

CHAPTER–V (5.3)

Allotment of Farm House Plots

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Allotment of Properties

5.3 Allotment of Institutional Properties

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Introduction

5.3.12 The Government of Uttar Pradesh (GoUP) notified (2 January 1992) NOIDA (Agriculture Use Zone) Area Regulations, 1991 wherein the concept of farm house was formally defined for NOIDA. It provided that farm house means a plot of land in the area demarcated for agriculture use by NOIDA.

The Regional Plan (RP)-2021 zoning regulations permitted establishment of farm houses outside *abadi* (inhabited) area under Agriculture (Rural) Zone within Controlled/Development/Regulated Areas¹. In this context the SRP- 2021 provided that all activities in the controlled/development area will be permitted as per the provisions of Zoning Regulations of notified Master Plan. The activities permitted under agricultural use in NOIDA Master Plan 2021 were dairy farm, farm house, milk chilling centres, primary school, orchard, wireless centre, plant nursery, forest, rural centre. Thus, the hierarchy of planning structure permitted the above activities in agricultural areas which included farm houses and which were to be performed outside the inhabited areas.

NOIDA, in its 157th Board meeting (23 December 2008), approved a proposal for developing farm houses on the basis of the following justifications:

- NOIDA and GoUP had approved the land marked adjacent to the embankment of Yamuna and Hindon rivers as agriculture areas in the approved Master Plan 2021, keeping in consideration the environmental aspect. Due to the nearby planned and developed areas, prices of agriculture land were increasing continuously and unauthorised builders were trading the agriculture land. The aim of such developers was not to carry out agricultural activities but to promote unauthorised colonies and mark out small plots to sell to lower income group people.
- Unless this area underwent planned development, there was a possibility of unauthorised construction in agriculture area.

Implementation of the scheme

5.3.13 During the period covered in audit (2005-2018), NOIDA had launched two Open Ended Schemes (OES) for allotment of farm house plots in which 157 allotments were made as detailed in **Table 5.3.5**.

Table 5.3.5: OES for allotment of farm house plots

| Sl. No. | Name of scheme | Duration | No. of applicants | No. of allottees | Area (in Sqm) |
|---------|-----------------|----------------------------------|-------------------|------------------|------------------|
| 1. | OES-V (2008-09) | 19 January 2009 to 12 April 2010 | 190 | 102 | 11,94,114 |
| 2. | OES 2010 | 15 September 2010 to 03 May 2011 | 115 | 55 | 6,43,226 |
| | Total | | 157 | 157 | 18,37,340 |

Source: Information furnished by NOIDA.

¹ Denotes areas notified by GoUP in respect of NOIDA.

NOIDA constituted a Plot Allotment Committee (PAC)² for screening the applications and recommending allotment after interview.

Audit Findings

5.3.14 Audit evaluated the process of planning, development and allotment of farm house Plots during the period from 2005-18. Out of 157 allotments, 54 allotments were selected for detailed audit scrutiny through random sampling method. The audit findings have been discussed in succeeding paragraphs and are arranged in the following sections:

- Deficiencies in planning; (discussed in Paragraphs 5.3.15 to 5.3.15.6)
- Blatant violations in allotment of farm house plots; (discussed in Paragraph 5.3.16)
- Cases of allotment by misrepresentation, multiple applications and without availability (discussed in Paragraphs 5.3.17 to 5.3.17.3)
- Arbitrary allotment by PAC (discussed in Paragraphs 5.3.18 to 5.3.18.3)

Deficiencies in planning

5.3.15 Audit noticed that various deficiencies persisted in planning of scheme guidelines and framing the structure of the scheme for allotment of farm house plots. These are discussed issue-wise in the succeeding paragraphs.

Scheme in contravention of permitted activities under Master Plan

5.3.15.1 NOIDA (Preparation and Finalising of Plan) Regulations, 1991 (Plan Regulations, 1991) provide that ‘*Agricultural Use*’ means the use of any land or part thereof for farming, horticulture, piggery, fishery, poultry farming, sericulture and all legitimate uses incidental thereto. The activities permitted under agricultural use in NOIDA Master Plan (MP)-2021 were dairy farm, farm house, milk chilling centres, primary school, orchard, wireless centre, plant nursery, forest, rural centre. However, apart from the permitted activities under MP- 2021, additional activities viz. motels, parking facilities, public utilities and services and religious premises, sanitary land fill and bus queue shelter were also included in the scheme for allotment of farm house plots.

Audit observed that the scheme was approved and launched by the Board of NOIDA on land marked for agriculture use in the Master Plan for activities other than permitted activities viz. motels, open air theatre, public utilities etc. under farm house plots allotments. NOIDA had no powers to supersede the permitted uses on the land, as land use should be in accordance with permitted use in RP-2021 and MP. In this context, the RP-2021 provided for establishment of farm houses outside *abadi* areas, which was not followed in this case. But without any approval either from the National Capital Region Planning Board (NCRPB) (for establishing farm houses in *abadi* area) or from the State Government, NOIDA launched the scheme of farm house with uses which were not permitted.

NOIDA superseded the permitted uses on the land, as land use should be in accordance with permitted use in RP-2021 and MP. The RP-2021 provided for establishment of farm houses outside *abadi* areas, which was not followed in this case.

² PAC for OES 2008-09 comprised of OSD, Revenue Officer, Chief Legal Consultant, Finance Controller, Sr. Town Planner, Sr. Project Manager (I) and DGM (Institutional), and PAC for OES 2010 comprised of OSD, Administrative Officer, Chief Legal Consultant, Finance Controller, Chief Architect and Town Planner, Sr. Project Engineer (I) and DGM (Institutional).

With an amendment in the scheme³ (25 August 2009), the commercial uses were removed viz. motel, open air theatre etc. However, the permissible uses of land for developing swimming pools, playgrounds and parking facilities allowed as per the brochure were retained. These were neither permitted in the agricultural zone uses in the RP-2021 nor in GoUP notified NOIDA (Agricultural Use Zone) Area Regulations of 1991. These facts were neither considered by the Board nor intimated to the State Government and proposal for approval was sent in contravention of permitted activities. These activities were not agricultural in nature, yet retained in the farm house scheme being developed on agricultural land.

In its reply, NOIDA stated (October 2020) that the Board of NOIDA, in its 157th meeting (23 December 2008), approved a proposal for development of agricultural areas detailing the end uses and development norms (like FAR, ground coverage (GC), height of building, etc.). Based on NOIDA's proposal, GoUP approved (February 2009) amendment to Building Regulations whereby norms for farm houses were provided. There was no legal requirement for approval of the scheme from NCRPB. Further, activities like swimming pools, playgrounds and parking facilities are incidental to all kinds of properties. In the public notice permissible activities were allowed only for allottees and for family/social purposes only and no commercial activities were permitted in the farm houses.

The reply of NOIDA is not acceptable as activities like swimming pool, parking and playground were included in respect of farm house properties, yet they were outside the ambit of definition of agriculture use in the Plan Regulations, 1991, which were applicable at the time of launch of the scheme. The introduction of activities like swimming pools, etc. has substantially altered the intrinsic nature of land meant for agricultural use. NOIDA has acquired agricultural land from farmers and promoted leisure activities in the garb of agricultural use. The amendments approved by GoUP in Building Regulations were at the behest of NOIDA and some of the activities (like motels) were rescinded by NOIDA itself subsequent to approval by GoUP. Further, the farm house plots were not outside *abadi* areas and resulted in contravention of RP-2021.

However, in the Exit Conference held on 9 October 2020, Government directed NOIDA to examine the actual uses and act against those using farm houses for commercial activities. The Government further stated that the permissibility of farm house in this land use would be examined in consultation with the Chief Town and Country Planner.

Thus, NOIDA permitted activities in farm houses in contravention of approved activities under MP, which are therefore without due authority.

Scheme without approval of GoUP and credible justification

5.3.15.2 As per Plan Regulations, 1991, NOIDA shall prepare a draft plan for Industrial Development Area showing various existing and proposed land uses and issue public notice which was to be widely circulated for objections and suggestions for not less than 30 days.

³ The amendment was approved by the Board *post facto* in its 164th meeting dated 22.09.2009.

The scheme was launched in haste, without approval of GoUP and without credible justification.

Although the CEO of NOIDA approved the proposal (2 January 2009) to obtain suggestions from the public regarding proposed uses but Audit observed that the time allowed for obtaining suggestions/objections was reduced from not less than 30 days to 15 days by CEO (28 November 2008) in contravention of Plan Regulations, 1991.

Further, the scheme was launched citing encroachment on agricultural land but details of the encroached land were not submitted. Moreover, this justification was not acceptable in view of the inherent powers of NOIDA to take action against illegal constructions.

The scheme brochure conditions provided for the permissible Ground Coverage (GC), Floor Area Ratio (FAR) and building height as 10 *per cent* (maximum 1,000 sqm), 0.15 and 7.50 metre respectively. The above development norms were approved (23 December 2008) by the Board of NOIDA and approval of the same was sought from GoUP. However, the scheme was launched (19 January 2009) pending receipt of approval of above norms from GoUP. Audit observed that after the launch of the scheme, the maximum permissible height of farm houses was increased from 7.5 to 11 metre in the 158th Board Meeting (20 January 2009). The NOIDA Building (2nd Amendment) Regulations, 2009 were issued by GoUP on 28 February 2009 which permitted building height of 7.5 metre. Thus, the initial proposal was without approval from GoUP and the amendment to scheme conditions was in contravention of approved norms.

Thus, it is evident that the scheme was launched in haste, without prior approval of State Government and without credible justification. It was launched without specifying details of encroachment, reasons for allowing minimum plot area size and without approval of GoUP for development norms and reduction in days of public notice for inviting suggestions/objections.

In its reply, NOIDA stated (August 2020) that the Board had reduced the time allowed for obtaining suggestions/objections from 30 days to 15 days and later permission of GoUP was received vide notification (18 February 2010) for the same. To prevent construction of unauthorised settlements and encroachment of the Authority's land, planned land development was the viable option. The FAR and GC was kept as per the Building Regulations approved by GoUP and the height of the building was increased to 10 meters. As a result of increasing the height from 7.5 meters to 10 meters, the allottee had no additional gain of GC and the issue had no financial impact.

The reply is not acceptable as Government approved (February 2010) an amendment in Plan Regulations, 1991 whereby the said time period was reduced from 30 days to 15 days and it was applicable prospectively. Hence, at the time of Board's resolution (November 2008), the Plan Regulations, 1991 were applicable which provided 30 days' time for obtaining suggestions from the public. Hence, the decision of the Board in November 2008 was ultra-vires *vis-a-vis* the applicable regulations. The fact that NOIDA increased the allowed height from 7.5 meter to 11 meter in supersession of provisions of Building Regulations shows the scant regard for applicable statutory provisions.

The misclassification of scheme in Institutional category instead of residential category caused loss to NOIDA.

Loss due to misclassification of scheme under institutional category

5.3.15.3 As per NOIDA Plan Regulations, 1991, 'Institutional Use' means the use of any land/building or part thereof for carrying on activities like testing, research, demonstration etc., for the betterment of the society and it includes educational institutions. "Residential Use" means the use of any land or building or part thereof for human habitation and such other uses incidental to residential uses. However, in the 158th Board meeting (20 January 2009), the Board of NOIDA approved formulation of farm house plot allotment scheme based on terms and conditions prevalent in institutional category and the scheme was also executed by the Institutional wing.

Audit observed that the permitted uses (revised) as per the scheme were one dwelling unit, staff/servant quarter, guard room, swimming pool, dairy farming/poultry farms, orchards, park and playgrounds, parking facility and plant nursery. This clearly shows that all the activities and facilities were akin to residential uses and as such the same should not have been launched in institutional category. Further, on comparing the allotment of farm house plots in another development authority in the vicinity, Audit also noticed that the Delhi Development Authority (DDA) has categorised farm house plots under residential category as Low Density Residential Area (LDRA). Though the scheme did not promote activities of institutional category as discussed above, yet it was launched to provide advantage of fixed rates (instead of bidding based rates) and discretion in allotments under institutional category. The deliberate misclassification led to undue benefit to the allottees by allowing them lower rate⁴ and caused loss to NOIDA (detailed in **Paragraph 5.3.15.5**).

In its reply, NOIDA stated (October 2020) that in NOIDA Master Plans, farm houses have never been kept under institutional category. Farm house was a permitted activity under agricultural land use but has not been categorised either as institutional or residential use. The scheme was not approved under Institutional category. It was only operated by the institutional wing for administrative purposes. Most of the activities under the farm house scheme are not projected in the plan of residential plots/buildings. If the farm houses were planned under residential use, then the provision will have to be made on the basis of ground coverage and FAR, which eliminate the concept of developing the green and open land for agricultural land use area.

Though NOIDA in its reply has stated that farm house was not to be classified under institutional category, yet the Board itself approved formulation of a scheme based on terms and conditions prevalent in Institutional category. The scheme was also implemented by the Institutional wing of the Authority. This misclassification enabled NOIDA to keep lower allotment rates at the cost of its own financial interests as discussed in **Paragraph 5.3.15.5**.

Launch of Scheme without observance of due procedure

5.3.15.4 Central Vigilance Commission (CVC) guidelines (November 2002) provides for appointment of consultant after inviting bids for specified work on tender basis. However, on analysis of the chain of events leading to the launch of the farm house Scheme, Audit observed that the work of framing of the scheme and its terms and conditions was awarded to UPICO on

⁴ Rates for farm house plots were ₹ 3,100 per sqm against ₹ 14,400 per sqm for lowest category under residential.

Appointment of consultant on nomination basis and finalisation of the scheme in a day without statutory approval from GoUP clearly shows that the scheme was launched in haste.

12 January 2009 on nomination basis. The consultant also submitted its report on the very next day *i.e.* on 13 January 2009. The report was considered by a special committee constituted by the Board and the scheme was launched on 19 January 2009 without any approval of the development norms and the permissible uses being obtained from GoUP, only on the basis of approval by the Board, which was highly irregular.

Thus, the entire process of appointment of consultant without inviting tender and finalising the scheme in a day, without statutory approvals from GoUP and NCRPB clearly shows that the scheme was launched in haste, without due diligence and without taking cognisance of due process and procedure.

In its reply, NOIDA stated (August 2020) that UPICO is an important consulting firm formed with the cooperation of Government of India (GoI), GoUP and various financial institutions. Moreover, the GoI and the State Governments have been adopting the method of empanelling expert consultant bodies for various schemes from time to time and such empanelled consultants are engaged by the local agencies without inviting tender.

The reply of the Management does not address the issue of not complying with CVC guidelines for appointment of consultant. Further, the submission of the report by the consultant in one day shows lack of due diligence on the part of the consultant.

Extremely low fixation of reserve price

The classification of category of farm house without considering its end use, its location close to developed areas and realising a fraction of the basic rate was without justification and led to huge undue benefit to the affluent allottees and loss to NOIDA of ₹ 2,833.18 crore.

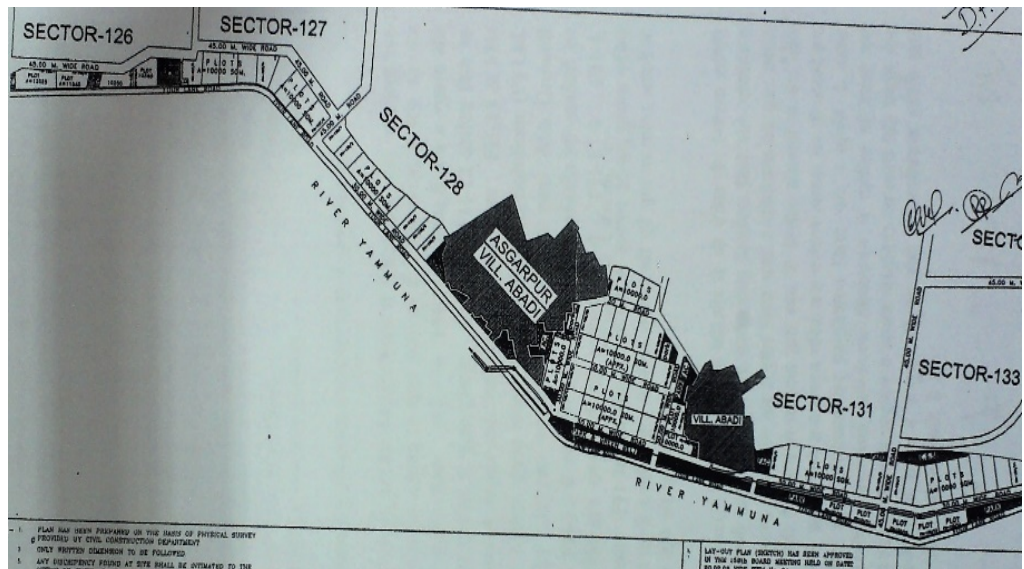
5.3.15.5 The primary objective of the costing of the land by NOIDA is to recover all costs incurred and to be incurred on acquisition of land, the internal/external development costs, present and future maintenance costs etc., and also to have a shield over and above to reduce the risks due to unforeseen expenditures, if any. Consideration of future maintenance cost is necessary as NOIDA also undertakes future maintenance works of the developed sectors since it is responsible for municipal functions at NOIDA. Further, land acquisition and development takes not less than two to three years and NOIDA's own fund is invested for this purpose. Therefore, interest cost should also be included for return on the own fund deployed on land acquisition and development.

In absence of a codified procedure for costing of land, NOIDA in practice, works out the cost of land allotted by including cost of acquisition of agricultural land, internal and external development costs incurred/estimated and various overheads as decided by it. The rate so arrived is grossed up by considering the saleable percentage of land. By using this methodology, NOIDA works out the basic per square meter rate for land of lowest residential category.

Audit observed that the basic rate notified by NOIDA for the year 2008-09 after considering land acquisition cost, interest cost, internal development cost, external development cost, maintenance cost and other costs was ₹ 14,400 per sqm. NOIDA, in deviation of its own stated method, took into consideration only the land acquisition cost of ₹ 1,100, external development cost of ₹ 1,500 and other expenditures of ₹ 500 and the allotment rate was fixed at ₹ 3,100 per sqm for farm house plots. The rates were decided without considering the internal development cost, maintenance cost, contingency expenditure, administrative expenditure etc. The audit observations on lower fixation of rates without justification are further detailed below:

Farm houses in proximity of developed areas: As per clause 17.5 of the Zoning Regulations of Regional Plan 2021, the farm houses were to be permitted outside *abadi* area. However, Audit observed that the farm houses were located opposite fully developed Sectors 126 and 127 as borne out from the picture of the map in **photograph number 5.3.5** and image of 2008 obtained from Remote Sensing Centre of ISRO shown in **photograph number 5.3.6**.

Photograph 5.3.5: Map showing NOIDA's farm house in front of developed sectors 126, 127, 128,131



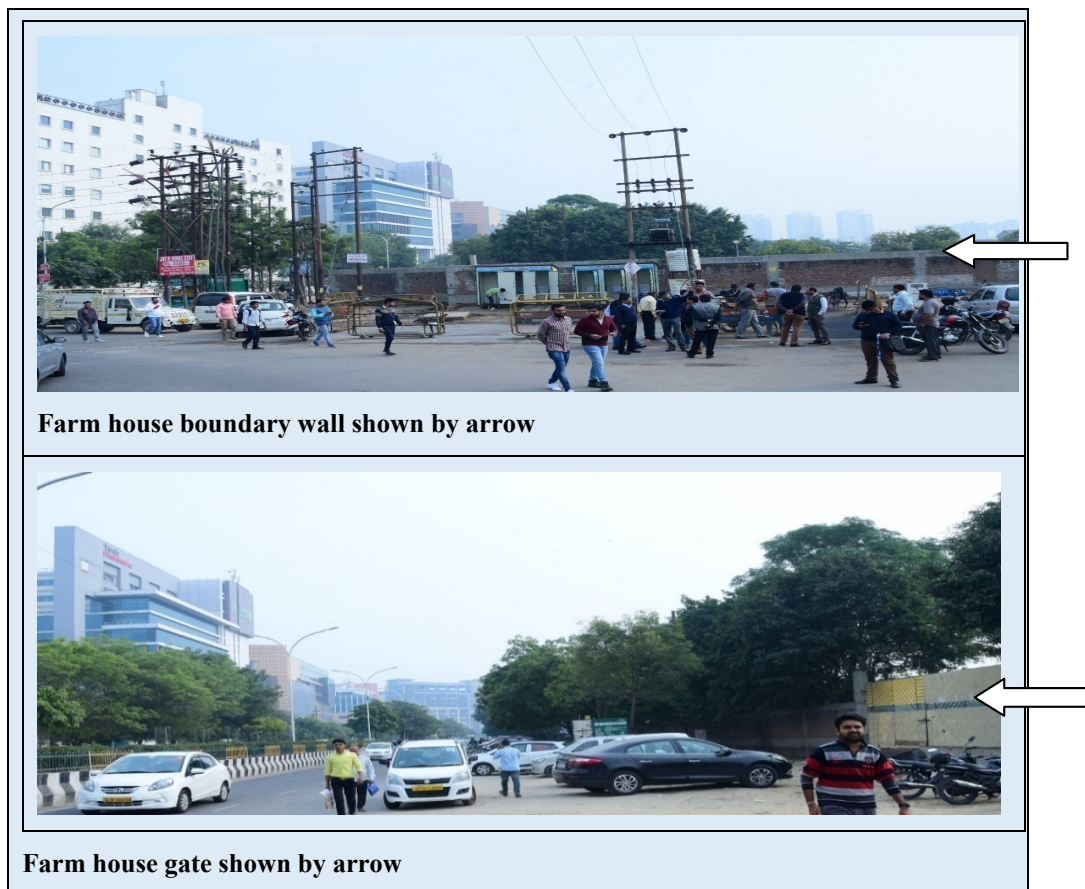
Photograph 5.3.6: Image showing NOIDA's farm house in front of developed sectors



Source: Remote Sensing Centre of ISRO.

A joint physical verification of Sectors 126 and 127 was conducted by the Audit team and Management of NOIDA on 6 December 2019 to see the present status of development in the sectors. In the joint physical verification, the sectors were found to be fully developed. A photograph of 6 December 2019 shows that farm houses and developed space of Sectors 126/127 are contiguous to one another as shown in **photograph 5.3.7**:

Photograph 5.3.7: Photograph showing physical location of farm houses in Sectors 126 and 127 opposite fully developed institutional plots



Akin to residential: NOIDA Plan Regulations, 1991 categorically defined the uses under the residential, agricultural and institutional categories. As discussed in **Paragraph 5.3.15.3**, farm houses with given specifications like dwelling unit, swimming pool, playground *etc.* fall under residential category rather than agricultural or institutional category.

NOIDA calculated and notified its aggregate costs for allotment of land, which has been referred to as basic rate. In case of residential allotment, the rates ranged from 2.75 times to 1.00 times of the basic rate notified by NOIDA. However, in farm house plots the rates were fixed at 0.22 times of the basic rate for 2008-09 (₹ 14,400 per sqm) which was abysmally low. As the basic purpose of farm houses envisaged was also for personal use, therefore at least the basic rate equivalent to the lowest residential category should have been recovered.

Subsidising those with ability to pay: In case of lower fixation or discounting of the basic price, a cross subsidisation of the same has to be done *i.e.* the cost of lower rates has to be borne by other categories. In case of farm house, at the time of fixation of rates, the reason for subsidised rates, public interest served *etc.* was not provided and the rates were decided without considering the prevailing cost or market price of property. Farm house plots were allotted under Institutional category wherein the applicant was required to have a

paying capacity of at least ₹ three crore⁵ (apart from project cost) for a minimum area of 10,000 sqm, which was clearly not in the reach of the common man and the beneficiaries were not going to be individuals/entities with lack of capacity to pay. Hence, providing such a dispensation of fixing the rate at a fraction (0.22) of the basic rate does not stand to any reason. Thus, the land of farmers acquired at lower rate through acquisition was provided to affluent individuals at a highly subsidised rate. In fact, properties like farm houses in an area with developed infrastructure (as shown in the above photographs) command a substantial premium in the real estate market, which NOIDA failed to realise.

Thus the rates of farm house plots were fixed abysmally low without considering the basic rate applicable during the concerned year. Even under Institutional category the rates ranged from 0.29 to 1.5 times of the basic rate and under residential category the rates ranged from 1.0 to 2.75 times of the basic rate. The rates were fixed without any justification on record (i.e. public interest, cross subsidisation *etc.*) for not recovering even the basic rate from the allottee.

The lower fixation of rates without considering the basic rate applicable during the year resulted in loss to NOIDA to be borne by other categories and thereby unduly favoured the allottees of farm house plots to the extent of ₹ 2,833.18 crore as detailed in Appendix-5.3.5 and summarised in Table 5.3.6.

Table 5.3.6: Lower fixation of rates without considering the basic cost of land rates

(Rates in ₹ per sqm)

| Sl. No. | Year of allotment | No. of allotments | Area (in sqm.) | Allotment rate | Basic rate | Differential rates less realised | Total amount less realised (₹ in crore) |
|--|-------------------|-------------------|----------------|----------------|------------|----------------------------------|---|
| 1. | 2008-09 | 22 | 228965 | 3100 | 15914 | 12814 | 293.39 |
| 2. | 2009-10 | 42 | 582836.10 | 3100 | 16996 | 13896 | 809.91 |
| 3. | 2010-11 | 83 | 925264.05 | 3500 | 17556 | 14056 | 1300.55 |
| 4. | 2011-12 | 5 | 50200 | 3940 | 19770 | 15830 | 79.46 |
| 5. | 2014-15 | 5 | 50075 | 5525 | 37928 | 32403 | 162.26 |
| Location Charges less realised on above allotments | | | | | | | 187.60 |
| Total less realised including location charges | | | | | | | 2,833.18 |

Source: Information compiled by Audit.

Thus, the classification of category of farm house plots without considering its end use, their location close to developed areas and realising a fraction of the basic rate without justification led to huge undue benefit to the affluent allottees while compounding loss of revenue to NOIDA.

In its reply, NOIDA stated (October 2020) that the land rates are determined by the Authority based on the use of the plot. Farm house plots were allocated on the area reserved for agricultural land use, which was planned outside the population area. The rates of plots for different activities in the same sector are determined differently, which cannot be compared even though the land of that sector could be acquired at the same rate by the Authority and the expenses incurred on the development work of the sector could also be the same. Permissible activities under agricultural land use were limited and

⁵ Considering the minimum plot size of 10,000 sqm and allotment rate of ₹ 3,100 per sqm, the total cost of the plot comes to ₹ 3.10 crore hence ₹ 3.0 crore has been considered as minimum required net worth of the applicant.

norms were fixed so that only 10 *per cent* of the area could be constructed. The objective behind the development of farm houses was to keep the agricultural area unchanged and minimise encroachment. Hon’ble Lokayukt has concluded that there was no financial loss in the farm house scheme. It was further stated that the Hon’ble Supreme Court in its decision stated that there is no concept of ‘Loss’ to NOIDA, when it takes a decision to earmark different parcels of land for different uses and fixes different rates for them.

The reply of NOIDA is not acceptable on the following grounds:

- The farm houses were located opposite fully developed sectors whereas as per clause 17.5 of the Zoning Regulations of Regional plan 2021, the farm houses were to be permitted outside *abadi* area. This was also verified by Audit during joint physical verification alongwith NOIDA officials. Thus the reply of NOIDA that farm house plots were planned outside the population areas is factually incorrect.
- As may be seen from **Table 4.1 (para 4.3 of Chapter IV)**, the rates for farm house plots were lowest among all categories. Further, the locational advantage and market value of these plots were also not considered by NOIDA.
- The reply of NOIDA that rates were kept in accordance with norms of 10 *per cent* constructed area is not acceptable as NOIDA failed to recover even its basic rate on land allotted. Reasons for subsidised rates and the public interest served thereby were not spelt out. The cost of a farm house was in excess of ₹ three crore (apart from project cost) for a minimum area of 10,000 sqm, clearly not in the reach of the common man and the beneficiaries were not going to be individuals/entities with lack of capacity to pay. Hence, providing such a dispensation of fixing the rate at a fraction (0.22) of the basic rate does not stand to any reason.
- The contention of NOIDA that there was no financial loss based on Hon’ble Supreme Court’s judgment is not relevant as the Hon’ble Supreme Court has adjudicated on a matter where the facts of the case involved were disparate. The matter before the Hon’ble Supreme Court, as quoted by NOIDA, pertained to allotment and its cancellation in respect of star category hotels under commercial category, which is separate from allotment of farm house plots. Further, it may be added that in that judgement the Hon’ble Supreme Court has held the reserve price to be incorrectly fixed causing loss to NOIDA. (Para 55, 65, 70 (iii) of the judgement).
- It is notable that during the Exit Conference held on 9 October 2020, the Government stated that the pricing policy guidelines being formulated will take into account the observations made by Audit. The Government will undertake a thorough review of farm house scheme.

Implementation of project and transfer of plot

5.3.15.6 As per terms of the brochure, the allottee/lessee had to commence construction within six months of taking over the possession of the plot. The allottee/lessee should complete construction equivalent to at least the prescribed minimum percentage of the maximum permissible covered area and obtain “functional certificate” from NOIDA within three years from the date of handing over of actual possession of the plot by NOIDA. The allottee/lessee

The dilution of the clause requiring functional certificate for transfer of plot resulted in non-execution of the projects of farm houses.

can transfer the whole plot with prior permission of NOIDA, subject to the condition that the plot is declared functional and is to be transferred for the same use and subject to such terms and conditions, including payment of transfer charges, as decided by the lessor at the time of granting transfer permission.

Audit observed that the condition of obtaining functional certificate before transfer was diluted vide the Board order dated 20 February 2009 which permitted sale and purchase of land without construction. This defeated the purpose of allotment and extended the benefit to the allottee for transfer of plot without carrying out project activities. Even after lapse of more than eight years, only two plots could be made functional as of 31 March 2020. The dilution of the clause requiring functional certificate for transfer resulted in non-execution of the projects of farm houses.

In its reply, NOIDA stated (August 2020) that the decision of relaxation in transfer of non-functional plots was taken due to global economic slowdown in 2008-09. Moreover, no financial loss has occurred to the Authority due to the transfer policy. In addition, the Authority has received additional revenue in the form of transfer fee and stamp duty has also been received by the State Government and development and construction work has been accelerated in NOIDA.

The reply is not acceptable as the permission to transfer plots without functionality altered the position of the allottees and instead of execution of project the dilution encouraged transfer of plots. It shows the intention of NOIDA was only allotment of land for selected applicants, who were thereafter permitted to transfer plots without even constructing a farm house. The condition of allowing transfer of non-functional plots was approved on 20 February 2009, that is only a month after launch of the scheme and even before first PAC meeting. Hence the possibility of allottees being effected by economic slowdown was non-existent.

Blatant violations in allotment of farm house plots

In 47 cases of allotment of farm houses out of 51 sampled cases, allotments were made to the applicants in violation of the minimum eligibility criteria mentioned in the brochure/scheme guidelines.

5.3.16 The scheme for allotment of farm house envisaged that prospective applicants meet parameters envisaged in the brochure to be considered for allotment. As per brochure conditions, the applicant should have positive net worth/surplus investible funds and the following documents duly certified by CA/architect were required to be submitted along with the application:

- Background of the promoter.
- Audited accounts and balance sheet of the previous three financial years, to be signed by the applicant and certified by CA on each page, if applicable.
- Three years projected cash flow, depicting sources of inflows for the project, to be signed by the applicant and certified by CA on each page, if applicable.
- Registration Certificate of Incorporation, Memorandum and Articles of Association of the company, Rules and Regulations of the society/trust/partnership/firm, to be signed by the applicant and certified by CA on each page.

- Land use pattern and construction plan and schedule of implementation, to be signed by the applicant and certified by architect on each page.
- Statement of sources of funds and liquidity certificate from any nationalised bank/scheduled bank/bank. In case of self-financing or loan from friends/relatives, an affidavit to this effect to be attached and all papers to be signed by the applicant/bank and/or CA on each page.
- Proposed total investment in the project.
- Affidavit of the applicant certifying that all the statements made in the application and annexure are true and correct.

Further, it was obligatory for the applicant to use the plot for permissible uses only as given in the brochure. As per revised amendment (25 August 2009) no commercial activity viz. motel, open air theatre etc. was allowed.

The inclusion of net worth, in view of Audit, is important since it provides a yardstick to evaluate the financial capacity/strength of the entity. Specific net worth limits were notably set out by NOIDA in case of Commercial and Group Housing categories as the benchmark for evaluating prospective allottees. However, in case of farm houses the brochure only mentioned requirement of a positive net worth in spite of the fact that the minimum value of a farm house plot was pegged at more than ₹ three crore. Hence, in addition to the laid down procedure in the brochure, Audit also specifically checked the net worth in individual cases of allotments to verify the prospective allottee's financial strength and whether it had the capability to acquire the farm house.

The detailed scrutiny of the documents submitted along with the application forms in 51 test-checked cases⁶ shows that in 47 cases there were deficiencies in compliance of scheme guidelines, eligibility criteria and minimum net worth required as discussed issue-wise in the succeeding paras.

A case study showing the chain of events in a particular allotment case has been given hereunder for reference:

| Case Study | |
|---|---|
| Scheme Name: | OES-V (2008-09) |
| Name of Allottee: | M/s Meadow Infradevelopers Private Limited |
| Particulars: | Plot No. FH 11 & 22/128, area 20,231.59 sqm. date of allotment 30.10.2009, rate: ₹ 3,317 per sqm, value: ₹ 6.71 crore. |
| Scrutiny of records related to the allotment revealed the following shortcomings on the part of NOIDA: | |
| Commercial activity: As per Clause 19 of the scheme brochure initially motels were allowed as permissible uses/activities in the farm house plots. However, NOIDA rescinded (25 August 2009) ‘motel’ as permissible use under the farm houses scheme. Audit noticed that the allottee (M/s Meadow Infra Developers Private Limited) had submitted (04 August 2009) its project report for a 40-room motel project. | |

⁶ Out of 54 sampled cases, three files were not submitted during field audit.

The interview of the allottee was conducted by the PAC on 1 September 2009 and on the interview date motel projects were not to be allowed under farm houses, but in spite of the said office order, the PAC recommended allotment of plot to the applicant for motel project. This recommendation was not justified in light of the change in permissible use.

Allotment without considering report of Consultant: UPICO in its report had also recommended the case as **negative** on two grounds- one, the documents in support of promoter's contribution was not sufficient and secondly, the affidavit form (certifying the statements made in the application as true and correct) was not furnished. As per the project report submitted by the allottee, the total project cost was ₹ 9.90 crore of which ₹ 4.90 crore (49.5 per cent) was to be met from promoter's equity and remaining ₹ 5.00 crore (50.5 per cent) was to be met from bank finance.

Insufficient net worth: Audit observed that as per the Balance Sheet submitted by the applicant company, its net worth was only ₹ 1,00,000 and ₹ 95,000 for the years 2007-08 and 2008-09 respectively and hence as per the submitted project report, the allottee should not have been considered eligible for allotment, wherein it had proposed investment of ₹ 4.90 crore from its own resources. But ignoring all these facts the farm house was allotted by PAC. The scrutiny of minutes of PAC (01 September 2009) revealed that the Committee took cognisance of the following:

- i. Applicant had submitted that the project would be financed from promoters' contribution (₹ 4.90 crore) and finance from bank (₹ 5 crore);
- ii. UPICO's report.

Discretionary allotment: Despite considering these aspects, the Committee adjudged that it was satisfied with the plan submitted by the applicant, financial resource mobilisation, the presentation and other facts.

Immediate transfer at substantial premium rates: The lease deed of the plot was executed on 31 March 2010 and soon after this the process of transfer was initiated by the allottee and the plot was finally transferred to Smt. Vichitra Lata on 28 September 2010 at a sale consideration of ₹ 9.51 crore in a period of less than six months, which raises the question that the allottee company was used as a front and the allotment was made overlooking the obvious shortcomings.

In its reply, NOIDA stated (October 2020) that any commercial activity except the development of farm house is completely prohibited by NOIDA as per public notice issued on 29 August 2009. It is clear from the observation by UPICO that out of the value of ₹ 9.90 crore for the project, the promoters have contributed about ₹ 4.90 crore and loan of ₹ 5.00 crore from the bank has been mentioned in the project details. In condition 1.3 of the scheme it is necessary to have positive net worth/surplus investible fund in favor of the applicant. The Company's net worth for the period 2007-08 and 2008-09 was ₹ one lakh and ₹ 95 thousand respectively. It is clear that the applicant had positive net worth. Further, the transfer of the plot has been done in favor of Smt. Vichitra Lata as per rules and after submission of transfer fee and processing fee, the transfer memorandum has been issued by the Authority on 28 September 2010 accordingly.

The reply is not acceptable as the allotment was made even though the allottee had submitted its project report for a 40 room motel. The report of UPICO also classified the case as negative on the above stated grounds.

Further, the minimum value of the farm house was ₹ three crore. Therefore, net worth of ₹ one lakh and ₹ 95 thousand was not sufficient for such a high value project. The Committee ignored the report submitted by the consultant, failed to independently evaluate the financial position submitted as evident from records submitted and used its discretion in allotment of the plot without recording shortcomings in its minutes. The plot was transferred in a period of less than six months of the execution of the lease deed, which indicates that the Company was used as a front and the allotment was made overlooking the obvious shortcomings.

Similarly, Audit observed that in 47 cases out of the total 51 cases test-checked by Audit, allotments were made to the applicants in violation of the minimum eligibility criteria mentioned in the brochure/scheme guidelines, insufficient net worth etc. as detailed in **Table 5.3.7**.

Table 5.3.7: Allotments made to the applicant in violation of the minimum eligibility criteria

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|---|---|---|
| 1 | M/s Infics Infrastructure Pvt. Ltd. Date of Allotment: 27.07.2009 Property No.: FH 5/128 Area in sqm: 10,119 | Commercial purpose. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though use of farm house for commercial purposes have been rescinded, the allotment made for infrastructure resources such as data communication, core computer facilities, structure creation etc. was still remaining as no revised project report was submitted. |
| | | Net worth below ₹ one lakh only. | CA verified ₹ 48,785/- as Company's net worth on 30.01.2009. | NOIDA accepted the fact. |
| | | Land use pattern, construction plan and project implementation schedule were not found in the file. | Project implementation schedule, construction plan statement and completion time in weeks were mentioned in the company's project report. | In contravention of brochure conditions, none of the required statements was certified by the architect. |
| 2 | Shri Shashi Kant Chaurasia Date of Allotment: 26.02.2009 Property No.: FH 6/127 Area in sqm: 10,809 | Commercial purpose (Motel) | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though use of farm house for commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |
| | | Land use pattern not found in the file and implementation schedule not certified by the architect. | Conceptual plan signed by architect and applicant enclosed. | Allotment was made even though the specific requirement of submission of land use pattern and implementation schedule were not met. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|--|---|
| 3 | M/s All Seasons Solution (P) Ltd Date of Allotment: 26.02.2009 Property No.: FH 13/133 Area in sqm: 10,008.2 | Net worth was only ₹ five lakh. | Promoters net worth of ₹ 10.78 crore dated 31.03.2008 has been shown by UPICO and a fixed deposit has been made in various banks by the applicant institution. | Net worth of applicant is distinct from that of the promoters. Since the application has been made in name of M/s All Seasons, net worth of only the applicant should have been evaluated. |
| | | Total liquidity of the company was only ₹ 0.62 lakh. | Applicant provided certificate of deposit of ₹ 62,914/- dated 27.01.2009 in the current account. | NOIDA accepted the observation. |
| | | Land use pattern and construction plan statement, certified by the architect not found in file. | The land use pattern and construction plan is certified by the chartered accountant. Implementation schedule document is not currently available. | The land use pattern and construction plan duly certified by architect has not been provided in the reply. Certification by chartered accountant is not admissible. |
| 4 | Shri. Rajiv Kumar Date of Allotment: 27.07.2009 Property No.: FH 3/131 Area in sqm: 10,086.9 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | The net worth of Shri. Rajiv Kumar is more than ₹ 10 crores. In view of the above, financial certificate from any bank does not seem necessary. | Statement of sources of fund & liquidity certificate was required whereas only statement of net worth provided. Further, affidavit certified by bank or CA, of self-financing is also not provided. |
| | | Implementation schedule, land use pattern and construction plan statement was not found in the file. | Implementation schedule and land use pattern are certified by CA. Construction plan was certified by architect. | As per brochure condition, land use pattern, construction plan and schedule of implementation were to be signed by applicant and certified by architect on each page. The land use pattern and implementation schedule duly certified by architect has not been provided in reply. Certification by CA is not admissible. |
| 5 | M/s Experience Buildwell (P) Ltd Date of Allotment: 30.10.2009 Property No.: FH 12 A & 20/128 Area in sqm: 20048.9 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the project report and its conceptual plan specifically mentioned the use of farm house as motel and commercial activities has been rescinded. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA’s reply | Further Audit comment |
|---------|---|--|--|--|
| | | Company was incorporated on 22.05.2008, hence three year track record as per brochure was not available. | The applicant company was incorporated on 22.05.08. Hence, it is not possible to get the balance sheet of three years on the date of application. | Instead of audited balance sheet as required, provisional balance sheet was submitted. On the basis of provisional balance sheet allotment was made to the newly formed company. |
| | | Net worth of the company was only ₹ one lakh. | The shareholding of the applicant company showed ₹ one lakh in the year 2008-2009. | NOIDA accepted that the company’s net worth was ₹ one lakh Further company was recently incorporated and did not commence any business since incorporation till the application was made. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | The letter dated 04.08.2009 issued by Andhra Bank is enclosed, which mentions providing financial assistance to the project. In the project report, ₹ 450 lakh means of finance from self-sources and ₹ 550 lakh is mentioned as loan from the bank. | No certificate of liquidity was provided as was required under the scheme. A loan confirmation letter has been given by Andhra Bank for financing the project but it does not clearly mention the amount to be financed for the company’s project. |
| | | Implementation schedule and land use pattern certified by the architect was not found in the file. | Conceptual plan certified by the architect is available in the correspondence. Construction details are mentioned in the project report and details of the proposed schedule of the project are also given. | Reply is not acceptable as schedule of implementation and land use pattern certified by the architect not provided. |
| | | Negative report by UPICO. | The director of the applicant company stated to develop the project through its own resources and bank loan. UPICO did not seem to have taken cognisance of the above mentioned facts due to which it has rated the project negative. | Reply is not acceptable since as per the report of UPICO, the case was considered as negative on the following grounds: - Documents in support of promoter’s equity requirement were not sufficient. - Affidavit as per clause 6.9 of the application form was not furnished. - Land use pattern was not defined. |
| 6 | M/s Great Value Buildtech (P) Ltd Date of Allotment: 18.01.2010 Property No.: FH 18/133 Area in sqm: 13,168 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | It is notable that allotment was made by NOIDA even though the allottee had specifically submitted its project report for a development of farm house with 10 rooms motel along with pantry, coffee shop and |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|--|--|
| | | | | restaurant at farm house project though commercial activities had been rescinded. |
| | | Net worth of the company was only ₹ 1.10 lakh. Hence, it was insufficient to meet the project cost. | The total net worth of Mr. Manoj Agarwal (Director) is ₹ 22.50 crore. Company's Balance Sheet as on dated 31.03.08, depicted as authorised capital is ₹ two lakh but the net worth of the directors is more than the total value of the plots. | Net worth of applicant is distinct from that of promoters/Directors. Since the application has been made in name of M/s Great Value Build Tech, net worth of the applicant should have been evaluated. It was accepted by NOIDA that net worth of the Company was not sufficient. |
| | | Implementation schedule not certified by the architect and land use pattern not found in file. | A certified copy of the land use pattern from the architect is available in the correspondence. | Certified copy of implementation schedule has not been provided. It is pertinent to mention here that the copy provided is of construction plan not land use pattern. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | As per the project report means of finance were ₹ 300 lakh from own sources and ₹ 300 lakh from bank loan. | Liquidity certificate was not submitted by the applicant. |
| 7 | M/s AKG Infotech (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 4 & 18/164 Area in sqm: 20,000 | Net worth of the Company was only ₹ 1.91 crore. | The project report mentioned investment of ₹ 2 crore from the internal arrangement of the company and ₹ 8.5 crore by the promoters. In addition, the certificate of PNB having an amount of ₹ 24.85 crore in its current account of the applicant company dated 26.08.10 is also provided. | Net worth of the applicant is distinct from that of promoters/Directors. Provision of bank loan does not increase the net worth as liabilities increase correspondingly. Seven allotments were made on basis of promoters' sources and PNB certificate. Most of the shareholders of the allottee companies of plots FH-3 & 19/164, FH-4 & 18/164, FH-2 & 20/164, FH-5/164, FH-6/164, FH-17/164 and FH-1 & 20/165 are common. In view of the above, the net worth was inadequate. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was | As per the project report means of finance were ₹ 200 lakh from own sources and ₹ 850 lakh from promoters. | The same sources were cited in the seven allotments made. Certificate showing availability of liquid assets for project execution was not attached. Against total allotment of ₹ 23.99 crore, involving aggregate project |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|---|--|---|
| | | not found in the file. | | cost ₹ 34.88 crore. In this case affidavit, certified by Bank or CA, of self-financing was also not provided. |
| | | Implementation schedule, construction plan and land use pattern certified by the architect not found in the file. | Regarding the construction plan, the project report by the applicant company mentions construction of double story buildings on 1,000 sqm and land use pattern certified by the architect is also available in the correspondence. | Copy of implementation schedule and construction plan certified by architect not provided. |
| | | Negative report by UPICO. | In the valuation done by UPICO, net worth is shown as ₹ 191 lakh as on 31.03.10 but not mentioning the PNB current account balance amounting to ₹ 24.82 crore which is sufficient in case of allotment of plot in favour of the company. | Reply is not acceptable since the report of UPICO considered the case as negative on the ground that submitted documents in support of project finance are not sufficient. Provision of bank loan does not increase the net worth as liabilities increase correspondingly. Further, PNB letter Dt: 26.08.10 ₹ 24.82 crore uses in multiple allotments as similar source of finance. |
| 8 | M/s SDS Infratech (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 2 & 3/165 Area in sqm: 20000 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | It is notable that allotment was made by NOIDA even though the allottee had specifically submitted its project report for the development of modern farm house with motel, swimming pool, plant nursery etc. even though commercial activities has been rescinded. |
| | | Company was incorporated on 19.02.2008, hence three year track record as per brochure was not available. | The applicant company was incorporated on 19.02.2008. Hence, it is not possible to get the balance sheet of 03 years on the date of application. | Reply confirms that allotment was made to a newly formed company. |
| | | Construction plan certified by architect not found in file. | Construction plan certified by the architect enclosed in correspondence. | The reply is not acceptable as the copy provided pertains to land use pattern and schedule of implementation. |
| | | Liquidity certificate from any nationalised bank/ scheduled bank/bank was | Union Bank of India has issued a certificate of solvency up to ₹ 15 crore issued on 18.12.2010 which | Documents/compliance submitted by NOIDA. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|--|---|---|
| | | not found in the the file. | clearly stated "without any risk and responsibility on bank's part". | |
| | | Net worth as per company's balance sheet as at 31.03.2010 was only ₹ 25.00 lakh. | UPICO has rated positive on the basis of solvency certificate of ₹ 15 crore and promoter's equity of ₹ 10.39 crore. | Reply is not acceptable as the Company's net worth as per Balance Sheet as on 31.03.2010 was only ₹ 25 lakh. |
| 9 | M/s Devyanshi Software (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 10 & 11/165 Area in sqm: 20,000 | Net worth was only ₹ 1.21 lakh | UPICO in its valuation report has shown net worth of ₹ 1.21 lakh as on 31.03.10 based on the balance sheet. | NOIDA accepted the observation of insufficient net worth. |
| | | Land use pattern certified by the architect was not found in the file. | Land use pattern, construction plan and schedule of implementation not available. | NOIDA accepted the observation. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | As per the project report means of finance were ₹ 359 lakh from own sources and ₹ 850 lakh from financial institution. | No liquidity certificate from any nationalised bank attached as such. Letter for loan was from a private financial institution. In this case affidavit, certified by Bank or CA, of self-financing was also not provided. |
| | | Negative report by UPICO. | UPICO has shown net worth of ₹ 1.21 lakh as on 31.03.10 based on the balance sheet in its valuation report. As per minutes of the committee, the total cost of the project has been indicated as ₹ 1209 lakh, out of which ₹ 359.27 lakhs have been shown by the applicant from his own financial resources and ₹ 850 lakhs through financial institution/bank loan. PAC constituted by the Chief Executive Officer has also recommended the allocation of the plot after being satisfied with the project, financial resources, presentation and other facts of the applicant institution, after | The case was considered as negative by UPICO on the following grounds: <ul style="list-style-type: none"> - Three year projected cash flow in not enclosed. - Affidavits are not attested by notary. - Documents submitted in support of equity requirement are not sufficient. In spite of negative report of consultants (UPICO) in a number of cases, allotments were made. The established norm is that the orders overruling recommendation including that of an expert body should be reasoned and recorded in writing, which was not evident in these cases. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|--|---|---|
| | | | considering the report submitted by UPICO and orders of allocation have been passed after consideration by CEO. | |
| 10 | M/s Seven Star Buildtech (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 1& 20/165 Area in sqm: 20,000 | Net worth of the Company was only ₹ 2.01 crore. | PNB has shown a balance of ₹ 24.82 crore as on 25.08.2010 in the current account of M/s Anil Kumar & Co. It is also clarified here that according to the project report, Anil Kumar & company is also shown in the group companies of the unit. | PNB letter for ₹ 24.82 crore was also enclosed in seven allotment files against requirement of total project cost ₹ 73.90 crore as similar source of finance. Net worth of applicant is distinct from that of promoters/directors. |
| | | The company was incorporated on 23.03.2010, hence three-year track record as per brochure not available. | No reply furnished. | |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Affidavit given by Director Shri Gaurav Goyal, it is mentioned that M/s Seven Star Buildtech (P) Ltd has financial arrangements for depositing all funds and for taking the said plot, the firm is not getting loan from any bank or financial institution. In view of the above, the liquidity certificate of the bank is not practical. | As per brochure condition, Liquidity certificate from any nationalised bank/scheduled bank/bank were to be submitted. In case of self-financing or loan from friend/relatives, as affidavit to this effect to be attached and all papers to be signed by the applicant/bank and /or CA on each page. In this case the liquidity certificate was self-attested affidavit and not signed by the bank or CA, hence inadmissible. |
| | | Construction plan and land use pattern certified by the architect not found in the file. | Construction plan and land use pattern is not available. | NOIDA accepted the observation. |
| 11 | M/s Constant eFine Infosofttech (P) Ltd. Date of Allotment: 26.02.2009 Property No.: FH 5/127 Area in sqm: 10,899.8 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|--|--|
| | | Company was incorporated on 10.09.2008, hence three year track record was not available. | The applicant company was incorporated on 10.09.2008. Hence, it is not possible to get the balance sheet of three years on the date of application. | Reply confirms that allotment was made to newly formed company. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | No reply furnished in this reference. | |
| | | Implementation schedule and construction plan is not certified by the architect. Land use pattern was not found in the file. | Copy certified by architect is not available but project schedule and conceptual plan signed by the applicant and CA is available in project report. | NOIDA accepted the audit observation. |
| 12 | Shri Vineet Nayar Date of Allotment: 26.02.2009 Property No.: FH 7/131 Area in sqm: 10,083.2 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project still remaining as no revised project report was submitted. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Liquidity certificate not available. | NOIDA accepted the audit observation. |
| | | Implementation schedule, land use pattern and construction plan is not certified by the architect. | Mention documents signed by the allottee and CA but not certified by architect. | NOIDA accepted the audit observation. |
| 13 | M/s Jagat Guru Real Estate Developers (P) Ltd Date of Allotment: 27.07.2009 Property No.: FH 9/133 Area in sqm: 10,008.6 | Net worth was only ₹ one lakh. | It has been mentioned in the affidavit submitted with the application form 'that the promoters & directors of the company have | Exact net worth not furnished; instead a general statement provided. Net worth of applicant is distinct from that of promoters/directors. |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA’s reply | Further Audit comment |
|---------|---|--|--|--|
| | | | sufficient resources to finance/fund the proposed farm house project to my best of knowledge & belief’. | |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Liquidity certificate not available. | NOIDA accepted the audit observation. |
| 14 | M/s Hilsun Estates (P) Ltd Date of Allotment: 26.03.2010 Property No.: FH 8/128 Area in sqm: 10,064 | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Liquidity certificate not available. | NOIDA accepted the audit observation. |
| | | Company was incorporated on 18.09.2009, hence three year track record is not available. | The applicant company was incorporated on 18.09.2009. Hence, it is not possible to get the balance sheet of three years on the date of application. | Allotment made to newly formed company, while brochure required audited accounts and Balance Sheet of financial years 2005-06, 2006-07 and 2007-08, to be signed by applicant and certified by CA on each page, if applicable. |
| 15 | M/s M. R. Marketing (P) Ltd Date of Allotment: 05.01.2011 Property No.: FH 21/165 Area in sqm: 10,000 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | It is notable that allotment was made even though the allottee had submitted its project report for the development of farm house with motel even though commercial activities have been rescinded. |
| | | Net worth was ₹ 38.85 lakh. | Bank of Baroda has issued a letter of approval regarding grant of loan to M/s M.R. Marketing (P) Ltd. and the balance of ₹ 88.58 lakh is shown in the bank account of the applicant. | The company’s net worth was insufficient for the project. Provision of bank loan does not increase the net worth as liabilities increase correspondingly. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by | Against the project cost of ₹ 527.73 lakh, ₹ 177.53 lakh from self-finance and ₹ 350 lakh from term loan was shown. | Certificate showing availability of liquid assets for project execution not attached. No letter for term loan sanction was attached. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|---|--|
| | | bank or CA was not found in the file. | | |
| 16 | M/s STG Softek (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 29/165 Area in sqm: 10050.8 | Commercial purpose. (Motel) | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the allottee had submitted its project report for the development of farm house with motel even though commercial activities have been rescinded. |
| | | Net worth was ₹ 23.00 lakh | No specific reply furnished in this reference. | |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate not available. To finance and develop the project, director provided certificate certified by CA, proposed project 100 percent finance through internal accrual. | NOIDA accepted the audit observation. In this case affidavit, certified by Bank or CA, of self-financing was also not provided. |
| | | Negative report by UPICO | In UPICO report, promoter's equity has been marked as ₹ 859 lakh. | As per the report of UPICO, the case was considered as negative on the grounds that submitted documents in support of promoters contribution were insufficient. Net worth of applicant is distinct from that of promoters/directors. |
| 17 | M/s Glory Infrabuild (P) Ltd Date of Allotment: 26.03.2010 Property No.: FH 16 & 17/128 Area in sqm: 20154 | Net worth as per balance sheet of 2009 was ₹ 0.60 lakh only. | UPICO report shows net worth ₹ 60 thousand as per the balance sheet 2009. | NOIDA accepted the Audit observation. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate not available. A loan approval certificate for development of farm house from Andhra Bank and affidavit. "The entire cost of purchase of land & development of farm house would be met out of own resources & borrowings from any bank/ institutions" signed by director also available in correspondence. | Instead of liquidity certificate a general assurance has been given. NOIDA accepted the audit observation. |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA’s reply | Further Audit comment |
|---------|--|--|---|---|
| | | Negative report by UPICO. | UPICO reported negative on the basis of project cost ₹ 870 lakh, applicant positive net worth of ₹ 0.60 lakh in 2009 balance sheet and Andhra Bank’s letter. As per minutes of the committee, the total cost of the project has been indicated as ₹ 870 lakh, out of which ₹ 440 lakh have been shown by the applicant from his own financial resources and ₹ 430 lakh through financial institution/bank loan. PAC constituted by the CEO has also recommended the allocation of the plot after being satisfied with the project, financial resources, presentation and other facts of the applicant institution after considering the report submitted by UPICO and orders of allocation have been passed after consideration by CEO. | The case was considered as negative by UPICO on the following grounds: -Balance sheet for 2007-08 not provided. -Documents in support of promoter contribution insufficient. In spite of negative report of UPICO in this case, allotment was made. The established norm is that the orders overruling recommendation including that of an expert body should be reasoned and recorded in writing, which was not evident in this case. |
| 18 | Shri Anand Prakash Date of Allotment: 05.01.2011 Property No.: FH 21/167 Area in sqm: 10,000 | Commercial purpose (Motel). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the allottee had specifically submitted its project report for the development of farm house with motel even though commercial activities have been rescinded. |
| 19 | M/s Green era Innovative Energies (P) Ltd Date of Allotment: 05.01.2011 Property No.: FH 3/167 Area in sqm: 10,000 | Construction plan includes motel activity | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the allottee had specifically submitted its project report in which construction Plan includes motel activity even though a commercial activities have been rescinded. |
| | | Net worth as per balance sheet of 2008 was ₹ one lakh. | In reference to the net worth of ₹ one lakh of the applicant institution is to be intimated that the application money of ₹ 31 lakh has been | Allotment made on basis of net worth of ₹ one lakh was not justified. Subsequent deposit of ₹ 31 lakh on registration and required amount after allotment was not a valid criterion for |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|--|---|--|
| | | | deposited by the applicant institution with the application form, and after the allocation, the required allocation amount has also been deposited. | examining net worth. |
| | | Land use pattern, construction plan and implementation schedule was signed by the architect but not by the applicant. | Layout plan, land use pattern, construction plan and schedule of implementation signed by architect were enclosed. | NOIDA accepted the Audit observation that the required documents were not signed by the applicant. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate not available. As per affidavit and project report, the proposed project would be 100 <i>per cent</i> financed through promoters. | NOIDA has accepted the non-availability of liquidity certificate. In this case the liquidity certificate was self-attested affidavit and not signed by the bank or CA, and was hence inadmissible. |
| 20 | M/s Inspire Infrastructure (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 17/164 Area in sqm: 10000 | Company was incorporated on 10.04.2010, hence three year track record as per brochure was not available. | The applicant company was incorporated on 10.04.2010. Hence, it is not possible to get the balance sheet of three years on the date of application. | Reply confirms that allotment was made to newly formed company. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Applicant in its CA certified source of fund ₹ 200 lakh have been shown by the company's own resources and ₹ 900 lakhs through promoters contribution which is higher than land cost. | The details provided were the copy of allottee's project report only. In this case affidavit, certified by bank or CA, of self-financing is also not provided. |
| | | Construction plan and implementation schedule certified by the architect was not found in the file. | Construction plan signed by applicant and architect is enclosed. | Implementation schedule certified by the architect was not furnished. |
| 21 | M/s Kunal Infra-tech (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 12/165 Area in sqm: 10,000 | Commercial activity as per cash flow statement. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public | Allotment was made by NOIDA even though the allottee had specifically enclosed cash flow shows the operating receipt from the motel activity even though |

Performance Audit Report on "Land Acquisition and Allotment of Properties in NOIDA"

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|--|--|--|
| | | | notice dated 29.08.2009. | commercial activities has been rescinded. |
| | | Company was incorporated on 16.07.2010, hence three year track record as per brochure was not available. | The applicant company was incorporated on 16.07.2010. Hence, it is not possible to get the balance sheet of three years on the date of application. | Allotment was made to newly formed company. |
| 22 | M/s Magnolia Martinique (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 39/164 Area in sqm: 10,000 | Audited books of accounts for the period 2006-07 is not found in file. | Audited book of accounts for 2006-07 is not available. | NOIDA accepted the audit observation. |
| | | Land use pattern and construction plan was not found in the file. | Land use pattern and construction plan currently not available. | NOIDA accepted the audit observation. |
| | | Negative report by UPICO. | Applicant mentioned to finance and develop the project from its own resources. In the valuation of UPICO, promoters equity is also mentioned as ₹ 396.50 lakh. | The case was considered as negative by UPICO on the following grounds: - Certified list of directors in not given. - Land use pattern is not given. - Construction plan is not given. - Audited book of accounts for the period 2006-07 is not given. - Three year projected cash flow is not given. - Net worth certificate enclosed is not relevant and not certified by CA. |
| 23 | M/s Sympoh Marketing (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 24/164 Area in sqm: 10000 | Land utilisation plan shows the operating receipt from the motel activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the land utilisation plan specifically shows the operating receipt from the motel activity, and commercial activities has been rescinded. |
| | | Construction plan and implementation schedule certified by the architect was not found in the file. | Project implementation schedule and land utilization pattern includes construction plan certified by the architect were enclosed. | Construction plan was not mentioned in land utilisation plan. Further, the provided detail was not certified by the architect. |
| 24 | M/s Surya Shopping Arcade Private Limited Date of Allotment: 05.01.2011 Property No.: FH18/ 167 | The net worth of the company was ₹ 10 lakh only. | No reply furnished in this reference. | |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | Area in sqm: 10000 | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | In affidavit by Company's Director Shri Shekhar Agrawal stated that "The promoters of M/s Surya Shopping Arcade Pvt. Ltd. as well as their family members are having sufficient funds for execution of farm house Project. They will deploy the requisite funds into the project and will complete the same." In addition to the above, certificate signed by the applicant and CA shows project cost as ₹ 808.02 lakh and the promoter's contribution is also shown as ₹ 808.02 lakh which is available in the record. | In this case the self-attested affidavit submitted and not signed by the bank or CA, and was hence inadmissible. |
| | | Commercial activity as per the project report. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the cash flow statement as submitted by the allottee and certified by the architect provides projected sales and profit for the next six years although commercial activities have been rescinded. |
| 25 | M/s S.S. Fuels Private Limited Date of Allotment: 05.01.2011 Property No.: FH17/ 167 Area in sqm: 10000 | The allottee had submitted its project report for motel and open air theatre activities. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the allottee had specifically submitted its project report for motel and open air theatre even though commercial activities have been rescinded. |
| 26 | M/s Wander Buidtech Private Limited Date of Allotment: 26.02.2009 Property No.: FH 6/ 131 Area in sqm: 10019 | Net worth of the company was only ₹ one lakh. | In the means of finance the applicant proposed project cost of ₹ 550 and is fully contributed by promoters and internal accruals. UPICO report is positive. | The net worth of the Company was only ₹ one lakh. The Company's net worth was insufficient for the project. |
| | | Submitted its project report to rent out the facilities at the farm house. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for rent out project is still remaining as no revised project report was submitted. |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | Liquidity certificate from any nationalised bank/scheduled bank/banks or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate from any bank is not available. | NOIDA accepted the audit observation. In this case the affidavit, certified by Bank or CA, of self-financing was also not provided. |
| 27 | M/s Yuvraj Construction and Leasing India Limited Date of Allotment: 05.01.2011 Property No.: FH 2/ 167 Area in sqm: 10000 | Net worth was only ₹ 2.70 crore. | Applicant in its project report showed total cost of project ₹ 552 lakhs and means of finance as own sources- Directors, Shareholders and Sister/Associate concerns ₹ 560 Lakhs & bank finance Nil. | The net worth of the company was only ₹ 2.70 crore. The company's net worth was insufficient for the project. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted the audit observation. In this case the affidavit, certified by bank or CA, of self-financing was also not provided. |
| | | Commercial activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the allottee had submitted its project report wherein the projected profit and loss account and other financial statements enclosed with the project report shows that profit will be generated from the project and income tax liability will also accrue even though commercial activities have been rescinded. |
| 28 | M/s Baba Global Ltd. Date of Allotment: 27.07.2009 Property No.: FH5/ 131 Area in sqm: 10056 | Submitted project report for a motel. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was | The applicant has enclosed the affidavit in place of the liquidity certificate stating that “that the entire cost of plot for farm house and development cost of | In this case the liquidity certificate was a self-attested affidavit and not signed by the bank or CA, and was hence inadmissible. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|--|---|
| | | not found in the file. | the same would be met by internal accruals and/or contribution from the promoters of the company". | |
| 29 | M/s Dyna Infosoft Private Limited. Date of Allotment: 26.02.09 Property No.: FH 3/133 Area in sqm: 10074 | Net worth of the company was ₹ one lakh only. | Net worth certified by CA is not available. UPICO report has also mentioned the applicant's net worth as positive and based on the documents submitted, the case is considered as positive by UPICO. | The company's net worth was insufficient for the project. |
| | | Land use pattern, construction plan and schedule of implementation were not found in the file. | Mentioned documents certified by architect were enclosed. | Schedule of implementation was not certified by the architect. |
| | | Commercial activity (as per Cash Flow Statement). | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for commercial activity project is still remaining as no revised project report was submitted. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted a audit observation. In this case affidavit, certified by bank or CA, of self-financing was not provided. |
| 30 | M/s Emirates Infrastructure Private Limited Date of Allotment: 26.02.09 Property No.: FH 08/ 127 Area in sqm: 10,920 | There were no audited annual accounts. | The applicant company incorporated on 23.04.2008. Hence, it is not possible to get the balance sheet of 03 years on the date of application. | Reply confirms that allotment made to newly formed company. |
| | | Submitted its project report for a motel project. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|---|--|
| | | Land use pattern, construction plan and schedule of implementation certified by architect was not found in the file. | Mentioned documents certified by architect were enclosed. | Provided documents were not certified by architect. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted the Audit observation. In this case the liquidity certificate was self-attested affidavit and not signed by the bank or CA, hence inadmissible. |
| 31 | Smt. Richa Bhardwaj Date of Allotment: 26.02.2009 Property No.: FH 01/ 127 Area in sqm: 10,960 | Submitted project report for a motel project. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report has been submitted. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted the audit observation. |
| | | Personal income tax returns necessary to examine personal worth have not been provided. | A copy of ITR of the applicant is not available. loan approval certificate dated 23.01.2009 by UCO Bank is enclosed. | NOIDA accepted the audit observation. Loan approval certificate does not mention amount. |
| | | Land use pattern, construction plan and schedule of implementation certified by the architect was not found in the file. | Mentioned documents certified by Architect were not available. | NOIDA accepted the audit observation. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|--|--|---|---|
| 32 | M/s Ragini Projects private Limited Date of Allotment: 03.08.2009 Property No.: FH 01/ 126 Area in sqm: 12,898 | Net worth of ₹ one lakh only. | Affidavit is available for giving financial assistance of ₹ 6.81 crore to project from the shareholder of the applicant organization, Shri. Amar Chandra Garg. | UPICO in its report also stated that as per Balance sheet of the applicant the net worth as on 31.03.2008 is ₹ one lakh only. Assurance from shareholder cannot be considered for evaluating net worth. |
| | | Land use pattern, construction plan and schedule of implementation was not found in the file. | Mentioned documents certified by architect were available. | Records/compliance submitted by NOIDA. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Letter for the credit facility of ₹ 600 lakh dt: 25.07.2009 from Corporation bank has been given by the applicant. Further, means of finance shows that project cost amounting to ₹ 681 lakh financed by its own resources. | In this case the affidavit, certified by bank or CA, of self-financing was not provided. |
| 33 | M/s Brilliant Builders Private Limited Date of Allotment: 27.07.2009 Property No.: FH 7&8/ 133 Area in sqm: 20,070 | Net worth was only ₹ one lakh for the years 2006-07 and 2007-08 respectively. | The details of cost of project submitted by the applicant of ₹ 1757.95 lakhs & means of finance ₹ 1757.95 lakhs contributed by promoter is signed and certified by CA. | Net worth of the company was only ₹ one lakh for the year 2006-07 and 2007-08 respectively. Net worth should have been evaluated from balance sheet. Assurances for finance cannot be considered for evaluation of net worth. |
| | | Incorporated on 08.01.2007. Audited accounts of 2008-09 were not found in the file. | No reply furnished. | Allotment was made to a newly formed company. |
| | | Construction plan duly signed by architect was not found in the file. | Construction plan certified by architect is not available. | NOIDA accepted the audit observation. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | The cost of the project submitted by the applicant is ₹ 1,757.95 lakhs & means of finance of ₹ 1,757.95 lakhs fully contributed by the promoter. It does not seem practical to provide the copy of liquidity certificate of the bank. | In this case the affidavit, certified by bank or CA, of self-financing was not provided. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| 34 | M/s Weavetex Overseas Date of Allotment: 31.03.2011 Property No.: FH 4/162 Area in sqm: 10010 | Proposed commercial activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though per projected profit and loss account provides estimations for profit and income tax. Therefore, proposed activities were of commercial nature. Commercial activities are not permitted under the scheme and have been rescinded. |
| 35 | M/s Yash Infra firms and Developers Private Limited Date of Allotment: 30.03.2011 Property No.: FH 29/ 164 Area in sqm: 10307 | The Company was incorporated on 29.09.2010. In place of the company's accounts directors' accounts were submitted. The net worth could not be verified. | The applicant company was incorporated on 29.09.2010. Hence, it is not possible to get the balance sheet of three years on the date of application. | The reply confirms that allotment was made to a newly formed company. |
| | | Proposed activity includes motel and open air theatre. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the proposed activity specifically includes motel and open air theatre even though commercial activities have been rescinded. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit by bank or CA was not found in the file. | Shri. Piyush Tiwari, Director of the applicant company has given an affidavit 'that the estimated cost of the project is ₹ 610 lakh, 100% of which is the proposed to be met by company, its promoters & Directors. Apart from this, two solvency certificates worth ₹ 5 crore have also been issued from the bank. | In this case the affidavit, certified by bank or CA, of self-financing was not provided. |
| | | Construction plan and schedule of implementation were not found in the file. | Mentioned documents certified by architect were available. | Provided documents was not certified by an architect. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
|---------|---|--|---|--|
| 36 | M/s Swani Furniture Point Private Limited Date of Allotment: 30.03.2011 Property No.: FH 33/ 164 Area in sqm: 10010 | Net worth was only ₹ 2.66 crore. | The total cost of the project is ₹ 574.50 lakh, 100% of which is proposed to be met by the company's own resources. | The reply does not address the audit observation. The company's net worth is insufficient for the project. Net worth should have been evaluated from balance sheet. Assurances for finance cannot be considered for evaluation of net worth. |
| | | Construction plan and schedule of implementation signed by architect was not found in the file. | Schedule of implementation is not available. Construction plan duly signed by applicant and certified by architect is enclosed. | Schedule of implementation was not available. |
| 37 | M/s Shri Radha Govind Ice and Cold Storage Private Limited Date of Allotment: 27.07.2010 Property No.: FH 34/ 128 Area in sqm: 10014 | Net worth of the company was only ₹ 1.35 crore. | The affidavit has been given by Shri Suresh Kumar Soni, director of the applicant company, that the fund have been self-arranged by the internal resources of the Company & have not been borrowed from banks and any other lending institution'. Cost of project signed by CA shows total cost ₹ 560.19 lakhs and means of finance from own sources ₹ 60.19 lakhs & from financial institution is ₹ 5 crore is available in records. | The reply does not address the audit observation. The Company's net worth is insufficient for the project. Net worth should have been evaluated from balance sheet. Assurances for finance cannot be considered for evaluation of net worth. |
| | | Land use pattern duly signed by the applicant was not found in the file. | Land use pattern certified by architect but not signed by applicant is enclosed. | NOIDA accepted the audit observation. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted the audit observation. |
| 38 | M/s Soni Exim Private Limited Date of Allotment: 30.03.2011 Property No.: FH 8 and 9/ 165 Area in sqm: 20,007 | The net worth of the company was ₹ one lakh only. | The total cost of the project signed by the applicant and the CA has been marked as ₹ 837.29 lakhs, means of finance deferred | Reply does not address the audit observation. The Company's net worth was insufficient for the project. Net worth should have been |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | | payment to NOIDA ₹ 560 lakhs, promoters contribution ₹ 172.92 lakhs & term loan ₹ 105 lakh. | evaluated from the Balance Sheet and assurances cannot be considered for evaluation. |
| | | Commercial activity as per cash flow statement. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the cash flow statement shows commercial activity which was not permissible in the scheme and commercial activities have been rescinded. |
| | | Land use pattern, construction plan and schedule of implementation signed by architect not found in the file. | Land use pattern, construction plan and schedule of implementation signed by architect were not available. | NOIDA accepted the audit observation. |
| | | Negative report by UPICO. | UPICO considered the report negative as bank finance letter was not enclosed and affidavit was not attested, Net worth of the company was not sufficient | NOIDA accepted the audit observation. |
| 39 | Shri. Om Prakash Wadhwa Date of Allotment: 16.09.2014 Property No.: FH03/149A Area in sqm: 10025 | Commercial activity as per cash flow statement. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the revised cash flow statement specifically shows commercial activity which was not permissible in the scheme and commercial activities have been rescinded. |
| 40 | M/s Aatish Designers Private Limited Date of Allotment: 18.03.2010 Property No.: FH 1/131 Area in sqm: 10019 | Net worth of ₹ one lakh only. | The letter issued by Allahabad Bank, Lajpat Nagar, Delhi shows net worth ₹ 600 lakhs of Shri. Purshottam Kumar Keshwani, director and shareholder of the company. In the project report, promoters capital has also mentioned 100 <i>per cent</i> i.e. ₹ 566.50 lakh in the means of finance by the applicant which is available in the records. | Company's net worth is insufficient for the project. The net worth of the applicant is distinct from that of promoters/directors. Net worth should have been evaluated from Balance Sheet. Assurances for finance cannot be considered for evaluation of net worth. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | Commercial activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though its project report stated to renting out the facilities at the farm house although commercial activities have been rescinded. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA not found in file. | In the project report, the cost of the project signed by the applicant is ₹ 566.50 lakh and the promoters' capital in the means of finance are also shown as ₹ 566.50 lakh i.e. 100 percent. It does not seem practical to provide any bank liquidity certificate. | In this case affidavit, certified by bank or CA, of self-financing is not provided. |
| 41 | M/s Garrison Realtors Pvt. Ltd Date of Allotment: 30.10.2009 Property No.: FH 27,28& 29/128 Area in sqm: 30,053 | Net worth of ₹ one lakh only. | No specific reply furnished. | |
| | | The allottee had submitted its project report for a 40-room motel project. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though in its project report the allottee had specifically submitted its project report for a 40-room motel project though commercial activities have been rescinded. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | The total cost of the project signed by the applicant and the CA has been marked as ₹ 1450 lakhs, means of finance from own sources ₹ 650 lakhs and bank loan ₹ 800 lakhs. | As per brochure condition, the liquidity certificate from any nationalised bank/scheduled bank/bank, was not provided. |
| | | Negative report by UPICO. | UPICO considered the report negative as documents in support of promoters contribution was not sufficient and affidavit as per clause 6.9 of the application form was not furnished. | NOIDA accepted the audit observation. |
| 42 | M/s Sarvodaya Developers (P) Ltd Date of Allotment: 30.03.2011 Property No.: FH 5/162 Area in sqm: 10000 | Net worth of the company at 31.03.2009 was ₹ 28.50 lakh. | Liquidity of M/s Sarvodaya Developers Pvt. Ltd. as on date is ₹ 3.03 crore. | The reply does not address the audit point as liquidity certificate and sources of finance were furnished. |
| | | Commercial activity as per project report. | Any commercial activity except the development of farm house is completely prohibited by the | Allotment was made even though in its project report the allottee had proposed the activity of letting out to others for the purpose of |

Performance Audit Report on “Land Acquisition and Allotment of Properties in NOIDA”

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | | Authority as per public notice dated 29.08.2009. | marriage, parties and other social gatherings even though commercial activities have been rescinded. |
| | | Negative report by UPICO. | UPICO report is negative. | NOIDA accepted the audit observation. |
| 43 | M/s MD Web Designers (P) Ltd. Date of Allotment: 26.02.2009 Property No.: FH 2/128 Area in sqm: 10,000 | Net worth could not be verified as the company was incorporated on 26.09.2008 and no account was furnished. | The applicant company was incorporated on 26.09.2008. Hence, it is not possible to get the balance sheet of three years on the date of application. | NOIDA accepted the audit observation. |
| | | Proposed motel activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Though commercial purposes have been rescinded, the allotment made for motel project is still remaining as no revised project report was submitted. |
| | | Land use pattern, construction plan and implementation schedule certified by the architect was not found in the file. | Land use pattern, construction plan and implementation schedule certified by the architect were not available. | NOIDA accepted the audit observation. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate is not available. | NOIDA accepted the audit observation. In this case affidavit, the certified by bank or CA of self-financing was also not provided. |
| 44 | M/s Sheshvata Infratech (P) Ltd Date of Allotment: 30.10.2009 Property No.: FH 15&18 /128 Area in sqm: 20048.9 | Net worth of ₹ one lakh only. | No specific reply furnished. | |
| | | Proposed motel activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | It is notable that allotment was made even though the allottee had submitted its project report for commercial activities. This was discernible a development of farm house with 40 rooms motel even though commercial activities has been rescinded. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or | Bank liquidity certificate is not available. | NOIDA accepted the audit observation. |

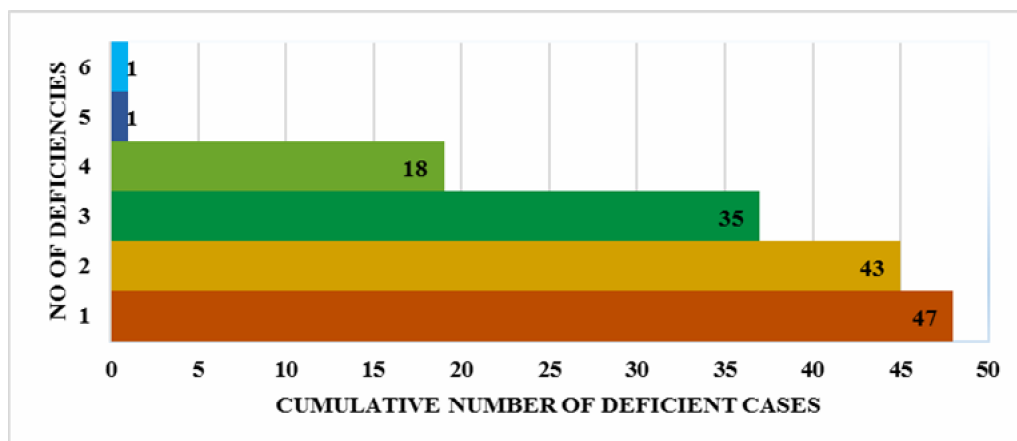
| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | affidavit certified by bank or CA was not found in the file. | | |
| | | Negative report by UPICO. | UPICO gave negative report as documents in support of promoters' equity requirement were not sufficient, affidavit as per clause 6.9 of the application form was not furnished and land use pattern was not defined. | NOIDA accepted the audit observation. |
| 45 | Shri Gurinder Jit Singh Date of Allotment: 26.03.2010 Property No.: FH 30, 31 & 32/128 Area in sqm: 30,069.6 | Commercial activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the allottee had submitted its project report for commercial activities. This was discernible from projected sales and profit figures submitted for the next three years. |
| | | Schedule of implementation certified by the architect not found in the file. | Land use pattern and schedule duly signed by applicant and certified by architect were enclosed. | Schedule of implementation certified by the architect was not provided. |
| | | Liquidity certificate from any nationalised bank/scheduled bank/bank or affidavit certified by bank or CA was not found in the file. | Bank liquidity certificate was not available. | NOIDA accepted the Audit observation. |
| 46 | M/s Great Value Buildwell Date of Allotment: 30.03.2011 Property No.: FH 13/165 Area in sqm: 10358 | Proposed commercial activity. | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made even though the allottee had submitted its project report for project which included commercial activities. |
| | | Accounts for 3 years not submitted as company incorporated on 14.06.2010. | Company incorporated on 14.06.10. | Reply confirms that the allotment was made to a newly formed company. |
| | | Construction plan, land use pattern and implementation schedule certified by the architect were not available. | Construction plan, land use pattern and implementation schedule certified by the architect were not available. | NOIDA accepted the audit observation. |

| Sl. No. | Name and particulars of Allottee | Deficiencies observed | NOIDA's reply | Further Audit comment |
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| | | architect was not found in the file. | | |
| 47 | M/s Meadow Infra developers Pvt. Ltd. Date of Allotment: 30.10.2009 Property No.: FH 11&22/ 128 Area in sqm: 20,231.59 | Commercial activity | Any commercial activity except the development of farm house is completely prohibited by the Authority as per public notice dated 29.08.2009. | Allotment was made by NOIDA even though the allottee had submitted its project report specifically for a 40 room motel even though this commercial activity has been rescinded. |
| | | Net worth of ₹one lakh only. | In condition 1.3 of the scheme it was necessary to have positive net worth/surplus investible fund in favour of the applicant. Company's net worth for the period 2007-08 and 2008-09 was ₹ One lakh and ₹ 95 thousand respectively. It is clear that the applicant had positive net worth. | The minimum value of farm house plots was ₹ three crore. Therefore, net worth of ₹ 1.00 lakh in 2007-08 and ₹ 95 thousand in 2008-09 was insufficient for the project. |
| | | Allotment without considering negative report of consultant. | It is clear from the observation by UPICO that out of the value of ₹ 990 lakhs for the project, the promoters have contributed about ₹ 490 lakhs and loan of ₹ 500 lakhs from the bank has been mentioned in the project details. | As per the report of UPICO, the case was considered as negative on the following grounds: - Documents in support of promoter's contribution was not sufficient. - Affidavit as per clause 6.9 of application form was not furnished. |

Source: Information furnished by NOIDA.

Thus, from the above it may be seen that in 30 cases net worth of the applicant was not sufficient, in 34 cases the proposed activity was of a commercial nature, in 11 cases either the company was incorporated for less than three years (10 cases) or audited accounts were not submitted (one case), in 27 cases land use pattern, construction plan and schedule of implementation was not submitted, in 32 cases sources of finance for implementation of the project was not sufficient and in 11 cases UPICO submitted negative report. However, without considering these deficiencies allotments were made. A diagrammatic representation of the overall position of shortcomings in allotment is given in **Chart 5.3.4.**

Chart 5.3.4: Position of cases with deficiencies



Thus, out of the 51 cases checked in audit, 47 cases showed one or more of the above stated deficiencies, confirming that the allotments so made did not qualify the essential conditions laid down in the brochure; in addition to poor financial strength in a number of cases as evident from the net worth of the applicants.

The above cases of allotment to 47 allottees were recommended by the PAC by suppressing facts, without considering the apparent deficiencies in documents submitted along with the applications and further approved by the CEO. This entails both a serious dereliction of duty by the concerned officials of NOIDA as well as a control failure.

It also indicates that there were serious omissions/commissions on the part of the PAC. It is notable that in respect of a case relating to NOIDA such a point has also been highlighted in the final judgement⁷ by Hon'ble High Court, Allahabad (29 November 2016) wherein it observed that *the Screening Committee had full opportunity to go through the application and even the Authority had full opportunity to go through the application and detect misrepresentation, if any, but if said right was not exercised correctly, the right to rescind the contract based on the misrepresentation was lost.*

In its reply, NOIDA stated (October 2020) that if the applicant has completed all the necessary formalities before or on the day of interview then there is no irregularity in recommending for allotment of plot. Therefore, it is not appropriate to consider the deficiencies indicated by UPICO in 11 application forms for allotment, if those deficiencies have been removed by the time of interview of the concerned applicants. NOIDA, in respect of allotment to the companies who have not furnished the audited annual accounts for three years, stated that these were newly incorporated companies.

On examination of the casewise replies received with respect to these 47 cases by NOIDA, it has been observed that in not even a single case pointed out by Audit, NOIDA has been able to provide documentary evidence to establish the fact that the allotment conforms to the brochure conditions as laid down by NOIDA for allotment of farm house plots. In fact, with respect to the above 47 cases, Audit has pointed out a total of 147 observations involving breach of one or the other brochure condition. After scrutiny of the detailed replies of

⁷ Writ petition no. 17212 of 2015 between M/s Hi Lead Infotech (P) Ltd. Vs State of U.P. and others.

NOIDA in each case, it has been observed that NOIDA was able to furnish satisfactory reply with respect to only two observations out of the 147 observations. In fact, in 40 observations out of the 147 observations involving 28 cases of allotment, NOIDA has now accepted the observations of Audit. With respect to the other observations, post examination of the reply, it is evident that the allotment has been non-compliant with respect to the concerned stipulations in the brochure with regard to allotment of farm house plots. No explanation was provided by NOIDA to Audit with regard to how allotment was made in the face of such obvious errors/deficiencies. The reply of NOIDA regarding allotment to newly incorporated companies is not acceptable as the brochure did require three years’ financial statements. A best practice would ordinarily enjoin entities that are established to be considered rather than newly incorporated ones.

Thus, it may be seen that the above cases of allotment of 47 farm house plots, as brought out by Audit, reveals a blatant disregard for scheme guidelines and a wilful role in concealment and misrepresentation of material facts whereby ineligible allottees were made eligible for allotment of these farm house plots.

The Government may consider investigating the matter and fixing responsibility on the concerned members of the PAC and others involved in the decision-making process for their role in the matter.

Cases of allotment by mis-representation, multiple applications and without availability of plots

5.3.17 The verification of documents without due diligence and in a casual manner led to allotment by misrepresentation, allotment of multiple plots to a single individual/entity and allotment of plots without ensuring availability of land which are discussed issue-wise in the succeeding paragraphs:

Allotment to company which was not even incorporated

5.3.17.1 The brochure condition 1.2 provided that allotment of land would be made in favour of an entity constituted and incorporated in India and the annexure to the brochure required submission of registration certificate of incorporation.

A plot measuring 10,064 sqm (FH-08/128) was allotted (26 March 2010) to M/s Hilsun Estates (P) Ltd. Scrutiny of the application form revealed that the allottee (on behalf of M/s Hilsun Estates (P) Ltd.) signed the application form on 19 May 2009 but the date was concealed intentionally by using whitener. In the bank draft attached to the application, draft serial number and date were also concealed by using whitener and a new date and number was written. The bank verified the signature and photograph on the application form of the allottee on 20 May 2009. It is pertinent to state that the allottee (M/s Hilsun Estates (P) Ltd.) was incorporated on 18 September 2009. This shows that the Company was not incorporated till the date of submission of allotment form. Hence, the application for allotment should have been treated as fake and void but NOIDA failed to verify the same and allotted the plot.

It was further observed that in a similar case FH/14 Sector 133 of M/s Growell Services Private Limited allotment was made on 26 February 2009 but the Company itself was incorporated on 23 April 2009. NOIDA could not verify the fact and the plot was proposed for cancellation in compliance of Hon’ble Lokayukt direction.

In its reply, NOIDA stated (August 2020) that M/s Hilson Estate Pvt. Ltd. was incorporated before the allotment since allotment was made on 26 March, 2010 hence there was no contravention of terms and conditions, whereas M/s Growell Services Private Limited was incorporated after allotment.

The reply of NOIDA is not acceptable since as per the requirement set out in the brochure, the certificate for incorporation, previous three years' balance sheet etc. were required. Thus, the applicant company was required to be registered and functioning prior to application date. However, the applicant company was not even incorporated till the date of submission of application and some of the apparent facts were concealed such as change in date of application and bank draft by using whitener which despite re-verification could not be traced out by NOIDA.

In case of M/s Growell Services Pvt. Ltd., NOIDA has accepted that the allotment was made before incorporation of the Company.

Allotment of multiple plots to same individual/group of companies

5.3.17.2 As per the terms and conditions of the brochure, the plot size was minimum 10,000 sqm and the applicant was required to submit application for area of the plot required. Audit observed that there was no check to monitor that plots are not allotted to similar individuals/firm/company or whether after allotment, pooling of the plot through transfer has not been made. Even though there was no restriction of area or the number of plots to be applied, in one⁸ case the PAC itself has rejected one application on the ground of two applications by the same applicant but the same diligence was not shown in other cases. This resulted in allotment of multiple plots to a single group of companies with same promoters, merger of plots and transfer of plot after allotment using front companies as detailed below:

- Allotment of 11 plots⁹ was made on 30 March 2011 to the companies/entities of the same group (Anil Kumar and Company). Availability of liquid funds for meeting the cost of the project was doubtful in this case as the applicant companies/entities of the same group showed the same source of finance. Bank's certificate regarding balance of M/s Anil Kumar & Co. as on 26 August 2010 of ₹ 24.82 crore was enclosed in all the allotment files against requirement of total project cost of ₹ 73.90 crore. The linking of records was not done by the PAC before allotment. Net worth of the company was not verified and means of promoters sources were doubtful as most of the shareholders of the allottee companies of these plots were common. The combined net worth of applicants was ₹ 13.34 crore as per the financial statements submitted.

Thus, Audit observed that in the above case, the sources of finance were deficient when compared to the total project cost of the plots allotted and even the date of allotment was the same. The PAC made the allotments despite sufficient evidence being available. Allotment of four plots¹⁰ was made on 27 July 2009 to a group of companies with the same promoter/director (Rajiv

⁸ OES/08/168 M/s Brijanand Securities Pvt. Ltd.

⁹ FH-3 & 19/164, FH-4 & 18/164, FH-2 & 20/164, FH-5/164, FH-6/164, FH-17/164 and FH-1 & 20/165.

¹⁰ FH-2, 3, 4, 5 sector 131.

Kumar). This fact was known to NOIDA on the basis of documents submitted by the applicant along with application for allotment wherein details of promoter/director/shareholder were mentioned. Finally, these four plots were amalgamated into one. Despite the linkage being known to NOIDA, allotment was made.

- Allotment of seven plots¹¹ was made on 30 October 2009 to four companies of the same promoters (Sanjeev J Aeren and Sunita S Aeren). This verification was not done by the PAC before allotment.
- Allotment of seven plots¹² was made (two on 26 March 2010 and five on 30 October 2009) to three companies (Meadows Infradevelopers Pvt. Ltd., Glory Infrabuild Pvt. Ltd. and Handful Infra Developers Pvt.Ltd.) of same promoters (Ankur Chadha and Geetu Arora).
- In two cases it was observed that four plots¹³ of sector 128 of two companies (Meadow Infradevelopers Pvt. Ltd and Snerea realtors Pvt. Ltd.) allotted on 30 October 2009 were transferred to the same individual, Smt. Vichitra Lata, on 28 September 2010.

It was seen from the above that multiple allotments to applicants on a single date were given and front companies were used for allotment of plots through different applications. There is evidence of dereliction of duty by the members of the PAC whereby fraudulent actions have been permitted by the officials of NOIDA. The Hon’ble Supreme Court has also observed in Amrapali case¹⁴ that *the State or the public authority which holds the property for the public or which has been assigned the duty of grant of largesse, etc. acts as a trustee and, therefore, has to act fairly and reasonably. As such, all powers so vested in him are meant to be exercised for public good and promoting the public interest. Every holder of a public office is a trustee.*

The above cases are evidence of the breach of principles of public trust doctrine.

In its reply, NOIDA stated (August 2020) that the brochure of the farm house scheme provided no restrictions on the application for one or more plots by the same firm/Company or individual. As per scheme brochure, allotment can be made to different individuals/ companies of a group.

The reply is not acceptable as even though there was no restriction on allotment of multiple plots but the net worth of the applicant was to be screened individually as well as collectively for eligibility for allotment. In some of these cases multiple plots were allotted on the same source of finance. Moreover, in one case the PAC itself had rejected the application on account of more than one applications, whereas in other cases, PAC failed to exercise similar diligence. Thus, from the above it is evident that multiple allotments were made to selected individuals/groups of companies in absence of assessment on aggregate basis.

¹¹ FH 15 &18 /128, FH-25, 26/128 and 27, 28 & 29 in sector 128.

¹² FH 16&17/128, FH 11 & 22/128, FH 23,24 &33 of sector 128.

¹³ FH 11 & 22 and FH 12 & 21 sector 128.

¹⁴ Bikram Chatterjee and others Vs Union of India and others, writ petition (C) 940/2017.

Undue favour due to reservation and allotment despite non-availability of plots

5.3.17.3 As per scheme guidelines, the list of available plots for allotment was to be displayed on the notice board of NOIDA at its administrative office and on the website. The number of plots could increase or decrease depending on availability of land. NOIDA reserved the right to withdraw any plot from the allotment process at any time without assigning any reason. NOIDA was to ensure the availability of plots and if due to unavoidable circumstances the possession of plot was not handed over to the allottee, the full amount deposited by the allottee would be refunded. However, no interest on the deposits would be payable to the allottee. From the above, it may be concluded that the scheme was to be closed and all applications were either to be declined or to be disposed against available plots during the currency of the scheme.

- Audit noticed that the number of plots available for allotment was never uploaded on the website as per the details made available to audit. In 29 cases of OES/2008, the allotment of land was reserved for allottees who would be considered in the next scheme, out of which in five cases actual allotment had been made and in the rest of the cases refund was made.

Audit observed that the stated policy of NOIDA was to allot available plots in a scheme and to refund/decline application in case of non-availability and did not provide for making reservations against subsequent schemes. Reservation of application rather than inviting fresh applications in subsequent schemes was in contravention of the stated terms and conditions and was highly irregular. This irregularity was further compounded by the fact that while on the one hand NOIDA made multiple allotments to some applicants, at the same time it was unable to allot any plot to 29 applicants, using discretion available to the fullest extent.

- Further, it was observed that in case of five¹⁵ allottees, allotment was made without considering the site plan. Due to non-availability of a clear-cut site plan on NOIDA's part, the allottees were provided zero period¹⁶ for the periods falling between the allotment of land and availability of site plan. Thus, due to non-observance of above-mentioned scheme guidelines NOIDA could not cancel the applications and had to allot plot at the rates prevailing on the allotment date instead of the date of site availability resulting in loss of ₹ 16.96 crore (**Appendix 5.3.6**).

In its reply, NOIDA stated (August 2020) that in view of the possibility of getting possession of the land, reservation of plots in favour of eligible applicants was done as per rules but allotments were made only after the creation of the plot. Further, the zero period was granted as the site plan was not ready.

The reply is not acceptable as reservation of applications rather than inviting fresh applications in subsequent scheme was in contravention of the above-mentioned scheme guidelines that applications against which allotment could not be made were to be cancelled/closed. This irregularity is further

¹⁵ FH 16&17/128, FH 5/162, FH 8&9/165, FH 29/165 and FH17/164.

¹⁶ Refers to the period of non-availability of plot due to default on part of NOIDA, wherein all the dues are waived during period of delay.

compounded by the fact that NOIDA made multiple allotments to some applicants while at the same time being unable to allot any plot to 29 applicants, reserved rights in future schemes, using the discretion available to the fullest extent.

Arbitrary allotment by PAC

5.3.18 The deficiencies observed in arbitrary allotment by PAC in contravention of scheme guidelines and brochure conditions have been discussed issue-wise in the ensuing paragraphs.

Lackadaisical procedure adopted by PAC in screening applications

5.3.18.1 Under the scheme, a total of 305 applications were received (OES 2008-190 applications and OES 2010-115 applications) and allotments were made to 157 applicants (OES 2008-102 applicants and OES 2010-55 applicants) based on interviews conducted by PAC headed by Officer on Special Duty (OSD). The following cases were noticed where discretionary allotment was made:

- The PAC did not have any objective and transparent criteria for assessing the applications received. On the basis of application documents, UPICO report and a proposal by the applicant, PAC adjudged the application as satisfactory or unsatisfactory, without detailing the basis of its judgement. Such a practice left a lot of scope for use of discretion by PAC.
- UPICO was appointed as the consultant for screening the application form with requisite documents. Audit observed that in 11 cases even though UPICO gave negative report, the PAC allotted the plot disregarding the recommendation of the consultant.
- As per CVC guidelines the role of the consultants should be advisory and recommendatory and final authority and responsibility should be with the departmental officers only. Audit observed that in 36 cases the consultant submitted positive report despite various apparent deficiencies in the application forms submitted but PAC failed to analyse the report submitted by the consultant. All the submitted reports were undated, thereby the submission dates could not be verified in audit. Thus, there was lack of due diligence on the part of the consultant as well as PAC.
- The minutes of the meeting of PAC headed by OSD did not show the date of interview of individual applicants and the same was also not available on record. Thus, how many applicants were interviewed on a given date could not be ascertained in audit. The applications were rejected on the ground that the committee was not satisfied with the presentation, submitted documents etc. without specifically mentioning the deficiencies noticed. This clearly shows the discretionary nature of allotments made by PAC.

As per scheme guidelines, initially the preliminary screening of the registered applicant was to be done by a sub committee comprising of three members {Manager Institutional, *Sanyukt* Architect and Accounts Officer (institutional)} but minutes of the sub-committee meetings were not available in any of the files/records.

Thus, PAC had vast discretion as objective criteria were not laid down and detailed analysis forming the basis of recommendations was not in evidence.

The PAC did not have any objective and transparent criteria for assessing the applications received. In 11 cases even though UPICO gave negative report but the PAC allotted plots deliberately disregarding the recommendation of the consultant. In 36 cases the consultant submitted positive report despite various apparent deficiencies in the submitted application forms but PAC failed to analyse the report submitted by the consultant.

In spite of negative report of the consultant (UPICO) in a number of cases, allotments were made. The established norm is that the orders overruling any recommendation including that of an expert body should be reasoned and recorded in writing, which was not evident in these cases.

In its reply, NOIDA stated (October 2020) that Hon'ble Lokayukt examined if there were any standards set for allocation by interview and if yes, which set of criteria were violated by the PAC, and concluded that no corruption or financial irregularities were observed in the process of allotments. It was further stated that the State Government or Authority may consider laying down standards/guidelines and policy in future for the purpose of defining the jurisdiction and discretion of the PAC and to make the allotment process more transparent. Further, in the petition no. 10714/2015 *OPG Security Pvt. Ltd. & other V/s Noida & others* related to the farm house plots, the High Court has passed an order (29 May 2017) to maintain *status quo*, in which further action will be taken as per orders issued by the High Court.

The reply of NOIDA is not acceptable as it has selectively referred to the Lokayukt's recommendation. In fact, the Lokayukt has specifically recommended that NOIDA re-examine the applications of all allottees to determine if the allottees obtained allotment on the basis of misrepresentation, fraud or submission of incorrect facts. NOIDA was also required as per the Lokayukt order to ensure the evidence or records of net worth presented by the allottees and adhere to the conditions given in the scheme brochure. Thus, the Lokayukt had directed for re-examination of all allotments. Audit, as part of its scope and extent of audit, has examined the allotments in detail and noted that in 47 out of 51 test-checked cases, the allotment was made in spite of deficiencies with respect to laid down conditions. From the examination of records (as discussed in **Paragraph 5.3.16**), it is established beyond doubt that the allotments made were non-compliant of the stipulations of the brochure.

Disputes due to discretionary allotment

NOIDA did not take cognisance of various complaints, reports by its Chairman, third party agency (CA) and by suppressing the fact of discrepancies noticed by its own committee proceeded with certifying the allotment instead of taking appropriate measures.

5.3.18.2 Audit observed that contravention of the permitted use and discretionary allotments led to various complaints immediately after closure of both the schemes as detailed below:

On the basis of complaints received for irregular allotment, GoUP issued direction (27 June 2012) for preliminary investigation. In compliance of the directions, the Chairman, NOIDA submitted preliminary investigation report dated 16 July 2012 concluding the following irregularities:

- The scheme was in contravention of the prevailing Act/Regulations of NOIDA, Planning Regulations. Building Regulation Act, and
- Improper justification, improper use of power and collusion leading to loss to NOIDA.

In its reply, NOIDA stated (August 2020) that on the said report, Hon'ble Lokayukt, after scrutiny, observed (11 November 2013) no financial loss and corruption in the allotment.

The reply is not acceptable as Hon'ble Lokayukt in its report further directed to recheck all the applications considering the parameter that no allotment has been made through misrepresentation, fraud and wrong facts.

5.3.18.3 In view of preliminary investigation report, GoUP decided (7 August 2012) to hand over the complete investigation of the allotment of farm house plots by NOIDA to Hon’ble Lokayukt and also directed to maintain *status quo* in all the allotted farm house plots considering the sensitivity of the complaints.

NOIDA, in order to verify the facts, appointed a Chartered Accountant (CA) to verify the records of allotment. The CA in its report (8 November 2012) also pointed out various deficiencies related to allotment *viz.*, allotment in 33 cases despite negative report of consultant, commercial use in 110 cases, the incorporation of companies for one or two years, allotment with insufficient documents etc. but no action was taken on the deficiencies pointed out in the Report by NOIDA.

The Hon’ble Lokayukt in December 2013 forwarded the investigation report (11 November 2013) in which NOIDA was directed to recheck all the applications considering the parameters that no allotment has been made through misrepresentation, fraud and wrong facts. NOIDA was also directed to ensure that the documents submitted for net worth by the applicant were in accordance with the brochure conditions. On re-verification, if any discrepancy was noticed, NOIDA could take suitable action.

Audit observed that in compliance of the directions from the Hon’ble Lokayukt, a committee headed by OSD was constituted on 26 February 2014 to scrutinise the allotment documents. The committee prepared a report on three criteria *viz.* the applicant’s compliance with the eligibility criteria, examining the documents relating to net worth and allotment was not based on misrepresentation, fraud or wrong facts. On re-verification of documents the committee failed to verify the cases of deficient documents and in 19 cases the committee itself acknowledged that the net worth was deficient but did not recommend any action except in one case. Further it certified that all the submitted documents complied with the requirements and did not bring out any misrepresentation.

NOIDA submitted its reply to the Hon’ble Lokayukt (12 August 2014) without providing any justification for not acting on the lapses pointed out by CA or the analysis of documents by the committee of NOIDA. Thus, non-consideration of the various reports clearly bringing out anomalies unduly favoured the allottees.

From the records made available to Audit, it was observed that there were deficiencies in allotment in 47 cases out of 51 cases test-checked and also pointed out by NOIDA’s Chairman himself. The CA had also pointed out various deficiencies in submitted documents along with application and once again scrutiny by the committee of NOIDA was also done for examining the documents submitted by the applicants. Despite overwhelming evidence, NOIDA could find discrepancy in only one allotment and the same was cancelled but it failed to take cognisance of deficiencies pointed out in the other cases and also failed to fix responsibility for the same.

Presently the matter is under consideration of the Hon’ble High Court and a stay has been imposed to review the whole process of allotment of farm house plots (31 December 2020).

Thus, NOIDA did not take cognisance of various complaints, report by its Chairman, third party agency (CA) and by not considering the discrepancies noticed by its own committee proceeded with certifying the allotments instead of taking appropriate measures.

In its reply, NOIDA stated (August 2020) that the report submitted by the Chairman, NOIDA and CA has been discussed in depth in the report of Hon'ble Lokayukt which makes it clear that no action is required to be taken. Further, NOIDA rescinded commercial use under farm house scheme. On the report of the Hon'ble Lokayukt, NOIDA formed a committee headed by OSD which prepared a report on three criteria viz. the applicant's compliance with the eligibility criteria, examining net worth and allotment was not based on misrepresentation, fraud and wrong facts. The Committee found no irregularity against 151 allotment cases (except M/s Growell Services Pvt. Ltd.).

The reply is not acceptable as it does not address the facts i.e. negative report of the consultant, allotments in spite of stated commercial use, allotment to newly incorporated companies and allotments despite insufficient documents submitted by applicants. During re-examination the Committee failed to verify the cases of deficient documents and in 19 cases the Committee itself acknowledged that the net worth was deficient but did not recommend any action.

Conclusion

The policy for allotment of farm house plots rolled out by NOIDA in 2009 was *ab-initio* in contravention of the Regional Plan/Sub Regional Plan/Master Plan. No approval was obtained prior to its roll out from the GoUP for launching the scheme on agricultural land for uses other than those permitted.

Farm house plots were allotted under institutional category wherein the applicant was required to have a paying capacity of at least ₹ three crore (apart from project cost). Clearly the beneficiaries were not going to be individuals/entities with lack of capacity to pay. Therefore to peg the rate at 0.22 times of the base price of ₹ 3,100 per sqm. (compared to base rate of ₹ 14,400/- in 2008-09) was highly questionable.

Of the 51 farm house plots taken up for detailed examination by Audit, in 47 cases, almost all of which were allotted during a three year period from 2008-09 to 2010-11, it was observed that the brochure conditions were violated. In a number of cases, entities with extremely low net worth were also allotted plots. It was evident that the PAC tasked to examine the cases and make recommendations for allotment flagrantly ignored laid down parameters/criterions. In 11 cases where even UPICO had specifically red-flagged and not recommended the proposal, the Committee went on to recommend and the CEO approved such allotments. As such, the CEO also failed to exercise any check while making final allotment of farm house plots.

Thus, the entire process of allotment of farm house plots, in the view of Audit, was a blatant exercise of allotting prime land to individuals for leisure use rather than in public interest. Suppression of multiple reports, repeatedly pointing out discrepancies in the allotment procedure, indicates that NOIDA's intention has been to regularise the allotment and

shield the conniving officials rather than to take action against those who abused their fiduciary position to undertake and abet such irregularities. The above cases of allotment of 47 farm house plots, as brought out by Audit, reveals a blatant disregard for scheme guidelines and a wilful role in concealment and misrepresentation of material facts whereby ineligible allottees were made eligible for allotment of these farm house plots. This calls for exemplary action to be taken against the concerned officers for their role.

| Recommendations | | |
|--|---|---|
| Recomm- endation Number | Recommendation | Response of the Government |
| 17 | The Government should review the entire scheme of allotment of farm house plots and take a considered decision on dealing with allotments already made, which was flawed and vitiated. | Response of Government awaited |
| 18 | Even if the Scheme of farm houses is to be continued by the Government, after a review, the existing pricing needs a thorough review keeping in view the paying capacity of respective allottees and use the farm houses are being put to. | Accepted |
| 19 | The members of the PAC and the concerned CEO responsible for allotment of farm house plots who blatantly disregarded all norms and allotted plots to undeserving cases should be held accountable and action taken against them. | Response of Government awaited |