

Chapter-2

Audit approach

2.1 Audit scope and methodology

The Performance Audit started with an entry conference held on 25 April 2011 with the Principal Secretary, Commerce and Industries in which audit scope and methodology were explained. Audit was conducted during April to July 2011 and October 2011 covering the period 2006-11 during which the Board had acquired 26,624 acres and 20 guntas of land through six Special Land Acquisition Officers (SLAOs) for 58 industrial areas in 18 districts. The audit sample covered the Board, two² out of six SLAOs, two out of 10 zonal offices at Davanagere and Tumkur, KUM, 19 out of 58 industrial areas, Tahsildars at Hosakote and Yelahanka and Sub-registrar, Yelahanka. Audit also accessed public documents available on the web site (BHOOMI) of the Revenue Department to ascertain the details of title of land and its extent, wherever necessary. Audit of land compensation was confined to payments made for Government land. In the case of SLAO-II, Bangalore (SLAO-II), audit of compensation disbursed for three³ projects was based on the photocopies of documents available in the compensation files as the original documents had been seized by the Lok Ayuktha for investigation. Against the compensation of ₹ 461.87 crore disbursed for these three projects by SLAO-II in 538 cases audit sample covered 131 randomly selected payments aggregating ₹ 140.54 crore. The audit findings were discussed with the Principal Secretary, Commerce and Industries in the exit conference held on 23 February 2012. The Report takes into account the replies furnished by various officers of the Board in response to the observations communicated by audit.

2.2 Audit objectives

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

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

² SLAO I and SLAO-II at Bangalore

³ Hardware Technology Park, Aerospace components and IT Park

2.3 Audit criteria

The audit criteria were:

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

2.4 Organisation of audit findings

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

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

2.5 Acknowledgement

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

