		2011-12	2.3.10.8	16,700.00
		2013-14	2.3.10.6	1,266.00
			2.3.10.11	37,386.00
			3.20	84.64
		2015-16	3.18 (a)	41,715.00
			3.18 (b)	1,077.00
		2017-18	3.17 A	16,086.00
			3.17 B	1,972.00
			3.18.7 (i)	11,14,413.00
			3.18.7 (ii)	1,955.00
			3.18.10	4,678.00
			3.18.11 (i)	342.00
			3.18.11 (ii)	2,025.00
			3.18.11 (iii)	2,690.00
		2018-19	3.14.3.3	3,189.00
			3.14.3.4	713.00
			3.14.3.7	15,21,661.00
			3.14.3.8	1,314.00
			3.14.3.11	96.00
			3.14.4.3	1,122.00
			3.14.4.5	72.00
			3.15	561.00
7.	Social Justice and Empowerment (District Red Cross Society)	2011-12	3.3.5.1	1,572.00
8.	PWD (Irrigation Branch)	2010-11	3.1.2	62.25
9.	Labour and Employment	2011-12	2.1. 9.4	79.95
10.	Urban Local Bodies	2012-13	2.2.8.1	17,040.00
			2.2.8.6	10,182.00
			3.20	554.00

Sr. No.	Name of Administrative Department	Year of Audit Report	Paragraph Number	Amount (₹ in lakh)
11.	Cooperation	2012-13	2.5.7.4	494.00
			2.5.9.3	767.00
12.	Health and Medical Education	2012-13	3.6	125.00
13.	Medical Education & Research	2018-19	2.1.8.3	11.56
			2.1.8.4 (i)	48.47
			2.1.8.5. (ii)	14.89
14.	School Education	2014-15	3.3	251.00
		2017-18	3.16.2.5	12.30
		2018-19	3.3	469.00
15.	Public Works Department (B&R)	2015-16	3.12.4.1	53.00
16.	Technical Education	2018-19	2.1.8.4 (ii)	1.57
			2.1.8.6	78.91
17.	Higher Education Department	2016-17	2.1.7.3	118.00
			2.1.8 (b)	2,631.00
		2018-19	2.1.8.5 (i)	6.36
			2.1.8.10	1.52
			2.1.8.11	2.54
18.	Home (Jail) Department	2016-17	2.2.7.3	112.00
19.	Housing	2018-19	3.9	41.00
20.	Health Department	2017-18	3.6.2.6	543.00
21.	Skill Development & industrial Training	2018-19	2.1.8.8	85.86
22.	Industries and Commerce Department	2017-18	3.10	145.00
23.	Forest	2018-19	3.7.4 (ii)	274.00
24.	Welfare of SC & BC	2018-19	2.1.8.1	1,898.00
			2.1.8.2	965.00
			2.1.8.7	474.00
	Total			**28,57,080.67**

Appendix 6

(Reference: Paragraph 1.7.3; Page 7)

Details of Recommendations of PAC and COPU on CAG Report on Social, General and Economic Sectors PSUs/Non PSUs as on 31 March 2022

Sr. No.	PAC			COPU		
	PAC Report Number	Year of PAC report	Pending recommend-dations	Audit Report	Pending recommend-dations	Year of COPU report
1.	16th	1979-80	1	16th	1	1983-84
2.	22nd	1984-85	2	19th	1	1984-85
3.	23rd	1985-86	1	23rd	3	1986-87
4.	25th	1986-87	1	35th	1	1992-93
5.	26th	1987-88	1	38th	1	1994-95
6.	32nd	1990-91	1	41st	1	1996-97
7.	34th	1991-92	5	42nd	1	1996-97
8.	36th	1992-93	4	43rd	3	1997-98
9.	38th	1993-94	4	45th	14	2000-01
10.	40th	1994-95	4	47th	14	2000-01
11.	42nd	1995-96	1	48th	10	2000-01
12.	44th	1996-97	7	49th	7	2001-02
13.	46th	1997-98	3	50th	4	2002-03
14.	48th	1998-99	1	51st	3	2003-04
15.	50th	2000-01	20	52nd	7	2005-06
16.	52nd	2001-02	7	53rd	15	2006-07
17.	54th	2002-03	8	55th	6	2008-09
18.	56th	2003-04	11	56th	3	2009-10
19.	58th	2005-06	19	57th	6	2010-11
20.	60th	2006-07	24	58th	5	2011-12
21.	61st	2007-08	8	59th	10	2012-13
22.	62nd	2007-08	16	60th	6	2013-14
23.	63rd	2008-09	17	61st	10	2014-15
24.	64th	2009-10	8	62nd	13	2015-16
25.	65th	2010-11	13	63rd	15	2016-17
26.	67th	2011-12	18	64th	18	2017-18
27.	68th	2012-13	19	65th	7	2018-19
28.	70th	2013-14	21	66th	9	2019-20
29.	71th	2014-15	11	67th	18	2020-21
30.	72nd	2015-16	43	68th	20	2021-22
31.	73rd	2016-17	60	**Total**	**232**	
32.	74th	2016-17	39			
33.	75th	2017-18	39			
34.	77th	2017-18	34			
35.	79th	2018-19	42			
36.	80th	2019-20	34			
37.	81st	2020-21	54			
38.	82nd	2021-22	72			
		Total	**673**			

Appendix 7

(Reference: Paragraph 4.3 (ii); Page 38)

Total area and price of the constructed area in the Pinnacle Tower

(Amount in ₹)

Sr. No.	Floor	Area of the Floor(sqft)	Rate per square feet*	Total price of the floor
1	Basement	40,342.47	5,000	20,17,12,350
2	Ground Floor 1st Stilt	30,247.76	6,500	19,66,10,440
3	2nd to 3rd Stilt	63,985.42	6,500	41,59,05,230
4	1st floor to 9th floor	17,0693.10	4,700	80,22,57,570
5	10th floor to 11th floor	35,664.02	4,200	14,97,88,884
6	12th floor	11,366.65	4,200	4,77,39,930
7	Terrace floor	2,521.93	4,200	1,05,92,106
	Total	**3,54,821.35**		**1,82,46,06,510**

* **At the rate of DC rates for Badkhal Tehsil for the year 2020-21**

Appendix 8

(Reference: Paragraph 4.3 (iii); Page 38)

Detail of Conveyance Deed on MCF Record

Sr. No.	Premises No./Flat No.	Date Deed
1	202/2nd	25 April2018
2	405/4th	25 April 2018
3	/5th	23 October 2017
4	503/5th	21 December 2020
5	901/9th	15 November 2017
6	903/9th	06 October 2017
7	904/9th	15 November 2017
8	905/9th	06 October 2017
9	906/9th	15 November 2017
10	--	29 June 2018

Appendix 9

(Reference: Paragraph 4.3 (v); Page 39)

List of Conveyance Deed executed in Pinnacle Tower under CLU permission of M/s Godavary Shilpkala Kender Pvt. Ltd.

Sr. No.	Name of SRO	Location and address	Shop no. and Floor	Date of Sale deed	Sale Deed No.	Name of the Purchaser	Type	Consideration amount of the deed (in ₹)	DC Rate per square feet	Area	Total (in ₹)	Remarks
1	S.R. Faridabad	Pinacle Business Tower Shooting range road Lakarpur Surajkund	1106/11th floor	02 December 2011	13,959	Y.P. Punj	Commercial	4,27,24,484	4,200	5,026.41	2,11,10,922	
2	-do-	-do-	806/8th floor	18 October 2012	13,077	Anika International	Commercial	4,45,13,887	4,200	5,026.41	2,11,10,922	
3	-do-	-do-	203 B/2nd floor	12 December 2012	18,442	M/s Avia Prem Solution	Commercial	88,06,435	5,500	1,601.17	88,06,435	Not signed by S.R.
4	-do-	-do-	203 A/2nd floor	12 December 2012	18,439	Manjula krishnan	Commercial	88,06,435	5,500	1,601.17	88,06,435	Not signed by S.R.
5	-do-	-do-	204/2nd floor	12 December 2012	18,440	Arun Rana	Commercial	1,60,98,340	5,500	3,150.36	1,73,26,980	Not signed by S.R.
6	-do-	-do-	606 A/6th floor	20 June 2014	3,293	Feroz Varun Gandhi	Commercial	85,17,998	4,200	1,812.34	76,11,828	
7	-do-	-do-	606 C/6th floor	20 June 2014	3,292	Feroz Varun Gandhi	Commercial	85,17,998	4,200	1,812.34	76,11,828	
8	-do-	-do-	606 B/6th floor	20 June 2014	3,291	Feroz Varun Gandhi	Commercial	85,17,998	4,200	1,812.34	76,11,828	
9	-do-	-do-	801/8th floor	21 August 2014	6,663	M/s Cosmos Hospital	Commercial	1,07,70,000	4,200	3,590.00	1,50,78,000	
10	-do-	-do-	206/2nd floor	04 February 2015	15,483	Quantum buildinfra	Commercial	1,30,80,000	5,500	2,725.00	1,49,87,500	
11	-do-	-do-	802 B/8th floor	08 January 2016	14,607	B.R. Yadav	Commercial	88,25,000	4,200	1,765.00	74,13,000	
12	-do-	-do-	802 A/8th floor	08 January 2016	14,606	Hiramani Yadav	Commercial	88,25,000	4,200	1,765.00	74,13,000	
13	-do-	-do-	802 B/8th floor	15 July 2016	4,946	B.R. Yadav	Commercial	78,25,000	4,200	1,765.00	74,13,000	The Sale Deed of this flat has been revised (Sr. No. 11)
14	-do-	-do-	802 A/8th floor	15 July 2016	4,945	Hiramani Yadav	Commercial	78,25,000	4,200	1,765.00	74,13,000	The sale deed of this flat has been revised (Sr. No. 12)
15	-do-	-do-	604B/ 6th floor	12 August 2016	5,801	PHY. Infrastructure	Commercial	85,26,350	4,200	1,705.27	71,62,134	
16	-do-	-do-	604 A/ 6th floor	12 August 2016	5,824	PHY. Infrastructure	Commercial	85,26,350	4,200	1,705.27	71,62,134	
17	S.R. Badhkal	-do-	905/9th floor	06 October 2017	2,153	Punam Lal	Commercial	1,60,49,490	4,200	5,349.83	2,24,69,286	Sale Agreement executed in 2009 but registry done in 2017
18	-do-	-do-	not clear/5th floor	23 October 2017	2,483	M/s undergroud Megnetics type Ltd.	Commercial	4,62,14,231	4,200	5,437.74	2,28,38,508	
19	-do-	-do-	501/5th floor	23 October 2017	2,484	M/s undergroud Megnetics type Ltd.	Commercial	3,10,50,767	4,200	3,653.55	1,53,44,910	
20	-do-	-do-	906/9th floor	15 November 2017	3,128	Purshottam Lal	Commercial	1,63,13,220	4,200	5,437.74	2,28,38,508	Sale Agreement executed in 2009 but registry done in 2017

Sr. No.	Name of SRO	Location and address	Shop no. and Floor	Date of Sale deed	Sale Deed No.	Name of the Purchaser	Type	Consideration amount of the deed (in ₹)	DC Rate per square feet	Area	Total (in ₹)	Remarks
21	-do-	-do-	903/9th floor	15 November 2017	2,154	Punam Lal	Commercial	1,03,26,090	4,200	3,442.03	1,44,56,526	Sale Agreement executed in 2009 but registry done in 2017
22	-do-	-do-	901/9th floor	15 November 2017	3,126	Purshottam Lal Punam Lal	Commercial	1,09,60,650	4,200	3,653.55	1,53,53,310	Sale Agreement executed in 2009 but registry done in 2017
23	-do-	-do-	904/9th floor	15 November 2017	3,127	Purshottam Lal Punam Lal	Commercial	1,02,31,620	4,200	3,410.54	1,43,24,268	Sale Agreement executed in 2009 but registry done in 2017
24	-do-	-do-		29 June 2018	2,995	Kailash Chandra Malhotra	Commercial	38,48,400		1,282.80		
25	-do-	-do-	503/5th floor	21 December 2020	3,331	Sunil Prakash	Commercial	2,05,00,000	4,200	3,442.03	1,44,56,526	
26	S.R. Faridabad	-do-	805 A/8th floor	24 August 2015	8,633	Vikram Vekanta	Commercial	75,77,750	4,200	1,783.00	74,88,600	
27	-do-	-do-	303 B/3rd Floor	10 February 2014	15,663	Hiramani Yadav	Commercial	78,75,000	5,000	1,750.00	87,50,000	
28	-do-	-do-	303 A/3rd floor	20 January 2014	14,683	Santosh Yadav	Commercial	78,75,000	5,000	1,750.00	87,50,000	
29	-do-	-do-	803/8th floor	15 November 2013	10,416	Clairvoyent Trade	Commercial	2,06,52,180	4,200	3,442.03	1,44,56,526	
30	-do-	-do-	605 C/6th floor	20 June 2014	3,290	Varun Gandhi	Commercial	83,80,100	4,200	1,783.00	74,88,600	
31	-do-	-do-	10 B/10th floor	30 December 2013	13,645	Satnam Overseas	Commercial	6,98,00,000	4,200	6,980.00	2,93,16,000	
32	-do-	-do-	7th Floor	06 March 2014	16,804	Emgreen Realtors	Commercial	13,55,77,150	4,200	27,115.43	11,38,84,806	
33	-do-	-do-	605 A/6th floor	20 June 2014	3,288	M/s Feroz Varun Gandhi	Commercial	83,80,100	4,200	1,783.00	74,88,600	
34	-do-	-do-	605 B/6th floor	20 June 2014	3,289	M/s Feroz Varun Gandhi	Commercial	83,80,100	4,200	1,783.00	74,88,600	
35	-do-	-do-	104/1st floor	05 January 2016	14,446	M/s Hi Sky Infrastructure	Commercial	1,67,09,000	6,000	3,410.00	2,04,60,000	
36	-do-	-do-	106/1st Floor	05 January 2016	14,444	M/s Hi Sky Infrastructure	Commercial	2,66,41,300	6,000	5,437.00	3,26,22,000	
37	-do-	-do-	102/1st Floor	05 January 2016	14,443	M/s Hi Sky Infrastructure	Commercial	1,71,94,100	6,000	3,509.00	2,10,54,000	
38	-do-	-do-	101/1st Floor	05 January 2016	14,445	M/s Hi Sky Infrastructure	Commercial	1,78,99,700	6,000	3,653.00	2,19,18,000	
39	-do-	-do-	103/1st Floor	05 January 2016	14,442	M/s Hi Sky Infrastructure	Commercial	1,68,65,800	6,000	3,442.00	2,06,52,000	
40	-do-	-do-	10 A/10th	17 July 2012	6,765	Kohinoor Foods Ltd	Commercial	15,94,20,000	4,200	15,942.00	6,69,56,400	
Total								**90,70,47,923**	**-**	**1,57,300.35**	**30,16,64,262**	
Less:- 2 Tatima (Revised)								**1,76,50,000**	**-**	**-**	**1,48,26,000**	
Net Total								**88,93,97,923**	**-**	**-**	**28,68,38,262**	

Appendix 10

(Reference: Paragraph 4.3 (vii); Page 41)

Comparison of *Khasras* in the NOC as well as the project area and PLPA Notification

	***Khasra* Numbers**												
5.5 Acre Original CLU Area	--	--	26//1	26//2	26//3	--	--	26//8	26//9	26//10/1	--	--	--
3.93 Acre Allotted Area	19//21	19//22				26//4/1/2	26//7 (min)				26//10/2	--	--
Forest NOC	19//21	19//22	26//1	26//2	26//3	26//4/1/2	26//7 (min)	26//8	26//9	26//10/1	26//10/2	26//12	26//13
PLPA Notification	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes

Note:- 1. 5.5 acre original CLU area do not fall under the PLPA Notification dated 18 August 1992

2. 3.93 acre allotted area on which the Pinnacle stands falls completely under the PLPA notification dated 18 August 1992

3. Forest NOC is wrong with respect to the 3.93 acre area and two other *Khasra* numbers viz. 26//12 & 26//13.