

**CHAPTER–VI (1)**  
**Allotment of Residential Township**  
**and Group Housing Plots**



## CHAPTER-VI

### Allotment of Properties

#### VI (1) Allotment of Residential Township and Group Housing Plots

YEIDA allotted 14 residential township plots under three schemes for construction of plotted/flatted residential dwellings. After sub-division of one plot in two plots, sub-lease by four allottees to 11 sub-lessees and by one sub-lessee to three sub-lessees, there were 29 allottees/sub-lessees. Out of the above 29 allottees/sub-lessees, plots of 16 allottees/sub-lessees were cancelled/surrendered. Projects of remaining 13 allottees/sub-lessees were significantly delayed and there were overdues of ₹ 4,185.56 crore against 12 allottees/sub-lessees.

Similarly, YEIDA allotted five group housing plots under three schemes. Out of the above five plots, allotment of three plots was cancelled by YEIDA and one plot was partially surrendered by the allottee. Projects on remaining two plots (including partially surrendered plot) were significantly delayed and there were overdues of ₹ 40.45 crore against one allottee.

Thus, the objective of allotting residential township and group housing plots remained broadly unfulfilled.

Audit noticed several deficiencies in the scheme brochures and dilution of conditions in subsequent brochures which adversely affected execution of projects and interests of YEIDA and end users. Besides, there were several instances where the terms and conditions prescribed in the scheme brochures were not adhered to resulting in losses to YEIDA and undue benefits to the allottees. The eligibility criteria for allotment were not commensurate to the size and value of plots adversely affecting selection of capable applicants. YEIDA allotted plots to unqualified applicants and allowed consortium members to leave projects prematurely, undermining project execution and payment of YEIDA's dues. Sub-division and sub-lease of plots enabled ineligible entities to secure plots indirectly. Critical safeguards like escrow accounts, performance bank guarantees, and penalties for project delays were missing.

Audit also observed that the systems and procedures relating to allotment of properties and ensuring post-allotment compliances were deficient resulting in losses to YEIDA and adversely impacting execution of the projects. Instances of delayed allotment letters and checklists, short recovery of dues, and granting unjustified zero period were noticed, resulting in financial losses to YEIDA and undue benefits to allottees.

#### Introduction

**6.1.1** YEIDA allots plots to builders under two categories *viz.*, residential township and group housing on lease of 90 years on the basis of competitive bidding. As per the scheme brochures, residential township is a premise comprising a mix of land uses such as residential (plotted and flatted – maximum 55 *per cent*); roads, parks and open spaces (minimum 35 *per cent*); commercial (maximum 5 *per cent*); and institutional and facilities (minimum 5 *per cent*). Further, the Yamuna Expressway Industrial Development Area Building Regulations, 2010 (Building Regulations) defines 'Group Housing' as a premise of size not less than 2,000 sqm comprising of either residential

flats or cluster of flats and independent houses/villas with basic amenities like parking, park, convenience shop, public utilities, etc.

Property Department of YEIDA frames the eligibility criteria/terms and conditions of allotment of residential township and group housing plots and follows up the post-allotment compliances. Planning Department of YEIDA is responsible for sanction of layout/building plans and monitoring completion of development/construction works in accordance with the sanctioned layout/building plans. Finance Department of YEIDA is responsible for all financial matters related to allotment of residential township and group housing plots.

YEIDA allotted (June 2010 to December 2011) 14 residential township plots measuring 2,57,155 sqm to 8,19,105 sqm under three schemes launched during the period March 2010 to March 2011. Similarly, YEIDA allotted (February 2011 to September 2014) five group housing plots measuring 82,346 sqm to 1,37,700 sqm under three schemes launched during the period November 2010 to June 2014.

The process of allotment of residential township and group housing plots is depicted in **Chart 6.1** of **Chapter 6**.

#### Status of allotments

**6.1.2** The scheme-wise details of allotment of residential township plots are given in **Table 6.1.1** below:

**Table 6.1.1: Details of allotment of residential township plots**

Scheme	Date of launch of scheme	No. of plots allotted	Total area of allotted plots (in sqm)	Total premium of allotted plots (₹ in crore)
YEA-RT-01	19-03-2010	2	8,97,000.00	319.19
YEA-RT-02	05-11-2010	4	16,14,525.00	761.90
YEA-RT-03	01-03-2011	8	39,36,303.77	1,894.47
<b>Total</b>		<b>14</b>	<b>64,47,828.77</b>	<b>2,975.56</b>

*Source: Concerned allotment files and information furnished by YEIDA*

Out of the above 14 plots, one plot was sub-divided<sup>1</sup> in two plots. Four allottees (including allottee of sub-divided plot) had sub-leased (June 2013 to October 2014) area admeasuring 5,93,476.61 sqm to 11 sub-lessees. Besides, one sub-lessee further sub-leased (May 2014 to November 2020) area admeasuring 73,223.54 sqm to three sub-lessees. Further, 16 out of the 29 plots (including one sub-divided and eight sub-leased plots) were cancelled (14 plots)/surrendered (2 plots).

The terms and conditions laid down in the scheme brochures provided that YEIDA shall be free to exercise its right of cancellation of allotment in case of default on the part of the allottee for breach/ violation of the terms and conditions of allotment or on not depositing the allotment amount.

An amount of ₹ 4,185.56 crore was overdue against 12 allottees/sub-lessees out of the remaining 13 allottees/sub-lessees as on 30 September 2022 for a default period ranging up to 127 months as detailed in **Table 6.1.2** below:

<sup>1</sup> Plot No. TS-01, Sector-22D allotted to a consortium was sub-divided amongst Special Purpose Company formed by the consortium members (Logix Infrabuild Pvt. Ltd.) and a member (Logix Buildstates Pvt. Ltd.) of the consortium.

Table 6.1.2: Details of overdues as on 30 September 2022

Period of overdues	No. of defaulting allottees/sub-lessees	Overdues against defaulting allottees/sub-lessees as on 30 September 2022 (₹ in crore)
Above five years	4	2,132.27
Three to five years	2	1,163.07
One to three years	1	13.21
Below one year	5	877.01
<b>Total</b>	<b>12</b>	<b>4,185.56</b>

Source: Information furnished by YEIDA

It may be seen from above table that an amount of ₹ 3,295.34 crore was overdue against six allottees/sub-lessees for more than three years. YEIDA, however, did not take action for cancelling the plots of defaulting allottees/sub-lessees despite being provided for in the scheme brochures. The details of residential township plots allotted by YEIDA and plots further sub-leased by the allottees/sub-lessee along with their status and overdues as on 30 September 2022 are given in **Appendix-6.1.1** and **6.1.2** respectively.

Further, the scheme-wise details of allotment of group housing plots are given in **Table 6.1.3** below:

Table 6.1.3: Details of allotment of group housing plots

Scheme	Date of launch of scheme	No. of plots allotted	Total area of allotted plots (in sqm)	Total premium of allotted plots (₹ in crore)
YEA-GH-01/2010	11-11-2010	1	82,346	44.88
YEA-GH-02/2011	25-02-2011	3	3,20,676	174.09
YEA-GH-03/2014	05-06-2014	1	92,700	136.45
<b>Total</b>		<b>5</b>	<b>4,95,722</b>	<b>355.42</b>

Source: Concerned allotment files and information furnished by YEIDA

Out of the above five plots, three plots were cancelled (May 2019 to August 2022) by YEIDA on account of default by the allottees in complying with the terms and conditions of allotment *viz.*, payment of dues, completion of project within stipulated time, *etc.* and one plot was partially<sup>2</sup> surrendered (November 2021) by the allottee under the provisions of Project Settlement Policy, 2016 notified by GoUP on 15 December 2016. An amount of ₹ 40.45 crore was overdue against one out of the remaining two allottees as on 30 September 2022 for a default period of five months. The details of group housing plots allotted by YEIDA along with their status and overdues as on 30 September 2022 are given in **Appendix-6.1.3**.

#### Audit coverage

**6.1.3** All 14 residential township plots and five group housing plots allotted during the period covered in the Performance Audit *i.e.*, 2005-06 to 2020-21 were selected for detailed examination. Audit examined the allotment files of the above plots during the course of audit from October 2021 to April 2022. Files relating to issue of completion/partial completion certificates were, however, not submitted by YEIDA during the course of audit. Responsibility needs to be fixed by YEIDA for not providing records to Audit.

<sup>2</sup> Area of 47,843.70 sqm surrendered out of total area of 1,02,995.70 sqm (including 5,410.70 sqm additional area allotted).

## Audit findings

6.1.4 The audit findings, which are discussed in succeeding paragraphs, have been grouped under the following broad categories:

- Deficiencies relating to scheme brochures and brochure conditions not being complied with (*Paragraphs 6.1.5 to 6.1.5.9*);
- Deficiencies in systems and procedures of allotment (*Paragraphs 6.1.6 to 6.1.6.10*); and
- Outcome of allotment of residential township and group housing plots (*Paragraph 6.1.7*).

### Deficiencies relating to scheme brochures and brochure conditions not being complied with

6.1.5 YEIDA had not formulated any Manual for allotment of properties standardising the terms and conditions for allotment and the procedures/ timeframes to be followed for various pre-allotment and post-allotment activities. As a result, there were several deficiencies in the terms and conditions included in the scheme brochures which adversely affected execution of projects and interests of YEIDA and end-users. Besides, there were several instances where the terms and conditions prescribed in the scheme brochures were not adhered to. These deficiencies are discussed in succeeding paragraphs.

#### *Deficiencies in eligibility criteria prescribed by YEIDA*

6.1.5.1 The terms and conditions laid down in the scheme brochures *inter-alia* prescribed the technical and financial eligibility criteria to be fulfilled by the applicants to be eligible to bid for allotment of residential township and group housing plots. The technical and financial eligibility criteria were prescribed in terms of minimum construction completed during the last five years, minimum net worth, minimum solvency and minimum turnover from real estate activities as detailed below:

#### **Technical eligibility criteria:**

In case of residential township plots, the applicants were required to submit compounding sanctioned plans/completion certificates<sup>3</sup> for a minimum 1,39,354.56 sqm<sup>4</sup> construction executed<sup>5</sup> during the last five years along with approximate cost and date of completion.

Similarly, in case of group housing plots, the applicants were required to submit compounding sanctioned plans/completion certificates for a minimum of 69,677.28 sqm<sup>6</sup> constructed executed during the last five years along with approximate cost and date of completion.

<sup>3</sup> Compounding sanctioned plans/completion certificates issued by the competent statutory authority were to be attached separately for each of the residential/ commercial/IT/ITES building completed.

<sup>4</sup> 15 lakh sq.ft.

<sup>5</sup> Activities like land development/housing/construction/colonising jobs of bonafide allotted land, commercial/IT/ITES projects, development executed, *etc.* but excluding merely trading in real estate.

<sup>6</sup> In case of scheme YEA-GH-03/2014 for allotment of group housing plots, the applicants were required to either submit compounding/completion certificates for construction executed during the last five years equal to at least 15 *per cent* of the total FAR of the plot or approved plans of existing projects executed during the last five years for an area not less than the area applied for.

**Financial eligibility criteria:**

In case of residential township plots, the applicants were required to fulfil the following financial eligibility criteria:

Minimum net worth duly certified by the tenderer's statutory auditors/Chartered Accountant	₹ 20 crore
Minimum solvency as per certificate not more than six months old from a nationalised/scheduled bank	₹ 10 crore
Minimum total turnover from real estate/construction activities for the last three accounting years duly audited by the tenderer's statutory auditors/Chartered Accountant	₹ 200 crore

Similarly, in case of group housing plots, the applicants were required to fulfil the following financial eligibility criteria:

Minimum net worth duly certified by the tenderer's statutory auditors/Chartered Accountant	₹ 20 crore <sup>7</sup>
Minimum solvency as per certificate not more than six months old from a nationalised/scheduled bank	₹ 5 crore <sup>8</sup>
Minimum total turnover from real estate/construction activities for the last three accounting years duly audited by the tenderer's statutory auditors/Chartered Accountant	₹ 100 crore <sup>9</sup>

Audit noticed the following deficiencies in the eligibility criteria prescribed by YEIDA which compromised on short-listing of technically and financially capable applicants to bid for allotment of residential township and group housing plots and thus had put execution of projects and/or timely payment of YEIDA's dues at risk:

- **Eligibility criteria not commensurate to the size and value of plots**

The minimum net worth prescribed by YEIDA for allotment of residential township and group housing plots was extremely low as the plots offered for allotment were valued between 6.80 and 18.21 times the prescribed minimum net worth in case of residential township plots and between 2.19 and 8.12 times in case of group housing plots. This allowed applicants to bid for plots in excess of their financial capability.

Further, the size of plots offered for allotment ranged between 4,00,000 sqm and 8,09,400 sqm in case of residential township plots and between 84,987 sqm and 2,04,190 sqm<sup>10</sup> in case of group housing plots. Since, the plots being offered for allotment were of varied sizes, the technical and financial eligibility criteria should have been prescribed commensurate to the size of plots. YEIDA, however, prescribed uniform technical and financial eligibility criteria for all plots irrespective of the size of plots<sup>11</sup>. This allowed applicants to bid for plots of larger size by fulfilling the same technical and financial eligibility criteria as was for plots of smaller size. Thus, the prescribed eligibility criteria were not commensurate to the size and value of plots and

**YEIDA prescribed extremely low net worth and uniform technical and financial eligibility criteria for all plots irrespective of the size of plots.**

<sup>7</sup> In case of scheme YEA-GH-03/2014 for allotment of group housing plots, the minimum net worth prescribed was ₹ 20 crore for plots of area up to one lakh sqm and ₹ 30 crore for plots of area above one lakh sqm.

<sup>8</sup> In scheme YEA-GH-03/2014 the minimum solvency prescribed was ₹ five crore for plots of area up to one lakh sqm and ₹ 10 crore for plots of area above one lakh sqm.

<sup>9</sup> In scheme YEA-GH-03/2014 the minimum turnover prescribed was ₹ 100 crore for plots of area up to one lakh sqm and ₹ 200 crore for plots of area above one lakh sqm.

<sup>10</sup> Except in case of scheme YEA-GH-03/2014 wherein the plots size ranged between 50,000 sqm and 1,74,000 sqm.

<sup>11</sup> Except in scheme YEA-GH-03/2014.

thereby, failed to ensure allotment of plots to capable applicants. This also shows that no scientific planning to match competence of bidders with quantum of work was done by YEIDA.

In its reply, YEIDA stated (November 2022) that the scheme brochures were approved by the Board of YEIDA and allotments were made to the successful bidders after recommendation of the Plot Allotment Committee and approval of the Chief Executive Officer. It further stated that the terms and conditions for allotment were determined with a view to develop the area considering prevailing conditions, financial liquidity, market demand and YEIDA being a new Authority. YEIDA assured that in view of the audit observation the terms and conditions of future schemes would be determined taking into consideration the net worth, solvency, turnover and other projects of the applicant.

The reply does not address the issue of framing deficient eligibility criteria. Also the fact remains that the technical and financial eligibility criteria prescribed in the scheme brochures were deficient which compromised on selection of capable bidders. This also indicates that YEIDA was either not seriously inclined towards completion of the project and wanted to favour incompetent builders or did not do scientific evaluation of the requirement of the project.

• **Financial outlay required to execute projects in hand not factored in**

As an applicant could have other projects in hand at the time of applying for allotment of plots, it was necessary that the financial capability of the applicant be evaluated after factoring such other projects in hand as well.

Audit noticed that YEIDA required the applicants to submit a list of projects in hand, status of their implementation, cost incurred and expected time of completion of each project separately. It, however, did not factor in the financial outlay required to execute the projects in hand while evaluating fulfilment of the prescribed financial eligibility criteria by the applicants and allowed them to bid for plots provided they had the minimum net worth and solvency.

Further, YEIDA did not even factor in its own previous allotments to the applicants and considered net worth and solvency of the applicants on case to case basis thereby allowing the applicants to leverage the same net worth and solvency to obtain allotment of multiple plots. An instance of an applicant using the same net worth and solvency for garnering allotment of two residential township plots is detailed in **Table 6.1.4** below:

**Table 6.1.4: Details of multiple allotments using same net worth and solvency**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Area of plot (in sqm)	Consortium member(s) whose net worth and solvency used to fulfil the eligibility criteria	Minimum net worth required (₹ in crore)	Net worth of the member(s) (₹ in crore)	Minimum solvency required (₹ in crore)	Solvency of the member(s) (₹ in crore)
1.	Greenbay Infrastructure Pvt. Ltd.	17-02-2011	TS-06, Sector-22D	4,08,622	Orris Infrastructure Pvt. Ltd.	20.00	32.87	10.00	10.00
2.	Orris Developers Pvt. Ltd.	16-08-2011	TS-02, Sector-22D	8,19,105		20.00		10.00	

Source: Concerned allotment files of YEIDA

YEIDA considered net worth and solvency of the applicants on case to case basis thereby allowing them to obtain allotment of multiple plots on the basis of same net worth.



It would be seen from **Table 6.1.4** above that in both the cases, the consortiums used the net worth and solvency of Orris Infrastructure Pvt. Ltd. who was the lead member in both the consortiums. Therefore, had YEIDA considered the net worth and solvency of the applicant on a consolidated basis, *i.e.*, after considering previous allotments as well, the aforesaid applicant would have become ineligible for allotment of the second residential township plot.

Audit observed that in both the aforesaid cases, the projects were delayed by more than five years and an amount of ₹ 989.55 crore was outstanding against the allottees as on 30 September 2022. Thus, by not considering previous allotments made to the applicants on same net worth and solvency, YEIDA had put at risk execution of the projects and timely payment of dues.

In its reply, YEIDA stated (November 2022) that the scheme brochures were approved by the Board of YEIDA and allotments were made to the successful bidder after recommendation of the Plot Allotment Committee and approval of the Chief Executive Officer. It further stated that there was no restriction in the scheme brochures on allotment of plots to companies already working. YEIDA further assured that the terms and conditions of future schemes would be determined taking into consideration the audit observation.

The fact remains that by not factoring in the projects in hand of the applicants, YEIDA allowed the applicants to leverage the same net worth and solvency to garner allotment of multiple plots. This not only led to an undue favour to the applicant, it also shows lack of intent and application of mind in framing the eligibility conditions on the part of YEIDA which adversely affected execution of the project and led to huge outstanding dues of ₹ 989.55 crore.

***Recommendation No. 17***

**(i) The eligibility criteria for allotment of residential township and group housing plots should be commensurate with the size and value of the plot.**

**(ii) The capability of the applicants should be assessed considering the projects in hand.**

**(iii) Responsibility should be fixed for framing deficient and inappropriate eligibility conditions favouring incapable bidders and deliberate intention to favour should be investigated through vigilance enquiry.**

***Irregular allotment to technically ineligible bidders***

**6.1.5.2** The terms and conditions laid down in the scheme brochures *inter-alia* provided that financial bid of only technically qualified bidders would be opened. Further, relevant documents in support of fulfilment of the prescribed technical and financial eligibility criteria were also required to be submitted by the applicants. In case one or more parameters of technical and financial eligibility criteria were not fulfilled or the relevant documents were not submitted, the applicant was not technically qualified and therefore ineligible. In all such cases, the next stage *viz.* opening of the financial bid was not warranted, let alone the bidder being considered for allotment.

Audit noticed that in four cases, residential township plots having total area of 22,42,054 sqm and valuing ₹ 1,078.10 crore were allotted to applicants who did not meet the prescribed technical criteria as detailed in **Table 6.1.5** below:

**YEIDA made allotments to four applicants who did not meet the prescribed technical eligibility criteria. Further, in seven cases allotment was made to applicants who did not submit the required documents.**

**Table 6.1.5: Details of allotment of residential township plots to ineligible applicants**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Area (in sqm)	Premium (₹ in crore)	Remarks
1.	Greenbay Infrastructure Pvt. Ltd.	17-02-2011	TS-06, Sector-22D	4,08,622	192.05	Against the requirement of minimum 1,39,354.56 sqm construction completed during the last five years, construction of only 1,178.20 sqm area was completed (by lead member Orris Infrastructure Pvt. Ltd.) and remaining area of 2,10,940.44 sqm was under construction.
2.	Orris Developers Pvt. Ltd.	16-08-2011	TS-02, Sector-22D	8,19,105	388.34	
3.	Supertech Township Project Ltd.	01-08-2011	TS-05, Sector-22D	4,07,041	193.34	Against the requirement of minimum 1,39,354.56 sqm construction completed during the last five years, compounding sanctioned plans/ completion certificates was submitted for 1,47,618.56 sqm. The date of compounding sanctioned plan/ completion certificate for 22,318.10 sqm construction was, however, tampered and increased by a year to make it eligible for consideration.
4.	Dwarikapati Builders Pvt. Ltd.	22-12-2011	TS-03, Sector-18	6,07,286	304.37	Against the requirement of minimum 1,39,354.56 sqm construction completed during the last five years, entire area of 1,88,342.80 sqm was under construction.
<b>Total</b>				<b>22,42,054</b>	<b>1,078.10</b>	

*Source: Concerned allotment files of YEIDA*

In addition to above, in five cases, residential township plots having area of 16,83,127.77 sqm and valuing ₹ 810.16 crore were allotted to applicants who did not submit the required documents to establish fulfilment of the prescribed technical eligibility criteria as detailed in **Table 6.1.6** below:

**Table 6.1.6: Details of allotment of residential township plots to applicants who did not submit required documents**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Area allotted (in sqm)	Premium (₹ in crore)	Documents not submitted
1.	Three C Homes Pvt. Ltd.	17-02-2011	TS-01, Sector-22A	3,92,474.00	183.48	Compounding sanctioned plans/ completion certificates in support of construction completed during the last five years not submitted.
2.	Sunworld City Ltd.	16-08-2011	TS-07, Sector-22D	4,14,538.00	195.91	
3.	Paras Buildtech India Pvt. Ltd.	08-08-2011	TS-08, Sector-22D	3,31,315.77	156.71	
4.	Three C Residency Pvt. Ltd.	22-12-2011	TS-01, Sector-18	2,57,155.00	129.58	
5.	Silver Line Furnishing and Furnitures Pvt. Ltd.	22-12-2011	TS-02, Sector-18	2,87,645.00	144.48	
<b>Total</b>				<b>16,83,127.77</b>	<b>810.16</b>	

*Source: Concerned allotment files of YEIDA*

Audit observed that out of the above nine plots (**Table 6.1.5** and **6.1.6**), four plots<sup>12</sup> were cancelled by YEIDA as the allottees failed to deposit the dues and execute the project as prescribed in the scheme brochure/lease deed and one plot<sup>13</sup> was surrendered by the allottee. The projects on remaining four plots<sup>14</sup>

<sup>12</sup> Plot No. TS-03, Sector-18 allotted to Dwarikapati Builders Pvt. Ltd.; Plot No. TS-01, Sector-22A allotted to Three C Homes Pvt. Ltd.; Plot No. TS-01, Sector-18 allotted to Three C Residency Pvt. Ltd.; and Plot No. TS-02, Sector-18, allotted to Silver Line Furnishing and Furnitures Pvt. Ltd.

<sup>13</sup> Plot No. TS-08, Sector-22D allotted to Paras Buildtech India Pvt. Ltd.

<sup>14</sup> Plot No. TS-06, Sector-22D allotted to Greenbay Infrastructure Pvt. Ltd.; Plot No. TS-02, Sector-22D allotted to Orris Developers Pvt. Ltd.; Plot No. TS-05, Sector-22D, allotted to Supertech Township Project Ltd.; and Plot No. TS-07, Sector-22D allotted to Sunworld City Ltd.

were delayed by more than five years and an amount of ₹ 2,279.62 crore was outstanding against the allottees as on 30 September 2022.

Similarly, in two cases, group housing plots having area of 1,79,931 sqm and valuing ₹ 97.59 crore were allotted to applicants who did not submit the required documents to establish fulfilment of the prescribed technical and financial eligibility criteria as detailed in **Table 6.1.7** below:

**Table 6.1.7: Details of allotment of group housing plots to applicants who did not submit the required documents**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Area allotted (in sqm)	Premium (₹ in crore)	Documents not submitted
1.	Omnis Developers Pvt. Ltd.	17-02-2011	GH-01, Sector 22A	82,346	44.88	Net worth certificate and compounding sanctioned plans/completion certificates not submitted.
2.	IITL-Nimbus The Palm Village	09-06-2011	GH-03, Sector 22A	97,585	52.71	Compounding sanctioned plans/completion certificates not submitted.
<b>Total</b>				<b>1,79,931</b>	<b>97.59</b>	

*Source: Concerned allotment files of YEIDA*

Audit observed that out of the above, one plot (GH-03, Sector-22A) was partially surrendered by the allottee, and an amount of ₹ 40.45 crore was outstanding against the other allottee (Omnis Developers Pvt. Ltd.) as on 30 September 2022. Besides, the projects on both the plots were delayed by more than three to five years.

As the aforesaid applicants either did not fulfil the prescribed technical eligibility criteria or they did not submit the required documents like net worth certificate and completion certificate/compounding sanctioned plans to establish fulfilment of the prescribed technical and/or financial eligibility criteria, they should have been disqualified at the technical bid stage itself. YEIDA, however, allotted plots to such ineligible applicants.

In its reply, YEIDA stated (November 2022) that allotments were made as per the relevant provisions of the scheme brochures to successful bidders on the recommendations of Allotment Committee after approval of the Chief Executive Officer.

The reply is neither correct nor acceptable because YEIDA failed to disqualify applicants who did not submit the required documents as is clear from **Table 6.1.6** and **6.1.7**.

### ***Deficiencies in scheme brochures regarding consortiums***

**6.1.5.3** The Uttar Pradesh Procurement Manual for ‘Procurement of Goods’<sup>15</sup> defines consortium as an association of several persons, firms or companies. YEIDA allowed two or more entities to come together as a consortium and participate in the bidding process for allotment of residential township and group housing plots.

In case a consortium desired to participate in the bidding process for allotment of residential township and group housing plots, the members were required to submit a Memorandum of Agreement (MoA) conveying their intent to jointly

<sup>15</sup> Issued by the Department of Micro, Small and Medium Enterprises, GoUP on 1 April 2016.

apply for the scheme and in case the plot is allotted to them, to form a Special Purpose Company (SPC)/Special Purpose Vehicle (SPV) to execute the project. Members of the consortium were required to specify one lead member who alone shall be authorised to correspond with YEIDA. Further, other members of the consortium with equity stake of at least five *per cent*<sup>16</sup> were to be considered as relevant members. The lead member and the relevant members of the consortium were required to jointly qualify the prescribed technical and financial eligibility criteria.

YEIDA allotted 12 residential township plots and four group housing plots to consortiums. Audit noticed the following deficiencies in provisions relating to consortiums which had put execution of the project and timely payment of YEIDA’s dues at risk:

- **Exit of key members before completion of project**

As per the terms and conditions laid down in the scheme brochures, the shareholding of the lead member in the consortium was required to remain at least 30 *per cent*<sup>17</sup> till issue of temporary occupancy/completion certificate for the project<sup>18</sup>. There was no restriction on exit of other members of the consortium.

The lead member and the relevant members of the consortium were required to jointly qualify the prescribed technical and financial eligibility criteria. Hence, it was necessary that restrictions be placed on exit of those relevant members as well on whose credentials the consortium was able to fulfil the prescribed eligibility criteria before completion of the project. YEIDA, however, did not include any provision in the scheme brochures restricting exit of such relevant members before completion of the project.

Audit noticed<sup>19</sup> that in three cases where residential township plots were allotted to consortiums, relevant members of the consortium on whose credentials the consortium was able to fulfil the prescribed eligibility criteria, had exited from the consortium before completion of the project. The details are given in **Table 6.1.8** below:

**Table 6.1.8: Details of relevant members who exited the consortium before completion of the project**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of member(s) who exited consortium
1.	SDS Infracon Pvt. Ltd.	14-06-2010	TS-01, Sector-26A	Ultra Home Construction Pvt. Ltd.

<sup>16</sup> Residential Township plots: 10 *per cent* in scheme YEA-RT-01 and five *per cent* in schemes YEA-RT-02 and YEA-RT-03. Group Housing plots: Five *per cent* in schemes YEA-GH-01/2010 and YEA-GH-02/2011 and 15 *per cent* in scheme YEA-GH-03/2014.

<sup>17</sup> Residential Township plots: 26 *per cent* in scheme YEA-RT-01 and 30 *per cent* in schemes YEA-RT-02 and YEA-RT-03. Group Housing plots: 30 *per cent* in schemes YEA-GH-01/2010 and YEA-GH-02/2011 and 26 *per cent* in scheme YEA-GH-03/2014.

<sup>18</sup> Residential Township plots: Till issue of temporary occupancy/completion certificate of at least one phase of the project in scheme YEA-RT-01 and till issue of temporary occupancy/ completion certificate for the project in schemes YEA-RT-02 and YEA-RT-03. Group Housing plots: Till issue of temporary occupancy/completion certificate for the project schemes YEA-GH-01/2010 and YEA-GH-02/2011. In scheme YEA-GH-03/2014, the consortium was allowed to change the lead member within the consortium with the consent of all relevant members.

<sup>19</sup> As per information available on the website of Ministry of Corporate Affairs, Government of India (GoI).

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of member(s) who exited consortium
2.	Silver Line Furnishing and Furnitures Pvt. Ltd.	22-12-2011	TS-02, Sector-18	1. Three C Universal Developers Pvt. Ltd. 2. Vistar Constructions Pvt. Ltd. 3. Dashmesh Promoters and Developers Pvt. Ltd.
3.	Sunworld City Ltd.	16-08-2011	TS-07, Sector-22D	Odeon Builders Pvt. Ltd.

*Source: Concerned allotment files of YEIDA and information available on the website of Ministry of Corporate Affairs, GoI*

Audit observed that out of above, one plot (TS-02, Sector-18) was cancelled (July 2022) by YEIDA as the allottee failed to deposit the dues and execute the project as prescribed in the scheme brochure/lease deed. The projects on remaining two plots were delayed by more than five years and an amount of ₹ 1,279.28 crore was outstanding against the allottees as on 30 September 2022.

Similarly, in one case where a group housing plot (Plot No. GH-01A and 01B, Sector-26A) was allotted to a consortium, the relevant member<sup>20</sup> of the consortium on whose credentials the consortium fulfilled the prescribed eligibility criteria had exited the project before completion of the project. Audit observed that the aforesaid plot was cancelled (August 2022) by YEIDA as the allottee failed to deposit the dues and execute the project as prescribed in the scheme brochure/lease deed.

Further, in two cases of residential township plots the lead member of the consortium had exited the project before issue of temporary occupancy/ completion certificate of the project which violated the provisions of the scheme brochures. The details are given in **Table 6.1.9** below:

**Table 6.1.9: Details of lead members who exited the consortium before completion of the project**

Sl. No.	Name of the allottee	Plot No.	Date of allotment	Name of lead member
1.	HC Infracity Pvt. Ltd.	TS-04, Sector-22D	27-04-2011	Housing Development and Infrastructure Ltd.
2.	Silver Line Furnishing and Furnitures Pvt. Ltd.	TS-02, Sector-18	22-12-2011	Amniti Builders and Developers Pvt. Ltd.

*Source: Concerned allotment files of YEIDA and information available on the website of Ministry of Corporate Affairs, GoI*

After being pointed out by Audit, YEIDA cancelled (July-August 2022) the above two plots wherein the lead member had exited the project. It further stated (November 2022) that as per the scheme brochure there was no restriction on changing of relevant members. It further assured that in future schemes, the terms and conditions would be determined mandating continuance of lead member and relevant members till completion of the project.

The fact remains that allowing relevant member of the consortium, on whose credentials the consortium fulfilled the eligibility criteria, to exit before completion of the project had adversely impacted execution of the project and payment of YEIDA's dues.

<sup>20</sup> Surprise Suppliers Pvt. Ltd.

- **Lead member not required to be largest shareholder**

The terms and conditions laid down in the brochure of the first scheme (YEA-RT-01) launched (March 2010) by YEIDA for allotment of residential township plots *inter-alia* provided that the lead member should be the single largest shareholder in the consortium. This provision ensured that the lead member had the highest stake in executing the project and thus, had maximum authority on taking necessary decisions regarding the project. YEIDA, however, did not include the aforesaid provision in the brochure of schemes (YEA-RT-02 and YEA-RT-03) launched subsequently (November 2010 to March 2011). This allowed members to become the lead member without having the highest stake in the consortium.

Audit noticed that in three cases, YEIDA allowed members with lower stake in the consortium to become lead member as detailed in **Table 6.1.10** below:

**Table 6.1.10: Details of cases where lead member was not largest shareholder**

Sl. No.	Name of the allottee	Plot No.	Date of allotment	Name of lead member with share	Name of largest shareholder with share
1.	Adore Infrasmith Pvt. Ltd.	TS-03, Sector-22D	20-06-2011	Annova Infracon Pvt. Ltd. - Lead Member (30 per cent)	Indo Infracon Pvt. Ltd. (39 per cent)
2.	Greenbay Infrastructure Pvt. Ltd.	TS-06, Sector-22D	17-02-2011	Orris Infrastructure Pvt. Ltd. (32.50 per cent)	Haldiram Manufacturing Company Pvt. Ltd. (37.50 per cent)
3.	Orris Developers Pvt. Ltd.	TS-02, Sector-22D	16-08-2011	Orris Infrastructure Pvt. Ltd. (45 per cent)	Kuki Realtors (50 per cent)

*Source: Concerned allotment files of YEIDA*

Audit observed that out of above three cases, one plot (TS-03, Sector-22D) was cancelled (February 2012) by YEIDA due to failure to deposit allotment money and in the remaining two cases the projects were delayed and an amount of ₹ 989.55 crore was outstanding against the allottees as on 30 September 2022.

In its reply, YEIDA stated (November 2022) that the terms and conditions of schemes YEA-RT-02 and YEA-RT-03 were fixed considering the response of scheme YEA-RT-01. Further, the terms and conditions in the scheme brochures were approved by the Board of YEIDA. YEIDA further assured to incorporate the audit suggestion in brochures of future schemes.

The reply is not acceptable as YEIDA diluted the terms and conditions of scheme YEA-RT-01 in subsequent schemes. The fact also remains that relaxing the condition for the lead member of the consortium led to reduced commitment of lead member to the project and further to defaults and delays in the projects.

- **Reduction in shareholding requirement for being considered as relevant member**

The terms and conditions laid down in the brochure of the first scheme (YEA-RT-01) launched (March 2010) by YEIDA for allotment of residential township plots *inter-alia* provided that each member of the consortium with equity stake of at least 10 per cent will be considered as relevant member. This provision ensured that relevant members had significant stake in the



**YEIDA amended the provision in the brochures and allowed members with five per cent stake (earlier ten per cent) in the consortium to be considered as relevant member.**

consortium and thus, had active involvement in execution of the project. YEIDA, however, amended the aforesaid provision in the brochures of schemes (YEA-RT-02 and YEA-RT-03) launched subsequently (November 2010 to March 2011), thereby allowing members with five *per cent* stake in the consortium to be considered as relevant member. This allowed members with even a minor stake of five *per cent* to become relevant members of the consortium and lend their technical and financial eligibility to qualify the consortium for allotment of plots.

Audit noticed that in three cases, YEIDA allowed members with minor stake of five *per cent* in the consortium to become relevant member who fulfilled 100 *per cent* of the eligibility criteria as detailed in **Table 6.1.11** below:

**Table 6.1.11: Details of cases where relevant member with minor share fulfilled the eligibility criteria**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of relevant member with share	Contribution in fulfilling criteria of net worth	Contribution in fulfilling criteria of solvency	Contribution in fulfilling criteria of turnover	Contribution in fulfilling technical criteria
1.	Adore Infrasmith Pvt. Ltd.	20-06-2011	TS-03, Sector-22D	Vipul Ltd. (5 <i>per cent</i> )	100 <i>per cent</i>	--	100 <i>per cent</i>	100 <i>per cent</i>
2.	Three C Homes Pvt. Ltd.	17-02-2011	TS-01, Sector-22A	1. Three C Universal Developers Pvt. Ltd. (5 <i>per cent</i> )	66 <i>per cent</i>	100 <i>per cent</i>	80 <i>per cent</i>	81 <i>per cent</i>
				2. Dashmesh Promoters and Developers Pvt. Ltd. (5 <i>per cent</i> )	34 <i>per cent</i>	--	20 <i>per cent</i>	19 <i>per cent</i>
3.	Sunworld City Ltd.	16-08-2011	TS-07, Sector-22D	Odeon Builders Pvt. Ltd. (5 <i>per cent</i> )	100 <i>per cent</i>	100 <i>per cent</i>	100 <i>per cent</i>	100 <i>per cent</i>

*Source: Concerned allotment files of YEIDA*

Thus, even after fulfilling 100 *per cent* of the eligibility criteria, these relevant members have no significant say in decision making for execution of the project.

Audit observed that out of above three cases, two plots (TS-03, Sector-22D and TS-01, Sector-22A) were cancelled (February 2012 and January 2021) by YEIDA due to overdues and not initiating the project and in the remaining one case the project was delayed and an amount of ₹ 703.14 crore was outstanding against the allottee as on 30 September 2022.

In its reply, YEIDA stated (November 2022) that for technical and financial eligibility of the consortium, consolidated eligibility of all the members of the consortium is considered. There was no effect on consortium eligibility by reducing shareholding of relevant member from 10 to 5 *per cent*. YEIDA, however, assured that the shareholding of relevant member would be kept at 10 *per cent* in future schemes.

The reply is not acceptable because reducing the required shareholding for relevant members led to members with minor stake lending their credentials to qualify the consortium for allotment without their firm commitment to the project. It also enabled other members of the consortium who were otherwise ineligible, to garner allotment of plots beyond their capability leading to

overdues and delays in projects. This requires vigilance enquiry for fixing of responsibility of the concerned officials for dilution of conditions to the detriment of YEIDA and undue benefit to the members of the consortium.

• **Qualification of lead member not prescribed**

**In 12 cases, plots were allotted to consortiums wherein no part of the prescribed technical and/or financial eligibility criteria was fulfilled by the lead member.**

The lead member was required to have a substantial shareholding<sup>21</sup> in the consortium and was not allowed to exit the project till completion of the project<sup>22</sup>. Hence, in order to safeguard the financial interests of YEIDA and to ensure execution of the project it was necessary that certain percentage of the prescribed eligibility criteria be fulfilled by the lead member on its own.

YEIDA, however, did not prescribe any eligibility criteria to be fulfilled by the lead member on its own. As a result, in eight cases, residential township plots were allotted to consortiums wherein no part of the prescribed technical and/or financial eligibility criteria was fulfilled by the lead member as detailed in **Table 6.1.12** below:

**Table 6.1.12: Details of allotment of residential township plots wherein no part of the eligibility criteria was fulfilled by the lead member**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of Lead Member	Remarks	Status/ overdues as on 30 September 2022 (₹ in crore)
1.	SDS Infracon Pvt. Ltd.	14-06-2010	TS-01, Sector-26A	SDS Infratech Pvt. Ltd.	No part of net worth, turnover and technical eligibility fulfilled by the lead member.	576.14
2.	Three C Homes Pvt. Ltd.	17-02-2011	TS-01, Sector-22A	Anushria Realtors Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Cancelled
3.	Adore Infrasmith Pvt. Ltd.	20-06-2011	TS-03, Sector-22D	Annova Infracon Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Cancelled
4.	Logix Infrabuild Pvt. Ltd. and Logix Buildestates Pvt. Ltd.	11-05-2011	TS-01, Sector-22D	Logix Colonisers Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Sub-divided in two plots – One plot surrendered and ₹ 275.09 crore overdue against the other plot
5.	Sunworld City Ltd.	16-08-2011	TS-07, Sector-22D	Sunworld Infrastructure Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	703.14

<sup>21</sup> Residential Township plots: 26 per cent in case of scheme YEA-RT-01 and 30 per cent in subsequent schemes YEA-RT-02 and YEA-RT-03. Group Housing plots: 30 per cent in case of schemes YEA-GH-01/2010 and YEA-GH-02/2011 and 26 per cent in case of subsequent scheme YEA-GH-03/2014.

<sup>22</sup> Residential Township plots: Till issue of temporary occupancy/completion certificate of at least one phase of the project in case of scheme YEA-RT-01 and till issue of temporary occupancy/completion certificate for the project in subsequent schemes YEA-RT-02 and YEA-RT-03. Group Housing plots: Till issue of temporary occupancy/completion certificate for the project in case of schemes YEA-GH-01/2010 and YEA-GH-02/2011. In subsequent scheme YEA-GH-03/2014, the consortium was allowed to change the lead member within the consortium with the consent of all relevant members.



Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of Lead Member	Remarks	Status/ overdues as on 30 September 2022 (₹ in crore)
6.	Three C Residency Pvt. Ltd.	22-12-2011	TS-01, Sector-18	Silver Sands Estates Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Cancelled
7.	Silver Line Furnishing and Furnitures Pvt. Ltd.	22-12-2011	TS-02, Sector-18	Amniti Builders and Developers Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Cancelled
8.	Dwarikapati Builders Pvt. Ltd.	22-12-2011	TS-03, Sector-18	Dwarikapati Builders Pvt. Ltd.	No part of financial and technical eligibility fulfilled by the lead member.	Cancelled
<b>Total</b>						<b>1554.37</b>

*Source: Concerned allotment files and information furnished by YEIDA*

Audit observed that out of the above eight plots, one plot was further sub-divided in two plots (Sl. No. 4 of Table 6.1.12). Five plots out of the aforesaid nine plots (including sub-divided plot) were cancelled by YEIDA as the allottees failed to deposit the dues and execute the project as prescribed in the brochure/lease deed and one plot was surrendered by the allottee. In case of remaining three plots also the projects were delayed and an amount of ₹ 1,554.37 crore was outstanding against the allottees as on 30 September 2022.

Similarly, in four cases, group housing plots were allotted to consortiums wherein no part of the prescribed technical and/or financial eligibility criteria was fulfilled by the lead member as detailed in **Table 6.1.13** below:

**Table 6.1.13: Details of allotment of group housing plots wherein no part of the eligibility criteria was fulfilled by the lead member**

Sl. No.	Name of the allottee	Date of allotment	Plot No.	Name of Lead Member	Remarks	Status/ overdues as on 30 September 2022 (₹ in crore)
1.	Omnis Developers Pvt. Ltd.	17-02-2011	GH-01, Sector-22A	Fab Distributor (P) Ltd.	No part of technical eligibility criteria fulfilled by the lead member.	40.45
2.	SDS Housing Pvt. Ltd.	16-08-2011	GH-1A/1B, Sector-26A	SDS Infratech Pvt. Ltd.	No part of technical eligibility criteria, net worth and turnover fulfilled by the lead member.	Cancelled
3.	IITL-Nimbus The Palm Village	09-06-2011	GH-03, Sector-22A	Nimbus Projects Ltd.	No part of technical eligibility criteria and solvency fulfilled by the lead member.	Partially surrendered
4.	Presidency Green View Pvt. Ltd.	26-09-2014	GH-02, Sector-22A	Presidency Infraheights Pvt. Ltd.	No part of technical eligibility criteria and turnover fulfilled by the lead member.	Cancelled

*Source: Information furnished by YEIDA*

Audit observed that out of above, two plots were cancelled by YEIDA on account of default by the allottees in complying with the terms and conditions of allotment and one plot was partially surrendered by the allottee under the

provisions of Project Settlement Policy, 2016. In case of the remaining one plot, the project was delayed and an amount of ₹ 40.45 crore was overdue against the allottee as on 30 September 2022.

Thus, by not prescribing any eligibility criteria to be fulfilled by the lead member, YEIDA had failed to safeguard its financial interests and ensure execution of the project.

In its reply, YEIDA stated (November 2022) that qualification of the lead member was not restricted in the scheme brochure. It further assured that the eligibility of the lead member and relevant member would be ensured in future schemes.

The fact remains that the lead member of above eight consortiums had minimal participation in the eligibility criteria for allotment of plots leading to allotment to bidders who were otherwise ineligible to garner allotment of plots. It not only adversely impacted the execution of the project and payment of YEIDA’s dues, it also shows lack of serious intention towards completion of the project.

• **Sub-division of plot in favour of ineligible member of consortium**

The terms and conditions laid down in the brochure of the first scheme (YEA-RT-01) launched (March 2010) by YEIDA for allotment of residential township plots *inter-alia* provided that in case the plot is allotted to a consortium, the lease deed shall be executed in favour of Special Purpose Company (SPC) which should be a registered firm or an incorporated company and should have the same shareholders and same shareholdings as given in the registered/ notarized Memorandum of Agreement (MOA).

The above provision ensured that the responsibility of execution of project on the entire plot was on all members of the consortium. YEIDA, however, amended the aforesaid provision in the brochure of scheme YEA-RT-03 launched in March 2011, thereby permitting execution of more than one lease deed by sub-dividing the plot in favour of the lead member and/ or the relevant member(s) and/or Special Purpose Company(ies) formed by them. This allowed even those members of the consortium to garner plots who did not fulfil any part of the prescribed eligibility criteria and therefore, were not individually eligible for allotment.

Audit noticed that a plot (Plot no. 01, Sector-22D) was allotted (May 2011) to a consortium having Logix Colonisers Pvt. Ltd. as the lead member. The plot was subsequently sub-divided in two plots and lease deed of one of the plots was executed (November 2012) in favour of a relevant member (Logix Buildstates Pvt. Ltd.) of the consortium who did not fulfil any part of the eligibility criteria prescribed for allotment of the plot and was therefore, not individually eligible for allotment. Since, the members of the consortium were required to jointly qualify the technical and financial eligibility criteria, it was necessary that the onus of execution of the project on the entire plot be put upon the consortium by requiring the consortium members to execute the project by incorporating a Special Purpose Vehicle.

Audit observed that the project on the aforesaid plot was delayed and an amount of ₹ 275.09 crore was outstanding against the allottee as on 30 September 2022. Thus, due to permitting sub-division of the plot in favour of a relevant member, YEIDA allowed an otherwise ineligible entity to garner

**The allotted plot was sub-divided in two plots and lease deed of one of the plots was executed in favour of a relevant member of the consortium who did not fulfil any part of the eligibility criteria.**

plot by becoming member of a consortium which adversely affected execution of the project and payment of YEIDA's dues.

In its reply, YEIDA stated (November 2022) that the plot was sub-divided as per the provisions of the scheme brochure. It further assured that audit's suggestion would be considered in framing of terms and conditions of future schemes.

The fact remains that no eligibility criteria was prescribed by YEIDA for the member in whose favour plot was sub-divided thereby allowing an otherwise ineligible entity to garner the plot.

From the above, it may be seen that for successful execution of a project, the consortium consisting of different entities was required to work in unison but the deficient provisions relating to consortiums had served to weaken the consortiums, thereby jeopardising execution of the project and timely payment of YEIDA's dues. It also affected the commitment of the allottee developers to the projects and compromised the position of the home buyers.

***Recommendation No. 18***

**(i) The provisions relating to consortiums should be strengthened to ensure accountability and continued commitment of the lead member as well as relevant members for successful completion of the projects.**

**(ii) Deliberate framing of deficient conditions to favour ineligible firms cannot be ruled out and should be investigated from vigilance angle.**

***Deficiencies in provisions relating to sub-lease***

**6.1.5.4** The terms and conditions laid down in the scheme brochures for allotment of residential township plots *inter-alia* provided that the allottee shall have option to sub-lease 70 per cent of the land earmarked for 'residential', 'institutional and facilities' and 'commercial' use with prior approval of YEIDA. The terms and conditions further provided that on execution of sub-lease deed<sup>23</sup>, the sub-lessee will be bound to comply with the provisions of payment of proportionate share of lease premium, lease rent and other charges in respect of land area so sublet and shall be treated as an independent entity for purposes of land use, building bye-laws and payments to YEIDA. Hence, it was necessary that the technical and financial capability of the sub-lessee be ensured by YEIDA before execution of sub-lease deed. YEIDA, however, did not prescribe any eligibility criteria to be fulfilled by the sub-lessee and thus, gave a *carte-blanc* to the allottees to sub-lease portions of the allotted land in a manner they deemed fit.

Audit noticed that YEIDA permitted execution of sub-lease deeds in 14 cases for an area admeasuring 6,66,700.15 sqm without paying any heed to the capability of the sub-lessees to execute the projects on the sub-leased portions and to pay YEIDA's dues pertaining to the sub-leased portions. Further, in 11 out of the above 14 cases, YEIDA had permitted execution of sub-lease deeds despite there being overdues ranging between ₹ 18.39 crore to ₹ 359.21 crore against the allottees/sub-lessee (**Appendix-6.1.4**).

Audit observed that out of the above 14 cases, eight sub-leased plots were cancelled (November 2019 to April 2022) by YEIDA on account of overdues and failure to execute the project as per prescribed timelines. Further, in the

<sup>23</sup> A tripartite agreement between YEIDA, allottee and sub-lessee.

remaining six cases also the projects were delayed and there were overdues of ₹ 633.37 crore against five out of the six sub-lessees as on 30 September 2022.

From above it is thus evident that YEIDA’s decision to allow sub-lease of plots without prescribing any eligibility criteria for sub-lessees effectively served as a backdoor entry for transfer of valuable property into the hands of ineligible entities. Further, allowing sub-lease also served as a medium for undue enrichment of the allottees. This is evident from the fact that in one case Orris Developers Private Limited had sub-leased (12 June 2013) one-half (4,09,552.51 sqm) of the total leased area (8,19,105 sqm) to ATS Realty Pvt. Ltd. at a sale consideration of ₹ 10,800 per sqm as against allotment rate of ₹ 4,741 per sqm just after 21 months of allotment resulting in undue enrichment of the allottee (Orris Developers Pvt. Ltd.) by atleast ₹ 103 crore<sup>24</sup>.

Audit further observed that out of above 14 cases of sub-lease, in 12 cases YEIDA had permitted sub-lease of 6,19,787.07 sqm land to other developers without levying any transfer charges resulting in loss of ₹ 28.58 crore<sup>25</sup> as detailed in **Table 6.1.14** given below:

**Table 6.1.14: Details of cases where transfer charges were not levied**

Sl. No.	Plot No.	Name of the lessee	Name of the sub-lessee	Date of execution of sub-lease deed	Area sub-leased (in sqm)	Transfer charges (₹ in crore)
1.	GH-01/TS-04, Sector-22D	HC Infracity Pvt. Ltd.	Pratham Real Ventures Pvt. Ltd.	06-02-2014	11,610.00	0.61
2.	GH-02/TS-04, Sector-22D	HC Infracity Pvt. Ltd.	Cosmic Structures Ltd.	19-03-2014	10,262.00	0.54
3.	GH-10/TS-04, Sector-22D	HC Infracity Pvt. Ltd.	Lotus Buildmart Pvt. Ltd.	06-02-2014	10,332.00	0.54
4.	GH-11/TS-04, Sector-22D	HC Infracity Pvt. Ltd.	Trivelli Projects Pvt. Ltd.	21-10-2014	11,610.00	0.86
5.	GH-12/TS-04, Sector-22D	HC Infracity Pvt. Ltd.	Sukriti Infracon Pvt. Ltd.	06-02-2014	25,000.00	1.31
6.	GH-01/TS-06, Sector-22D	Greenbay Infrastructure Pvt. Ltd.	Emerald Promoters Pvt. Ltd.	24-01-2014	37,812.34	1.99
7.	GH-04/TS-01B, Sector-22D	Logix Buildstates Pvt. Ltd.	U.G. Infrastructure Pvt. Ltd.	20-05-2014	10,103.02	0.53
8.	GH-03/TS-01B, Sector-22D	Logix Buildstates Pvt. Ltd.	Growth Infradevelopers Pvt. Ltd.	31-07-2014	18,440.93	1.29
9.	GH-06/TS-01B, Sector-22D	Logix Buildstates Pvt. Ltd.	Sunwhite Infratech Pvt. Ltd.	12-05-2014	11,253.81	0.59
10.	GH-01/TS-01B, Sector-22D	Logix Buildstates Pvt. Ltd.	Oasis Realtech Pvt. Ltd.	26-02-2014	37,500.00	1.97
11.	TS-02A, Sector-22D	Orris Developers Pvt. Ltd.	ATS Realty Pvt. Ltd.	12-06-2013	4,09,552.51	16.97
12.	P-05/TS-02A, Sector-22D	ATS Realty Pvt. Ltd.	Ajay Realcon India Pvt. Ltd.	30-05-2014	26,310.46	1.38
<b>Total</b>					<b>6,19,787.07</b>	<b>28.58</b>

Source: Concerned allotment files and information furnished by YEIDA

<sup>24</sup> Calculated at the rate of ₹ 2,515 per sqm being difference between sale consideration (₹ 10,800 per sqm) and prevalent reserve price on the date of execution of sub-lease deed (₹ 8,285 per sqm).

<sup>25</sup> Calculated at the rate of five per cent of prevalent reserve price on the date of execution of sub-lease deed.

Thus, YEIDA suffered loss of ₹ 28.58 crore due to not levying transfer charges in case of sub-lease of land to other developers.

In its reply, YEIDA stated (November 2022) that the scheme brochures were approved by the Board of YEIDA which contained provision for sub-lease. This would enable execution of the project simultaneously by the allottee/sub-lessees to ensure timely completion of the project. It further stated that as per scheme brochures no transfer charges were to be levied in case of first sub-lease of developed plot. However, for subsequent sales, transfer charges were payable. It further assured that audit's suggestion would be considered in framing of terms and conditions of future schemes.

The reply is not acceptable as YEIDA allowed sub-lease of plots without payment of outstanding dues and also did not ensure the financial and technical eligibility of the sub-lessees, thereby jeopardizing execution of the project and timely payment of its dues. Further, the cases of sub-lease without levy of transfer charges pointed out by Audit pertain to transfer of plots by the allottees to other developers whereas the provision quoted by YEIDA in its reply relates to transfer of developed plots/ built-up space to end-users. Besides, YEIDA too had recovered transfer charges at the rate of five *per cent* of prevalent reserve price in two cases where plots were transferred to other developers.

***Recommendation No. 19***

**(i) YEIDA should prescribe eligibility criteria for sub-lessees and sub-lease of plot should be done after ensuring the capability of the sub-lessee.**

**(ii) Sub-lease of plots without prescribing any eligibility criteria for sub-lessees should be investigated from vigilance angle.**

**(iii) Transfer charges should be levied in case of sub-lease of plot to another developer.**

***Deficiencies relating to penal provisions***

**6.1.5.5** The objective of providing penal provisions is to deter the concerned party from violating the conditions prescribed for desired outcome. The terms and conditions laid down in the scheme brochures of residential township and group housing plots *inter-alia* required the allottees to complete various activities such as execution of lease deed, submission of detailed layout plan and completion of development and construction works within the prescribed time.

Audit noticed the following deficiencies in penal provisions for default in complying with the aforesaid terms and conditions stipulated in the scheme brochures:

**• Inadequate penalty for delays in execution of lease deeds**

The terms and conditions laid down in the scheme brochures of residential township and group housing plots *inter-alia* provided that in addition to the premium of plot, the allottee shall pay in advance every year, lease rent at the rate of one *per cent* of premium of the plot. First such payment shall fall due on the date of execution of lease deed and thereafter, every year, on or before the last date of the previous financial year. Thus, lease rent at the rate of one *per cent* of premium was payable from the date of execution of lease deed.

The terms and conditions further provided that in case of delay in execution of lease deed by the allottee, extension can be granted by YEIDA subject to payment of penalty at the rate of ₹ 10 for each 1,000 sqm area per day<sup>26</sup>.

Audit noticed that the penalty prescribed by YEIDA for delay in execution of lease deed by the allottees in the scheme brochures was not even sufficient to cover the loss of lease rent due to delay in execution of lease deed. Hence, instead of acting as a deterrence it in turn worked as a catalyst for delaying execution of lease deed.

Consequently, in case of three residential township plots where lease deeds were executed with delay of seven to 114 days beyond the period prescribed in the checklist YEIDA suffered loss of ₹ 82.03 lakh as detailed in **Table 6.1.15** given below:

**Table 6.1.15: Details of cases showing loss due to prescribing inadequate penalty for delay in execution of lease deeds in case of residential township plots**

(₹ in lakh)

Sl. No.	Name of the allottee	Plot No.	Date of issue of checklist	Area (in sqm)	Time allowed for execution of lease deed	Date of execution of lease deed	Delay in execution of lease deed (in days)	Lease rent for period of delay	Penalty recovered	Loss to YEIDA
1.	HC Infracity Pvt. Ltd.	TS-04, Sector-22D	04-11-2011	4,07,533	2 months <sup>27</sup>	26-04-2012	114	59.82	11.50	48.32
2.	Greenbay Infrastructure Pvt. Ltd.	TS-06, Sector-22D	03-12-2011	4,08,622	30 days	27-03-2012	85	44.72	13.50	31.22
3.	Three C Residency Pvt. Ltd.	TS-01, Sector-18	11-01-2012	2,57,155	30 days	17-02-2012	7	2.49	--	2.49
<b>Total</b>				<b>10,73,310</b>				<b>107.03</b>	<b>25.00</b>	<b>82.03</b>

Source: Concerned allotment files and information furnished by YEIDA

Similarly, in case of two group housing plots where lease deeds were executed with delays of 130 to 381 days beyond the period prescribed in the checklist, YEIDA suffered loss of ₹ 59 lakh as detailed in **Table 6.1.16** given below:

**Table 6.1.16: Details of cases of loss due to prescribing inadequate penalty for delay in execution of lease deeds in case of group housing plots**

(₹ in lakh)

Sl. No.	Name of the allottee	Plot No.	Date of issue of checklist	Area (in sqm)	Time allowed for execution of lease deed	Date of execution of lease deed	Delay in execution of lease deed (in days)	Lease rent for period of delay	Penalty recovered	Loss to YEIDA
1.	Omnis Developers Pvt. Ltd.	GH-01, Sector-22A	03-05-2011	82,346	2 months <sup>28</sup>	17-07-2012	381	46.85	3.55	43.30
2.	IITL-Nimbus The Palm Village	GH-03, Sector-22A	27-01-2012	97,585	30 days	05-07-2012	130	18.77	3.07	15.70
<b>Total</b>				<b>1,79,931</b>				<b>65.62</b>	<b>6.62</b>	<b>59.00</b>

Source: Concerned allotment files and information furnished by YEIDA

<sup>26</sup> Except in case of scheme YEA-GH-03/2014 for allotment of group housing plots where penalty as per rules prevailing at the time of grant of extension was payable by the allottee in case of delay in execution of lease deed.

<sup>27</sup> No time limit was prescribed in the checklist for execution of lease deed. In absence of any time limit, Audit has considered a period of two months as YEIDA had allowed a period of two months in checklists issued earlier during July 2010.

<sup>28</sup> No time limit was prescribed in the checklist for execution of lease deed. In absence of any time limit, Audit has considered a period of two months as YEIDA had allowed a period of two months in checklists issued earlier during July 2010 for residential township plots.



In its reply, YEIDA stated (November 2022) that lease deeds were delayed due to agitation by farmers and litigation and the same were executed after obtaining encumbrance free land. In case of group housing plot allotted to Omnis Developers Pvt. Ltd. execution of lease deed was delayed due to delay in obtaining information regarding Court's stay orders and status of acquisition. It further assured that audit's suggestion would be considered in framing of terms and conditions of future schemes.

The reply does not address the audit observation regarding insufficient penalty for delay in execution of lease deed by the allottees.

• **Penalties for delays in submission of detailed layout plan and completion of development works and construction not prescribed**

The terms and conditions laid down in the scheme brochures of residential township and group housing plots *inter-alia* provided that the lessee is required to submit building plan together with the detailed layout plan showing the phases for execution of the project for approval within nine months<sup>29</sup> from the date of possession<sup>30</sup> *i.e.*, date of execution of lease deed and shall start land development and internal development within 18 months from the date of possession<sup>31</sup>. The land development and internal developments had to be completed by the allottee within five years<sup>32</sup> from the date of possession to the satisfaction of YEIDA. Further, the allottee was required to complete the construction of minimum 15 *per cent*<sup>33</sup> of the total Floor Area Ratio (FAR) of the allotted plot as per approved layout plan and get temporary occupancy/completion certificate of the first phase within a period of three years<sup>34</sup> from the date of execution of lease deed<sup>35</sup>. The Board of YEIDA, in its 51<sup>st</sup> meeting (15 September 2014), decided to allow a further period of two years for completion of projects.

In order to ensure compliance of the aforesaid provisions by the allottees it was necessary that suitable provisions for levy of penalty be incorporated in the brochures to act as a deterrence in case of failure of allottees to adhere to the prescribed timelines. YEIDA, however, did not prescribe any penalty for delays in submission of detailed layout plan and completion of development works and prescribed FAR construction.

Audit noticed that in case of residential township plots four allottees had submitted the detailed layout plans with delays of 22 to 201 days and two allottees had not submitted the detailed layout plan till cancellation of their

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<sup>29</sup> Six months in case of scheme YEA-GH-03/2014 for allotment of group housing schemes.

<sup>30</sup> Due date of execution of lease deed in case of scheme YEA-GH-03/2014 for allotment of group housing plots.

<sup>31</sup> In case of scheme YEA-GH-03/2014 for allotment of group housing plots, the allottee was required to start construction within 12 months from the due date of execution of lease deed.

<sup>32</sup> Except in case of scheme YEA-GH-03/2014 for allotment of group housing plots.

<sup>33</sup> Applicable in case of residential township plots. For group housing plots, the allottees were required to complete construction of minimum area according to bye-laws and get temporary occupancy/ completion certificate of the first phase.

<sup>34</sup> Five years in case of scheme YEA-RT-01 for allotment of residential township plots and YEA-GH-01/2010 for allotment of group housing plots.

<sup>35</sup> Due date of execution of lease deed in case of scheme YEA-GH-03/2014 for allotment of group housing plots.

allotment by YEIDA. Further, out of the 12 allottees<sup>36</sup>, five allottees had not completed the development works and construction of prescribed FAR till their cancellation/ surrender. Besides, the remaining seven allottees had also not completed the development works and construction of prescribed FAR as of September 2022. The details of delays<sup>37</sup> are given in **Table 6.1.17** below:

**Table 6.1.17: Details of delay in submission of layout/ building plan, completion of development works and construction of prescribed FAR as on 30 September 2022**

Sl. No.	Name of the allottee	Plot No.	Date of execution of lease deed	Date of cancellation/ surrender, if any	Delay in submission of layout/ building plan (in days)	Delay in completion of development works (in days)	Delay in completion of prescribed FAR (in days)
1.	Supertech Ltd.	TS-01, Sector-17A	13-08-2010	--	22	1,875	1,875
2.	SDS Infracon Pvt. Ltd.	TS-01, Sector-26A	13-08-2010	--	0	1,875	1,875
3.	Three C Homes Pvt. Ltd.	TS-01, Sector-22A	10-06-2011	12-01-2021	201	948	1678
4.	HC Infracity Pvt. Ltd.	TS-04, Sector-22D	26-04-2012	08-08-2022	201	1,201	1,931
5.	Greenbay Infrastructure Pvt. Ltd.	TS-06, Sector-22D	27-03-2012	--	0	1,284	2,014
6.	Logix Infrabuild Pvt. Ltd.	TS-01A, Sector-22D	26-11-2012	12-07-2017	0	--	--
7.	Logix Buildestates Pvt. Ltd.	TS-01B, Sector-22D	26-11-2012	--	0	1,040	1,770
8.	Orris Developers Pvt. Ltd.	TS-02, Sector-22D	11-01-2012	--	0	1,359	2,089
9.	Supertech Township Project Ltd.	TS-05, Sector-22D	13-12-2011	--	0	1,388	2,118
10.	Sunworld City Ltd.	TS-07, Sector-22D	14-09-2012	--	43	1,113	1,843
11.	Three C Residency Pvt. Ltd.	TS-01, Sector-18	17-02-2012	16-04-2019	2,342	59	789
12.	Silver Line Furnishing and Furnitures Pvt. Ltd.	TS-02, Sector-18	01-03-2012	27-07-2022	3,526	1,245	1,975

*Source: Concerned allotment files and information furnished by YEIDA*

Similarly, in case of group housing plots only two allottees had submitted the building plan within the prescribed time. Further, none of the allottees had completed the development works and only one allottee had obtained occupancy/completion certificate of the first phase and that too with delay of 1,028 days. The details of delays<sup>38</sup> are given in **Table 6.1.18** below:

<sup>36</sup> Out of 15 allottees (including one sub-divided plot), plots of three allottees were cancelled/ surrendered before execution of lease deed.

<sup>37</sup> In case of cancelled/ surrendered plots, the delays in completion of various activities have been calculated up to the date of cancellation/ surrender.

<sup>38</sup> In case of cancelled plots, the delays in completion of various activities have been calculated up to the date of cancellation.



Table 6.1.18: Details of delays in submission of layout/ building plan, completion of development works and construction of first phase as on 30 September 2022

Sl. No.	Name of the allottee	Plot No.	Date of execution of lease deed	Date of cancellation/ surrender, if any	Delay in submission of layout/ building plan (in days)	Delay in completion of development works (in days)	Delay in completion of construction of first phase (in days)
1.	Omnis Developers Pvt. Ltd.	GH-01, Sector-22A	17-07-2012	--	3,454	1,172	1,172
2.	SDS Housing Pvt. Ltd.	GH-01A/01B, Sector-26A	12-12-2011	02-08-2022	3,612	1,330	2,060
3.	IITL-Nimbus The Palm Village	GH-03, Sector-22A	05-07-2012	--	0	1,184	1,914
4.	Ajnara India Ltd.	GH-04, Sector-22A	07-12-2011	21-04-2022	0	1,232	1,028 <sup>39</sup>
5.	Presidency Green View Pvt. Ltd.	GH-02, Sector-22A	31-03-2015	30-05-2019	1,339	--	--

*Source: Concerned allotment files and information furnished by YEIDA*

Thus, due to not incorporating suitable provisions for levy of penalty, YEIDA failed to effectively check such delays.

Further, the terms and conditions laid down in the scheme brochures provided that YEIDA in case of default on the part of the allottee for breach/ violation of the terms and conditions of allotment/ lease deed shall be free to exercise its right of cancellation of allotment/ lease deed. Despite inordinate delays on the part of the allottees in submission of detailed layout plan and completion of development works and prescribed FAR construction, YEIDA did not proceed with cancellation of allotment/ lease deed of the defaulting allottees.

In its reply, YEIDA stated (November 2022) that the development works were stalled due to litigation by landowners for extra compensation and Court's stay orders. It also stated that if there is delay in submission of layout plan it would ultimately lead to delay in project completion for which the scheme brochures prescribe penalty. It further assured that in future stage-wise penalties would be prescribed in the scheme brochures.

The reply is not acceptable as stage-wise penalties would have deterred the allottees from delaying the project even in the earlier stages of the project, thereby ensuring timely completion of the project.

#### ***Recommendation No. 20***

**YEIDA should prescribe sufficient penalty for delay in execution of lease deed and also prescribe penalties for delays at various stages of execution of the project.**

#### ***Absence of provision for recovery of increase in cost***

**6.1.5.6** The reserve price of residential township and group housing plots was fixed by YEIDA on the basis of input costs (towards cost of land, external development, internal development and special projects) which tend to increase significantly due to changes in policies/rules/regulations at Government and/or YEIDA's level, thereby having an impact on the cost of allotted plots. Hence, it was necessary that suitable provision for recovery of increase in cost beyond a certain threshold after allotment be incorporated in

<sup>39</sup> Up to date of obtaining partial completion certificate.

the scheme brochures to safeguard YEIDA against loss and litigation on account of such increase. YEIDA, however, did not incorporate any condition in the brochures of schemes launched for allotment of residential township and group housing plots<sup>40</sup> for recovery of increase in cost of land after allotment.

Audit observed that the cost of land increased due to direction of GoUP for payment of no litigation incentive<sup>41</sup> to landowners for which demands were raised (December 2014) on the allottees by YEIDA. Since, the demand for increase in cost of land on account of payment of no litigation incentive was not backed by any condition in the scheme brochures it led to litigation against YEIDA. The matter could be resolved only after the judgment of the Hon’ble Supreme Court of India on 19 May 2022 upholding YEIDA’s demand for increase in cost of land. In the meantime, the overdues (including interest) on account of the aforesaid demand had spiralled to ₹ 1,317.18 crore against 12 allottees/sub-lessees of residential township plots and to ₹ 31.34 crore against one allottee of group housing plot as on 30 September 2022.

In its reply, YEIDA assured (November 2022) that provision regarding recovery of increase in cost of plots due to various reasons would be included in future schemes.

The fact remains that absence of provision for recovery of increase in cost of plot after allotment had led to litigation and spiralling of overdues.

#### ***Provision for opening of escrow account not included***

**6.1.5.7** An escrow account is a temporary contractual arrangement between two transacting parties where a third party (usually a bank) holds the financial payments until specified conditions are met. Having an escrow account reduces the risk of not fulfilling contractual commitments. In order to safeguard the interests of YEIDA as regard payment of dues by the developer and also ensuring application of funds collected by the developer from the ultimate buyers/ dwellers on the concerned projects, provision of escrow account is a reliable mechanism.

It is also notable that the Real Estate (Regulation and Development) Act, 2016 (RERA Act) notified on 26 March 2016 provides<sup>42</sup> that 70 per cent of the amounts realised for the real estate project from the allottees, from time to time, shall be deposited in a separate account in a scheduled bank to cover the cost of land and construction and shall be used only for that purpose.

Audit noticed that YEIDA had not included any condition for opening of escrow account by the allottees in the scheme brochures of residential township and group housing plots. Thus, YEIDA put at stake not only recovery of its dues but also execution of the project, as it had no control over diversion of funds raised/collected by the allottees for other purposes which is evident from the following:

- The total overdues of YEIDA against 12 allottees/sub-lessees<sup>43</sup> of residential township plots had spiralled to ₹ 4,185.56 crore and against one allottee of group housing plot to ₹ 40.45 crore as on 30 September 2022.

**YEIDA did not include any condition in the scheme brochure for opening of escrow account by allottees.**

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<sup>40</sup> Except in case of scheme YEA-GH-03/2014 for allotment of group housing plots.

<sup>41</sup> No litigation incentive at the rate of ₹ 517.60 per sqm (64.7 per cent).

<sup>42</sup> Under Section 4(2)(I)(D)

<sup>43</sup> Including sub-lease cases and excluding cancelled/surrendered cases.

- YEIDA had formed (30 October 2017) a committee to examine the financial statements of allottees/sub-lessees of residential township and group housing plots which found that eight allottees/sub-lessees of residential township plots had siphoned off ₹ 840.43 crore (**Appendix-6.1.5**) out of funds collected from end users for purposes other than execution of the project.

In its reply, YEIDA stated (November 2022) that to protect the rights of third parties it has framed<sup>44</sup> a policy for opening of escrow account at the time of reschedulement of dues and issue of part completion certificate. Accordingly, escrow accounts have been opened by four allottees/sub-lessees of residential township plots. It further assured that provision for opening escrow account would be included in future schemes.

The fact remains that not including provision for opening escrow account in the scheme brochures had led to spiralling of overdues and siphoning off of funds by the allottees/sub-lessees.

#### ***Provision for obtaining performance bank guarantee not included***

**6.1.5.8** In order to safeguard the financial interests of an organisation, it is prudent to obtain reasonable amount of performance guarantee for due performance of the contract. Accordingly, obtaining performance bank guarantee from the allottees would have safeguarded the interests of YEIDA against defaults by allottees in payment of dues and completion of projects in the stipulated period. Besides, it would also have safeguarded the interests of end users for timely delivery of dwelling units.

Audit noticed that YEIDA had not included any provision in the scheme brochures of residential township and group housing plots for obtaining performance bank guarantee. Thus, YEIDA put at stake not only recovery of its dues but also execution of the project.

In its reply, YEIDA stated (November 2022) that if the allottee deposits bank guarantee for complete project it will result in shortage of liquidity leading to difficulty in completion of the project. Hence, condition for obtaining bank guarantee was not included in the scheme brochures. It further assured that provision for obtaining bank guarantee would be included in future schemes.

The reply is not acceptable because obtaining performance bank guarantee for a reasonable amount would have safeguarded the interests of YEIDA and end users without severely impacting liquidity of the allottee.

#### ***Recommendation No. 21***

**Provisions to recover post-allotment increased cost from the allottees, opening of escrow account and obtaining performance bank guarantee should be made in the scheme brochures to safeguard the financial interests of YEIDA and end-users.**

#### ***Deficiencies in grant of permission to mortgage***

**6.1.5.9** The terms and conditions laid down in the scheme brochures of residential township plots permitted the lessees, with prior approval of YEIDA, to mortgage the land in favour of any financial institution(s)/ scheduled bank(s) for raising loan for the purpose of financing the project

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<sup>44</sup> The policy was approved by the Board of YEIDA in its 65<sup>th</sup> Meeting held on 30 May 2019.

upon payment of up to date dues or on receipt of assurance of payment of up to date dues from the financial institution(s)/scheduled bank(s).

Audit noticed that YEIDA issued (August 2018 to February 2021) conditional permissions to mortgage land to three allottees/sub-lessees subject to payment of up to date dues despite there being no provision in the scheme brochures for issue of conditional permission to mortgage as detailed in **Table 6.1.19** below:

**Table 6.1.19: Details of issue of conditional permissions to mortgage land**

Sl. No.	Name of the allottee/ sub-lessee	Plot No.	Date of execution of lease deed/ sub-lease deed	Area mortgaged (in sqm)	Date of issue of permission to mortgage	Overdues as on date of issue of permission to mortgage (₹ in crore)
1.	Supertech Limited	TS- 01, Sector-17A	13-08-2010	4,07,949.94	02-11-2018	114.03
2.	ATS Realty Pvt. Ltd.	TS-02A, Sector-22D	12-06-2013	66,525.14	29-08-2018	262.45
3.	Oasis Realtech Pvt. Ltd.	GH- 01/TS- 01B, Sector-22D	26-02-2014	37,500.00	10-02-2021	21.46

*Source: Concerned allotment files and information furnished by YEIDA*

In its reply, YEIDA stated (November 2022) that permissions to mortgage land issued to Supertech Ltd. and ATS Realty Pvt. Ltd. were automatically cancelled as no payment was made by the concerned financial institution/bank to YEIDA. It further stated that Oasis Realtech Pvt. Ltd. has cleared all its dues against premium. YEIDA further assured that in future mortgage permission will be given only after payment of up to date dues.

The reply is not acceptable as conditional permissions to mortgage land were issued by YEIDA in contravention to the provisions of the scheme brochures. Besides, there was no mechanism at YEIDA to ensure that loans are not disbursed by concerned financial institutions/banks against such conditional permissions without clearance of YEIDA’s dues.

### **Deficiencies in systems and procedures of allotment**

**6.1.6** Audit observed that the systems and procedures relating to allotment of properties and ensuring post-allotment compliances were deficient in YEIDA resulting in losses to YEIDA and adversely impacting execution of the projects. These are discussed in the succeeding paragraphs.

#### ***Delays in issue of allotment letter***

**6.1.6.1** As per the scheme brochures of residential township and group housing plots, reservation letter is issued to the successful bidder to deposit reservation money (10 per cent<sup>45</sup> of premium) within 30 days of the issue of such reservation letter. After confirmation of deposit of reservation money, allotment letter is issued with the condition to deposit allotment money (20 per cent<sup>46</sup> of premium) within 60 days<sup>47</sup> of issue of such allotment letter. The balance premium is payable in half-yearly instalments along with interest at prescribed rate from the date of issue of allotment letter.

Since, interest on balance premium (after adjusting reservation money and allotment money) is chargeable from the date of issue of allotment letter, it

<sup>45</sup> Five per cent in scheme YEA-RT-01 for allotment of residential township plots.

<sup>46</sup> Five per cent in scheme YEA-RT-01 for allotment of residential township plots.

<sup>47</sup> 90 days in case of scheme YEA-GH-03/2014 for allotment of group housing plots.

was necessary that YEIDA devise a suitable mechanism to ensure issue of allotment letter immediately after confirmation of receipt of reservation money.

Audit noticed that YEIDA issued allotment letters to seven allottees (excluding cancelled/ surrendered plots) of residential township plots with delays of up to 105 days<sup>48</sup>. Consequently, the time period for recovery of balance premium was extended resulting in loss of interest amounting to ₹ 14.22 crore<sup>49</sup> as detailed in **Table 6.1.20** below:

**Table 6.1.20: Details of cases of loss of interest due to delay in issue of allotment letter**

Sl. No.	Name of the allottee	Plot No.	Date of deposit of reservation money	Date of issue of allotment letter	Amount for which instalments fixed (₹ in crore)	Delay in issue of allotment letter (in days)	Loss of interest (₹ in crore)
1.	Supertech Ltd.	TS-01, Sector-17A	12-05-2010	14-06-2010	129.60	28	0.85
2.	SDS Infracon Pvt. Ltd.	TS-01, Sector-26A	12-05-2010	14-06-2010	157.67	28	1.03
3.	Greenbay Infrastructure Pvt. Ltd.	TS-06, Sector-22D	25-01-2011	17-02-2011	134.44	18	0.56
4.	Logix Buildstates Pvt. Ltd.	TS-01B, Sector-22D	28-04-2011	11-05-2011	133.15	8	0.25
5.	Orris Developers Pvt. Ltd.	TS-02, Sector-22D	29-04-2011 to 20-05-2011	16-08-2011	268.62	83	5.19
6.	Supertech Township Project Ltd.	TS-05, Sector-22D	20-04-2011	01-08-2011	134.56	98	3.07
7.	Sunworld City Ltd.	TS-07, Sector-22D	28-04-2011	16-08-2011	133.88	105	3.27
<b>Total</b>							<b>14.22</b>

*Source: Concerned allotment files and information furnished by YEIDA*

**YEIDA issued allotment letters to nine allottees with delays resulting in loss of interest of ₹ 14.84 crore.**

Similarly, YEIDA issued allotment letters to two allottees (excluding cancelled plots) of group housing plots with delays<sup>50</sup> of 18 to 57 days resulting in loss of interest<sup>51</sup> of ₹ 62.14 lakh as detailed in **Table 6.1.21** below:

**Table 6.1.21: Details of cases of loss of interest due to delay in issue of allotment letter**

Sl. No.	Name of the allottee	Plot No.	Date of deposit of reservation money	Date of issue of allotment letter	Amount for which instalments fixed (₹ in crore)	Delay in issue of allotment letter (in days)	Loss of interest (₹ in lakh)
1.	Omnis Developers Pvt. Ltd.	GH-01, Sector-22A	25-01-2011	17-02-2011	31.41	18	13.17
2.	IITL-Nimbus The Palm Village	GH-03, Sector-22A	08-04-2011	09-06-2011	36.89	57	48.97
<b>Total</b>							<b>62.14</b>

*Source: Concerned allotment files and information furnished by YEIDA*

<sup>48</sup> In the absence of any timeframe for issue of allotment letter after receipt of reservation money, Audit has computed delays after allowing five days for issue of allotment letter.

<sup>49</sup> Calculated at the rate of 8.5 per cent per annum being the minimum rate of interest recovered by YEIDA from its allottees on its dues.

<sup>50</sup> In absence of any timeframe for issue of allotment letter after receipt of reservation money, Audit has computed delay after allowing five days.

<sup>51</sup> Calculated at the rate of 8.5 per cent per annum.

In its reply, YEIDA stated (November 2022) that there was delay in issue of allotment letters as development works were stalled due to farmers’ agitation and Court’s stay orders. It further stated that allotment letters were issued in respect of such land that was free from Court’s stay orders which resulted in delays in issue of allotment letters. YEIDA also assured that audit’s observation would be considered in framing of terms and conditions of future schemes.

The reply is not acceptable because as per the scheme brochures the land was in possession of YEIDA in seven out of the aforesaid nine cases. Further, allotment letters in respect of land free from Court’s stay orders could have been issued timely. YEIDA, however, issued the allotment letters with delays.

**Delays in issue of checklist**

**6.1.6.2** Consequent to receipt of allotment money, YEIDA is required to issue checklist to the allottee for execution of lease deed. Since, lease rent is payable from the date of execution of lease deed it was necessary that YEIDA devise a suitable mechanism to ensure issue of checklist immediately after confirmation of receipt of allotment money.

Audit noticed that YEIDA issued checklists to five allottees (excluding cancelled/ surrendered plots) of residential township plots with delays<sup>52</sup> of up to 107 days. This resulted in delays in execution of lease deeds and consequent loss of lease rent of ₹ 1.12 crore as detailed in **Table 6.1.22** below:

**Table 6.1.22: Details of cases of loss of lease rent due to delay in issue of checklist**

Sl. No.	Name of the allottee	Plot No.	Date of deposit of allotment money	Date of issue of checklist	Delay in issue of checklist (in days)	Loss of lease rent (₹ in lakh)
1.	SDS Infracon Pvt. Ltd.	TS-01, Sector-26A	02-07-2010	20-07-2010	13	6.33
2.	Greenbay Infrastructure Pvt. Ltd.	TS-06, Sector-22D	13-08-2011	03-12-2011	107	56.30
3.	Orris Developers Pvt. Ltd.	TS-02, Sector-22D	09-12-2011	23-12-2011	9	9.58
4.	Supertech Township Project Ltd.	TS-05, Sector-22D	21-09-2011 to 03-11-2011	12-12-2011	34	17.76
5.	Sunworld City Ltd.	TS-07, Sector-22D	01-06-2012 to 06-06-2012	14-08-2012	64	21.83
<b>Total</b>						<b>111.80</b>

Source: Concerned allotment files of YEIDA

Similarly, YEIDA issued checklists to two allottees (excluding cancelled plots) of group housing plots with delays of 17 to 115 days. This resulted in delays in execution of lease deeds and consequent loss of lease rent of ₹ 18.70 lakh as detailed in **Table 6.1.23** below:

**Table 6.1.23: Details of cases of loss of lease rent due to delay in issue of checklist**

Sl. No.	Name of the allottee	Plot No.	Date of deposit of allotment money	Date of issue of checklist	Delay in issue of checklist (in days)	Loss of lease rent (₹ in lakh)
1.	Omnis Developers Pvt. Ltd.	GH-01, Sector-22A	11-04-2011	03-05-2011	17	2.09

YEIDA issued checklists to seven allottees with delays resulting in delay in execution of lease deed and consequent loss of lease rent of ₹ 1.31 crore.

<sup>52</sup> In the absence of any timeframe for issue of checklist after receipt of allotment money, Audit has computed delays after allowing five days for issue of checklist.



Sl. No.	Name of the allottee	Plot No.	Date of deposit of allotment money	Date of issue of checklist	Delay in issue of checklist (in days)	Loss of lease rent (₹ in lakh)
2.	IITL-Nimbus The Palm Village	GH-03, Sector-22A	29-09-2011	27-01-2012	115	16.61
<b>Total</b>						<b>18.70</b>

*Source: Concerned allotment files of YEIDA*

In its reply, YEIDA stated (November 2022) that there was delay in execution of lease deeds as development works were stalled due to farmers' agitation and Court's stay orders on the allotted area. It further stated that lease deeds were executed in respect of such land that was free from Court's stay orders. In case of group housing plot allotted to Omnis Developers Pvt. Ltd. it stated that execution of lease deed was delayed due to delay in obtaining information regarding Court's stay orders and status of acquisition. YEIDA also assured that future schemes would be launched only after obtaining full possession of the land and audit's suggestion would be incorporated in the terms and conditions.

The reply is not acceptable because the checklists for execution of lease deeds in respect of land free from Court's stay orders could have been issued timely. YEIDA, however, issued checklists with delays.

#### ***Recommendation No. 22***

**YEIDA should prescribe timeframes for issue of allotment letters and checklists and implement them strictly.**

#### ***Delay in deposit of reservation and allotment money***

**6.1.6.3** The terms and conditions laid down in the scheme brochures of residential township and group housing plots *inter-alia* provided that normally extension for depositing reservation money and allotment money shall not be allowed. However, on receipt of request from the allottee in writing and on being satisfied with the reasons mentioned, YEIDA may grant extension of maximum 30 days in scheme YEA-RT-01, 120 days in schemes YEA-RT-02 and YEA-GH-01/2010 and 60 days in schemes YEA-RT-03, YEA-GH-02/2011 and YEA-GH-03/2014 to deposit the reservation/allotment money. Thereafter, ordinarily no further extension of time will be granted and the allotment will be cancelled along with forfeiture of earnest money.

Audit noticed that YEIDA allowed three allottees<sup>53</sup> of residential township plots to deposit reservation money with delays of 22 to 83 days and five allottees<sup>54</sup> to deposit allotment money with delays of 35 to 205 days by granting time extensions. Audit further noticed that YEIDA granted time extensions to deposit reservation and allotment money to allottees on grounds such as the allottees not being able to arrange funds, delays in incorporation of Special Purpose Companies, *etc.*, which were attributable to the allottees and therefore, were not satisfactory reasons for grant of time extensions in Audit's view.

<sup>53</sup> Adore Infrasmith Pvt. Ltd., H.C. Infracity Pvt. Ltd., and Orris Developers Pvt. Ltd.

<sup>54</sup> (i) H.C. Infracity Pvt. Ltd., (ii) Greenbay Infrastructure Pvt. Ltd., (iii) Logix Infrabuild Pvt. Ltd. and Logix Buildstates Pvt. Ltd.; (iv) Orris Developers Pvt. Ltd.; and (v) Supertech Township Project Ltd.

Similarly, YEIDA allowed two allottees<sup>55</sup> of group housing plots to deposit allotment money with delays of 53 to 74 days by granting time extensions on grounds such as difficulty in arranging funds by the allottees which were attributable to the allottees and therefore, were not satisfactory reasons for grant of time extensions in Audit’s view.

Grant of extension at such initial stages of the project for reasons controllable by the allottees encouraged laxity in execution of projects by the allottees.

In its reply, YEIDA stated (November 2022) that time extensions were granted by CEO/Board of YEIDA as per the provisions of the scheme brochures on being requested by the allottees.

The reply is not acceptable as the reasons on the basis of which time extensions were granted were attributable to the allottees and hence, did not warrant time extension as per the terms and conditions of the scheme brochures. Further, in some cases the extension given was even more than the maximum period of extension allowed in the scheme brochures.

***Failure to take timely action against allottees for not complying with provisions of scheme brochure***

**6.1.6.4** The terms and conditions laid down in the scheme brochures of group housing plots provided that YEIDA will be free to exercise its right of cancellation of lease deed in case of breach/ violation of terms and conditions of lease deed by the allottee. If at the time of cancellation, the plot is occupied by the lessee, then an amount equivalent to 25 per cent of the total premium of the plot shall be forfeited and possession of the plot will be resumed by YEIDA with structures thereon.

YEIDA allotted (16 August 2011) a group housing plot (Plot no. GH-01A/01B, Sector-26A) to SDS Housing Pvt. Ltd. and lease deed was executed on 12 December 2011 for an area of 1,37,700 sqm. Similarly, YEIDA allotted (17 February 2011) another group housing plot (Plot no. GH-01, Sector-22A) to Omnis Developers Pvt. Ltd. and lease deed was executed on 17 July 2012 for an area of 82,346 sqm.

Audit noticed that the aforesaid allottees failed to comply with various terms and conditions laid down in the brochure regarding submission of detailed layout plan, completion of development works, completion of construction of first phase and payment of YEIDA’s dues as detailed in **Table 6.1.24** below:

**Table 6.1.24: Details of failure of allottees to comply with brochure conditions**

Sl. No.	Name of the allottee	Date of execution of lease deed	Status of submission of building plan	Status of completion of development works	Status of completion of first phase of construction	Overdues as on 30 September 2022 (₹ in crore)
1.	Omnis Developers Pvt. Ltd.	17-07-2012	Not submitted	Not completed	Not completed	40.45
2.	SDS Housing Pvt. Ltd.	12-12-2011	Not submitted	Not completed	Not completed	Cancelled on 02-08-2022

*Source: Information furnished by YEIDA*

Thus, despite the allottees not complying with the terms and conditions laid down in the scheme brochure on several counts, YEIDA belatedly cancelled

<sup>55</sup> (i) IITL-Nimbus The Palm Village; and (ii) Ajnara India Ltd.



**YEIDA failed to take timely action against defaulting allottees despite failure to comply with the terms and conditions on multiple counts.**

allotment in one case and failed to take action as per terms and conditions of the scheme brochure in the other case.

In its reply, YEIDA stated (November 2022) that in case of Omnis Developers Pvt. Ltd. several notices were issued to the allottee to deposit the defaulted amount. Further, the overdues of the allottee have been rescheduled after deposit of 10 *per cent* of the defaulted amount by the allottee as per the reschedulement policy of YEIDA. In case of SDS Housing Pvt. Ltd., YEIDA stated that the allotment of the plot has been cancelled due to violation of various conditions of the lease deed by the allottee.

The reply is not acceptable as YEIDA failed to take timely action against the allottees even after continuous failure of the allottees to comply with the terms and conditions of allotment resulting in undue favour to the allottees. Further, the outstanding amount of Omnis Developers Pvt. Ltd. was rescheduled (May 2022) after prolonged default of more than 10 years by the allottee in addition to failure to comply with other terms and conditions of allotment as detailed in **Table 6.1.24** above.

***Recommendation No. 23***

**(i) YEIDA should strengthen its monitoring mechanism to ensure compliance of the terms and conditions of the brochures and prompt action must be initiated in case of transgressions.**

**(ii) Responsibility should be fixed for extending undue favour to allottees by not taking action against defaulting allottees.**

***Short recovery of premium and lease rent for additional land***

**6.1.6.5** The terms and conditions laid down in the scheme brochures of residential and group housing plots *inter-alia* provided that in case of allotment of any additional land payment of premium for the same shall be made in lump sum<sup>56</sup> within 30 days from the date of communication of such additional land. It also provided that the applicable rate of allotment of additional land shall be the accepted tender rate<sup>57</sup> at the time of communication about the additional land.

In addition to the premium of the plot, the lessee is also required to pay lease rent annually at the rate of one *per cent* of the premium of plot. The lessee also has the option to pay one-time lease rent equivalent to lease rent of 11 years.

Audit noticed the following deficiencies in recovery of premium and lease rent for additional land:

- YEIDA allotted (14 June 2010) a residential township plot (TS-01, Sector 26A) to SDS Infracon Pvt. Ltd. and lease deed for an area of 5,03,997.01 sqm was executed on 13 August 2010. Thereafter, Planning Department informed (12 July 2017) the Property Department that the dimensions of the plot as per boundary wall constructed by the allottee was different from the sanctioned

<sup>56</sup> Except in case of scheme YEA-GH-03/2014 for allotment of group housing plots where payment for additional land was to be made in lump sum in case the variation in the area of plot allotted was up to five *per cent*. In case the variation was in excess of five *per cent* the payment plan was to be rescheduled.

<sup>57</sup> Except in case of scheme YEA-RT-03 for allotment of residential township plots where the applicable rate of allotment of additional area was the then applicable reserve price increased by the percentage of the accepted bid above the reserve price.

layout plan and attached a new layout plan of the plot as per the boundary wall for necessary action.

Audit noticed that the area of the plot as per the new layout plan was 5,09,491 sqm against leased area of 5,03,997.01 sqm. Thus, the allottee was in possession of 5,493.99 sqm area in excess of leased area. YEIDA, however, had not demanded premium and lease rent in respect of such additional land from the allottee even after lapse of more than five years depriving it of revenue amounting to ₹ 9.89 crore (Premium - ₹ 8.91 crore<sup>58</sup>; one-time lease rent - ₹ 0.98 crore<sup>59</sup>).

In its reply, YEIDA stated (November 2022) that the area of the plot is being verified.

The reply is not acceptable as YEIDA failed to take cognisance of excess land in possession of the allottee even after lapse of more than five years since it came to its notice.

- YEIDA allotted (01 August 2011) a residential township plot (TS-05, Sector-22D) to Supertech Township Project Limited and lease deed for an area of 4,01,401 sqm was executed on 13 December 2011. Thereafter, the allottee intimated (18 September 2014) that the area of land at site is in excess of allotted land and requested YEIDA to get the land surveyed and allow them to retain such excess land.

YEIDA demanded (29 May 2015) ₹ 10.54 crore<sup>60</sup> as premium for additional land admeasuring 7,144 sqm along with one-time lease rent amounting to ₹ 1.16 crore<sup>61</sup>. The allottee deposited the aforesaid amount of additional premium and one-time lease rent on 29 January 2016 and 30 January 2016 respectively, *i.e.*, with a delay of about seven months from the due date. In the meanwhile, the reserve price was revised by YEIDA with effect from 21 December 2015. Since the amount of additional premium and one-time lease rent was deposited by the allottee after revision of reserve price, YEIDA raised (14 October 2016) revised demand based on such revised reserve price (Premium - ₹ 11.59 crore<sup>62</sup> and one-time lease rent - ₹ 1.16 crore<sup>63</sup>). The allottee deposited (21 October 2016) the balance amount against premium of additional land amounting to ₹ 1.05 crore.

Audit noticed that YEIDA, in the revised demand, demanded one-time lease rent at the rate of 10 *per cent* of premium instead of the applicable 11 *per cent* of the premium resulting in loss of ₹ 17.39 lakh<sup>64</sup>.

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<sup>58</sup> Calculated at the rate of ₹ 16,225 per sqm being the prevalent reserve price as on 12 July 2017.

<sup>59</sup> Calculated at the rate of 11 *per cent* of premium.

<sup>60</sup> Calculated at the rate of ₹ 14,750 per sqm being the prevalent reserve price as on date of demand *i.e.*, 29 May 2015.

<sup>61</sup> Calculated at the rate of 11 *per cent* of premium of additional land.

<sup>62</sup> Calculated at the rate of ₹ 16,225 per sqm being the prevalent reserve price applicable on the date of demand *i.e.*, 14 October 2016.

<sup>63</sup> Calculated at the rate of 10 *per cent* of premium of additional land.

<sup>64</sup> Including interest of ₹ 5.80 lakh calculated at the rate of 8.50 *per cent* per annum from the due date of deposit (13 November 2016) of premium of additional land to 30 September 2022.

In its reply, YEIDA stated (November 2022) that demand has been raised (November 2022) on the allottee for payment of balance lease rent along with interest.

The fact remains that YEIDA incorrectly short recovered lease rent which is yet to be recovered from the allottee.

- YEIDA issued (27 December 2010) reservation letter for a group housing plot (GH-01, Sector 22A) admeasuring 1,04,440 sqm to Omnis Developers Pvt. Ltd. at a price of ₹ 5,450 per sqm. As an area of 22,094 sqm was affected by court stay, YEIDA issued (17 February 2011) allotment letter for an area of 82,346 sqm only and intimated the allottee that the remaining area shall be allotted as soon as the affected land is cleared from Court's stay orders. Lease deed for 82,346 sqm was executed on 17 July 2012. Subsequently, revised lease plan was prepared (March 2013) by YEIDA after availability of the area affected by Court's stay orders. YEIDA, however, failed to allot the additional land of 22,094 sqm till date (September 2022). Thus, lack of decision making by YEIDA resulted in above land remaining unallotted.

In its reply, YEIDA stated (November 2022) that lease deed of area affected from Court's stay order was not executed. Hence, payment of premium, lease rent and extra compensation was not due on the part of allottee. In future allotment of balance area of 22,094 sqm will be done on the then effective rates.

The reply is not acceptable because YEIDA had already prepared revised lease plan in March 2013 after availability of additional area but it failed to allot the area to the allottee till date (September 2022).

#### ***Undue favour to allottee by extending benefit of zero period***

**6.1.6.6** YEIDA in its 46<sup>th</sup> Board meeting (11 January 2013), approved policy for grant of zero period to allottees to whom physical possession could not be handed over or the allottees could not start development/ construction work due to dispute, encroachment, litigation etc. YEIDA, thereafter issued an office order on 9 April 2013 implementing the zero period policy. The policy *inter-alia* provided that entire amount deposited by the allottee during zero period would be adjusted towards outstanding principal amount.

YEIDA allotted (9 June 2011) a group housing plot (no. GH-04, Sector-22A) admeasuring 85,391 sqm to Ajnara India Ltd. and possession of the plot was handed over to the allottee after execution of lease deed on 7 December 2011. YEIDA declared (September 2013) the period of 7 December 2011 to 21 March 2013 as zero period for the allottee in view of hindrance in execution of development works due to agitation by farmers for payment of additional compensation. Accordingly, YEIDA adjusted the amount deposited by the allottee during the zero period towards outstanding principal amount.

Audit noticed that since taking over of possession of the plot on 7 December 2011 to 8 February 2013, *i.e.*, when the allottee applied for grant of benefit of zero period, it had never intimated YEIDA regarding having any hindrance in executing development/construction works. In fact, the allottee had submitted detailed layout plan for approval on 22 February 2012 which was approved by YEIDA on 22 January 2013. Further, the plot was free from Court's stay orders and there was no legal hindrance on the plot. YEIDA,

**YEIDA extended undue favour of ₹ 4.35 crore to an allottee by irregularly granting benefit of zero period.**

however, accorded benefit of zero period to the allottee thereby extending undue favour of ₹ 4.35 crore<sup>65</sup> to the allottee.

In its reply, YEIDA stated (November 2022) that due to continuous protest by farmers for extra compensation, stoppage of development and construction work at site, hindrance in work and not giving possession of full plot area, zero period was granted to the allottee. It further stated that the plot was cancelled (April 2022) due to continuous default in payment of dues and not completing the project within the prescribed time by the allottee.

The reply is not acceptable because the allottee neither informed regarding any hindrance in execution of work on the plot prior to issue (January 2013) of policy for grant of zero period nor was the plot affected by any stay orders hindering execution of work on the plot. YEIDA, however, extended undue favour of ₹ 4.35 crore by granting benefits of zero period for which responsibility must be fixed. Further, the impact of undue favour by allowing zero period was not negated after cancellation of the plot as had the benefit of zero period not been allowed to the allottee, interest for such period would have been charged on the outstanding amount.

#### ***Undue favour to allottee by allowing retention of excess land***

**6.1.6.7** The Government of Uttar Pradesh (GoUP) formulated (15 December 2016) a Project Settlement Policy (PSP) to facilitate speedy completion and development of housing projects at NOIDA, Greater NOIDA and YEIDA. The policy *inter-alia* provided an option to the allottee to surrender partial area of the allotted plot to enable it to complete the project on the balance area. In case an allottee opted for partial surrender of the allotted plot, 15 *per cent* of the amount already deposited by the allottee towards premium was to be forfeited and land valued equal to balance 85 *per cent* of the deposited premium amount was to be retained by the allottee. The remaining portion of allotted land was to be surrendered by the allottee in favour of YEIDA. Further, the terms and conditions laid down in the scheme brochure of scheme YEA-GH-02/2011 provided that payment made by the allottee will be first adjusted towards the interest due, if any and thereafter the balance will be adjusted towards the premium due and lease rent payable.

YEIDA allotted (9 June 2011) a group housing plot (GH-03, Sector-22A) to IITL-Nimbus The Palm Village and lease deed was executed (5 July 2012) for area of 1,02,995.70 sqm at a cost of ₹ 55.63 crore<sup>66</sup>. The allottee citing the fact that the entire project site was not available for development in view of farmers’ agitation, requested (26 May 2017) YEIDA to grant approval for partial surrender of allotted land under PSP. Thereafter, YEIDA allowed 55,152 sqm land to be retained by the allottee valuing ₹ 29.79 crore considering ₹ 35.04 crore as the amount deposited by the allottee towards premium and forfeiting ₹ 5.25 crore being 15 *per cent* of such amount.

Audit noticed that YEIDA had incorrectly considered ₹ 35.04 crore as the amount deposited by the allottee towards premium instead of ₹ 30.36 crore. Due to this, land valuing ₹ 29.79 crore (55,152 sqm) was allowed to be retained by the allottee instead of land valuing ₹ 25.81 crore (47,777 sqm)

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<sup>65</sup> Interest at applicable rate of 12 *per cent* on outstanding amount for the tenure of zero period allowed.

<sup>66</sup> At the rate of ₹ 5,401 per sqm.

being equal to 85 *per cent* of the correct amount of premium already deposited. This has resulted in extension of undue benefit of ₹ 3.98 crore to the allottee.

In its reply, YEIDA while accepting the audit observation stated (November 2022) that lease rent for the excess area of 7,375 sqm retained by the allottee has been recovered and action for surrender of the same is being taken.

***Undue favour to allottee due to not forfeiting the prescribed amount on cancellation of allotment***

**6.1.6.8** YEIDA allotted (26 September 2014) a group housing plot (GH-02, Sector-22A) to Presidency Greenview Pvt. Ltd. Lease deed was executed for an area of 92,237.73 sqm (excluding area<sup>67</sup> affected by stay orders and encroachments) and possession of the plot was handed over to the allottee on 31 March 2015. Thereafter, the allottee repeatedly requested for grant of zero period on the ground that physical possession of plot was not handed over to it and there were hindrances by the farmers. In view of above, YEIDA decided (30 May 2019) to cancel the plot and return the entire amount deposited by the allottee along with simple interest at the rate of four *per cent* per annum calculated from the date of issue of allotment letter.

In respect of above audit noticed the following:

- YEIDA was required to hand over possession of the plot after execution of lease deed by the allottee. Accordingly, possession of the plot was handed over to the allottee by YEIDA on 31 March 2015 after execution of lease deed.
- As per the terms and conditions of the scheme brochure, the allottee was required to submit building plan together with detailed layout plan for approval by 30 September 2015. Further, the allottee was required to start construction before 29 February 2016 and obtain occupancy/completion certificate for first phase by 28 February 2018. The allottee, however, had not even submitted the building plan along with detailed layout plan till cancellation of the plot on 30 May 2019.
- The allottee was required to pay 70 *per cent* of the premium in 12 half-yearly installments beginning 26 June 2015. The allottee, however, had deposited only the first installment till the date of cancellation of the plot. Thus, the allottee had defaulted in payment of seven half-yearly installments<sup>68</sup> resulting in accumulation of outstanding dues amounting to ₹108.44 crore.
- YEIDA sanctioned (12 April 2017) reschedulement of installments of the allottee with the condition to deposit ₹ 4.10 crore up to 15 May 2017 to avail the facility. The allottee, however, failed to deposit the requisite amount within the due date.
- The allottee filed a court case against YEIDA in the Hon'ble Allahabad High Court demanding zero period and handing over of physical possession of the plot. Hon'ble High Court vide its order dated 30 May 2017 directed

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<sup>67</sup> 9,793.27 sqm.

<sup>68</sup> The defaulted instalments pertained to the period from 26 December 2015 to 26 December 2018.

the allottee to pay two installments within a period of three months and make a fresh representation to CEO, YEIDA for decision on merit in accordance with law. The allottee, however, did not deposit the requisite amount within the due date. Accordingly, its representation was rejected (June 2018) by CEO, YEIDA.

**Due to refund of deposited amount along with interest instead of cancellation of plot YEIDA extended undue favour of ₹ 37.80 crore to an allottee.**

The terms and conditions of the scheme brochure provided that if due to unavoidable circumstances the possession of the plot is not handed over to the allottee/lessee, the full amount deposited by the allottee/lessee would be refunded along with simple interest at the rate of four *per cent* per annum. As possession of the plot was handed over to the allottee on 31 March 2015, the aforesaid clause was not attracted in the instant case. Instead, in view of the transgressions of the terms and conditions of the scheme brochure by the allottee as discussed above, the plot ought to have been cancelled along with forfeiture of 20 *per cent* of the amount of premium. YEIDA, however, returned the entire amount along with interest.

Thus, due to refund of deposited amount along with interest at the rate of four *per cent* per annum instead of cancellation of plot along with forfeiture of 20 *per cent* of the amount of premium, YEIDA extended undue favour of ₹ 37.80 crore to the allottee.

In its reply, YEIDA stated (November 2022) that the amount deposited by the allottee was refunded along with interest as per the decision of the Board of YEIDA.

The reply is not acceptable because possession of the plot (excluding area affected by stay orders and encroachments) was handed over to the allottee on 31 March 2015. Hence, in view of repeated transgressions of the terms and conditions of the scheme brochure by the allottee, the plot should have been cancelled along with forfeiture of 20 *per cent* of the amount of premium as per Clause 25 of the scheme brochure instead of making refund to the allottee.

#### ***Environmental Clearance not obtained by allottee***

**6.1.6.9** As per the provisions of notification dated 14 September 2006 (EIA notification 2006) issued by the Ministry of Environment and Forests, GoI, townships and area development projects covering an area greater than or equal to 5,00,000 sqm and or built up area greater than or equal to 1,50,000 sqm shall be required to obtain environmental clearance (EC) from the State Environment Impact Assessment Authority (SEIAA) before any construction work or preparation of land is started on the project.

YEIDA allotted (14 June 2010) a plot (TS-01, Sector-26A) to SDS Infracon Pvt. Ltd. and lease deed was executed (13 August 2010) for an area of 5,03,997.01 sqm. Thereafter, layout plan of the plot was sanctioned by YEIDA on 19 October 2013. The terms and conditions laid down in the sanction letter for layout plan provided that the layout plan would be valid only after obtaining EC and if any construction work is commenced before obtaining EC sanction of layout out plan would stand cancelled and necessary action would be taken in accordance with the provisions of building bye-laws of YEIDA.

Audit noticed that SEIAA had not granted EC to the project proposed by the lessee on the allotted plot till date (September 2022)<sup>69</sup>. Despite the fact that EC

<sup>69</sup> As per information available on SEIAA website (File No. 1092), the present status of EC of NRI Township (project proposed by the allottee on the allotted plot) was “Deferred”.



was not granted by SEIAA, the lessee, in violation of the provisions of notification dated 14 September 2006 and terms and conditions laid down for sanction of layout plan, executed development works on the plot and had also allotted plots to end-users. YEIDA, however, failed to take cognizance of the aforesaid violation and hence, no action was initiated by YEIDA in this regard till date (September 2022).

In its reply, YEIDA stated (November 2022) that it had issued conditional temporary occupancy certificate to the allottee on 29 December 2017 for two months which was cancelled on 6 March 2018 due to not adhering the conditions contained therein.

The reply is not acceptable as YEIDA failed to ensure compliance of the provisions of EIA notification 2006 and its own directions issued while sanctioning the layout plan of the project.

#### ***Cost of minor minerals not recovered***

**6.1.6.10** The terms and conditions laid down in the scheme brochures of residential township and group housing plots *inter-alia* provided that YEIDA had the right to all mines, minerals, coals, washing gold, earth oil, quarries in or under the plot and had full right and power for obtaining it. Ordinary clay and ordinary sand are defined as minor minerals under Section 3 (e) of the Mines and Minerals (Development and Regulation) Act, 1957. Therefore, YEIDA has the right over any disposable earth and sand excavated by the allottees from their plots.

YEIDA, however, had not devised any mechanism to monitor disposal of minor minerals (earth and sand) by the allottees to enable it to recover the sale proceeds of such minerals from the allottees.

Audit noticed that permission to excavate minor minerals (earth and sand) valuing ₹ 6.29 crore was obtained (April 2013 to September 2016) by seven allottees/sub-lessees of residential township plots (**Appendix-6.1.6**) and valuing ₹ 40 lakh by one allottee<sup>70</sup> of group housing plot from District Mining Office, Gautam Buddha Nagar. In absence of any mechanism to monitor disposal of minor minerals by the allottees, YEIDA, failed to recover sale proceeds of such minor minerals.

In its reply, YEIDA stated (November 2022) that all rights related to mining is with District Magistrate (DM). It further stated that the DM would be requested to obtain No Objection Certificate from YEIDA before granting permission to excavate minor minerals.

The fact remains that YEIDA has not devised any mechanism to monitor disposal of earth/sand by the allottees and recover the sale proceeds of such earth/sand from the allottees.

#### **Outcome of allotment of residential township and group housing plots**

**6.1.7** One of the main objectives of YEIDA is to develop an urban township on its notified area which cannot be fulfilled without completion of residential township and group housing projects within the prescribed time.

YEIDA had allotted 15 residential township plots (including one sub-divided plot) admeasuring 64,47,828.77 sqm. Four allottees had sub-leased area admeasuring 5,93,476.61 sqm to 11 sub-lessees. Besides, one sub-lessee

<sup>70</sup> IITL-Nimbus The Palm Village.

further sub-leased area admeasuring 73,223.54 sqm to three sub-lessees. Thus, there were total 29 allottees/sub-lessees against the aforesaid 15 allotments.

Out of the 29 plots (including sub-divided and sub-leased plots) allotment/sub-lease of 14 plots admeasuring 24,23,989.10 sqm (38 *per cent* of allotted area) were cancelled by YEIDA as of 30 September 2022 due to failure of the allottees/sub-lessees to deposit the dues and execute the project as per the conditions of scheme brochures/lease deed. Further two plots admeasuring 7,37,424.77 sqm (11 *per cent* of allotted area) were surrendered by the allottees. Thus, out of 64,47,828.77 sqm area allotted, an area of 31,61,413.87 sqm (49 *per cent* of allotted area) were either cancelled by YEIDA or surrendered by the allottees without execution of projects on the allotted/sub-leased plots.

Further, the projects on remaining 13 plots were also delayed and as of 30 September 2022 there were delays of 34 to 61 months in completion of development works and delays of 58 to 69 months in completion of construction of prescribed 15 *per cent* of FAR in first phase. It is worth mentioning here that only four allottees/sub-lessees had obtained partial completion certificates from YEIDA as of 30 September 2022. Besides, an amount of ₹ 4,185.56 crore was overdue for period ranging from two to 127 months against 12 allottees/ sub-lessees as on 30 September 2022.

Similarly, YEIDA had allotted five group housing plots admeasuring 4,95,722 sqm under three schemes. Out of the five plots allotment of three plots admeasuring 3,15,791 sqm (64 *per cent* of allotted area) were cancelled by YEIDA as of 30 September 2022 due to reasons such as failure of the allottees to deposit the dues, execute the project as per the conditions of scheme brochures/ lease deed and hindrances on the allotted land. Further, one plot was partially surrendered (9 *per cent* of the allotted area) by the allottee under the provisions of Project Settlement Policy. Thus, out of 4,95,722 sqm area allotted, an area of 3,63,634.70 sqm (73 *per cent* of allotted area) were either cancelled by YEIDA or surrendered by the allottees without execution of projects on the allotted plots.

Further, the projects on remaining two plots (including partially surrendered plot) were also delayed and as of 30 September 2022 there was delay of 38 months in completion of development works and delays of 38 to 62 months in completion of construction of first phase. Besides, an amount of ₹ 40.45 crore was overdue for five months against one allottee as on 30 September 2022.

Timely execution of the projects and sub-lease of the dwelling units to end users along with timely payment of dues were the essence of allotting residential township and group housing plots. Thus, if the achievement of allotting residential township and group housing plots is assessed on the aforesaid criteria, it would be seen that the exercise of allotting of residential township and group housing plots failed to attain both its objectives of providing homes to end users in time and timely payment of YEIDA’s dues.

No reply was furnished by YEIDA/ GoUP to the audit observation.

### **Conclusion**

**The provisions in scheme brochures were deficient to the detriment of YEIDA and end users. The eligibility criteria prescribed were inadequate**



and not commensurate to the value of plot which compromised on selection of capable applicants. YEIDA extended undue favours to developers by allotting plots to technically unqualified applicants. The weak provisions relating to consortiums failed to induce serious commitment of consortium members towards timely execution of the projects. The consortium members were allowed to leave the consortium before completion of the projects. Sub-division and sub-lease of plots facilitated ineligible entities to secure allotment of plots through back door.

Important conditions for safeguarding the interests of YEIDA and end users such as opening escrow account, submission of performance bank guarantee, penalty for not adhering to prescribed timeframes for submission of detailed layout plan and completion of development and construction works were not provided in the scheme brochures. Conditional permissions to mortgage were issued without ensuring clearance of dues by the allottees/ sub-lessees.

There were instances of delays in issue of allotment letters and checklists and short recovery of premium and lease rent for additional land. Undue benefits were given to allottees by granting unjustified zero period and refunding the amount deposited along with interest instead of forfeiting the prescribed amount on cancellation of plot. Besides, mechanism for recovery of cost of minor minerals was not established.

All the projects were delayed by three to five years and there were overdues of ₹ 4,226.01 crore against 13 allottees/ sub-lessees. Thus, the objective of allotting residential township and group housing plots remained unfulfilled.

It is recommended to get the instances cited by Audit and similar cases indicating undue favour examined from vigilance angle. Loosely framed brochure conditions and further dilution of controls in subsequent brochures gave immense scope of misuse of powers thereby affecting completion of the projects.