

# **CHAPTER–VI**

## **Allotment of Properties**



## CHAPTER-VI

### Allotment of Properties

#### General

#### Introduction

**6.1** The main objective of YEIDA is to develop the industrial development area within its jurisdiction as per the approved Master Plan and to achieve the above objective, YEIDA undertakes development of residential, commercial, industrial, institutional and mixed land use zones.

The Property Department of YEIDA deals with the allotments of various categories of properties and its post-allotment follow up. The Planning Department of YEIDA is responsible for approval of building plans and maps of the allotted plots and ensuring the construction of building as per the approved building plans and maps.

For development of residential zones, YEIDA either allots plots to builders on the basis of competitive bidding who further develop plots/flats/individual residences and sell them to end users or allots plots/ flats directly to end-users on the basis of draw of lots.

For development of Special Development Zones<sup>1</sup> (SDZ) and other zones such as commercial, industrial, institutional and mixed land use, YEIDA allots plots to applicants on different basis as detailed in **Table 6.1** below:

**Table 6.1: Details of basis of allotment of various types of properties**

Type of property	Basis of allotment
Special Development Zone	Pre-determined eligibility criteria and assessment of past experience, track record, financial arrangements, availability of technical and non-technical resources and preliminary project report
25 to 250 acre plot scheme <sup>2</sup>	Interview
Institutional	Interview
Industrial – Up to 2000/ 4000 sqm	Draw of lots
Industrial – Above 2100/ 4000 sqm	Initially on the basis of interview and later on the basis of pre-determined criteria and project presentation
Mixed Land Use	Initially on the basis of interview and later on the basis of pre-determined criteria and project presentation
Commercial	Competitive bidding

*Source: Brochures of schemes launched by YEIDA*

<sup>1</sup> As per the policy framed (December 2007) by GoUP for development of YEIDA's area, development of land equal to or more than 1,000 hectare was termed as Special Development Zone (SDZ). The allottees of SDZ were required to utilise the allotted area for at least one core activity (industrial, information technology, bio-technology, institutional, sports, recreational or service industry) along with other permissible activities (commercial, institutional and amenities, roads and open spaces and residential).

<sup>2</sup> In order to meet the demand for plots of smaller sizes, YEIDA launched (July 2009) a scheme for allotment of plots of size between 25 and 250 acres (25-250 acre plot scheme). Allottees of 25-250 acre plot scheme were required to utilise the allotted area for one core activity (industrial, information technology, bio-technology, institutional, sports, recreational or service industry) along with other permissible activities (commercial, institutional and amenities, roads and open spaces and residential).

**Process of allotment on the basis of competitive bidding**

6.2 The process of allotment since launching of schemes till follow-up of post allotment compliances in respect of residential township, group housing and commercial properties which are allotted on the basis of competitive bidding is depicted in **Chart 6.1** below:

**Chart 6.1: Process of allotment of properties on the basis of competitive bidding**

<p><b>Finalisation of terms and conditions of brochure</b></p> <ul style="list-style-type: none"> <li>•The terms and conditions of the brochures which <i>inter-alia</i> include provisions regarding technical and financial eligibility criteria for submission of bids, allotment process, completion schedule, payment terms, sub-lease, cancellation, etc., are finalised by YEIDA.</li> </ul>
<p><b>Launching of Scheme</b></p> <ul style="list-style-type: none"> <li>•Scheme is launched and bids are invited under two bid system, except in case of commercial properties where only financial bids are invited, against the reserve price fixed by YEIDA.</li> </ul>
<p><b>Bid evaluation</b></p> <ul style="list-style-type: none"> <li>•Technical bids are evaluated against prescribed technical and financial parameters after ensuring deposit of prescribed earnest/ registration money and non-refundable processing fee. Thereafter, financial bids of technically qualified bidders are opened. In case of commercial properties, financial bids are opened after ensuring deposit of earnest/ registration money and non-refundable processing fee along with the prescribed documents.</li> </ul>
<p><b>Approval for allotment</b></p> <ul style="list-style-type: none"> <li>•The bidder quoting the highest rate against the specified reserve price is recommended for allotment of plot by the Allotment Committee. Allotment of property is finally approved by the Chief Executive Officer (CEO) of YEIDA.</li> </ul>
<p><b>Issue of reservation and allotment letter</b></p> <ul style="list-style-type: none"> <li>•After approval of CEO, reservation letter is issued to the allottee for deposit of reservation money within 30 days. After receipt of reservation money, YEIDA issues allotment letter to the allottee for deposit of allotment money within 60 days and remaining amount in instalments on specified dates.</li> </ul>
<p><b>Issue of checklist and execution of lease deed</b></p> <ul style="list-style-type: none"> <li>•On receipt of prescribed allotment money, YEIDA issues checklist and lease plan to the allottee for execution of lease deed. Consequent to execution of lease deed, physical possession of the property is handed over to the allottee.</li> </ul>
<p><b>Approval of building plan</b></p> <ul style="list-style-type: none"> <li>•After execution of lease deed, the allottee obtains approval of the building plan and constructs the buildings as per the approved plan.</li> </ul>
<p><b>Completion of the project</b></p> <ul style="list-style-type: none"> <li>•The allottee is required to complete the project within the period as prescribed in the scheme brochure. On completion of the project (phase-wise/ complete project), occupancy (phase-wise)/ completion certificates are issued and in case of residential township and group housing plots, permission is given for sub-lease of units to ultimate dwellers.</li> </ul>

Source: Scheme brochures and allotment files of YEIDA

**Process of allotment on the basis of pre-determined criteria and project presentation or interview**

6.3 The process of allotment since launching of schemes till follow-up of post allotment compliances in respect of industrial, mixed-land use and institutional properties which are allotted to entrepreneurs who are found eligible on the basis of pre-determined criteria and project presentation or interview is depicted in **Chart 6.2**.

**Chart 6.2: Process of allotment on the basis pre-determined criteria and project presentation or interview**

<p><b>Launching of schemes</b></p> <ul style="list-style-type: none"> <li>• Applications for allotment of plots are invited by YEIDA by launching schemes for specific period or through open ended schemes.</li> </ul>
<p><b>Screening of applications</b></p> <ul style="list-style-type: none"> <li>• On receipt of applications, the Screening/Allotment Committee examines the applications and ensures that all requisite formalities and documentations are complete.</li> </ul>
<p><b>Interview of the applicant</b></p> <ul style="list-style-type: none"> <li>• The applicants, whose applications are complete, are called for interview/ project presentation in which project report is presented before the Screening Committee.</li> <li>• In case of industrial plots above 4,000 sqm and mixed-land use plots, marks against the pre-determined criteria are also given to the applicant.</li> </ul>
<p><b>Recommendation and approval for allotment</b></p> <ul style="list-style-type: none"> <li>• In case the applicant is found successful on the basis of pre-determined criteria and project presentation or interview, the Allotment Committee recommends allotment of specific plot to the applicant, which is then approved by the CEO.</li> </ul>
<p><b>Issue of allotment letter</b></p> <ul style="list-style-type: none"> <li>• After approval of the CEO, allotment letter is issued to the applicant for deposit of allotment money and remaining amount in instalments on specified dates.</li> </ul>
<p><b>Issue of checklist and execution of lease deed</b></p> <ul style="list-style-type: none"> <li>• On receipt of the prescribed allotment money, checklist containing the formalities to be completed for execution of lease deed is issued to the allottee for execution of lease deed. Consequent to execution of lease deed, physical possession of the plot is handed over to the allottee.</li> </ul>
<p><b>Approval of building plan</b></p> <ul style="list-style-type: none"> <li>• After execution of lease deed, the allottee obtains approval of the building plan from YEIDA and constructs the buildings as per the approved plan.</li> </ul>
<p><b>Completion of project</b></p> <ul style="list-style-type: none"> <li>• The allottee is required to complete the project within the period as prescribed in the scheme brochure. On completion of the project completion certificate is issued to the allottee. After completion of the project, the allottee is also required to make the unit functional and obtain functional certificate from YEIDA.</li> </ul>

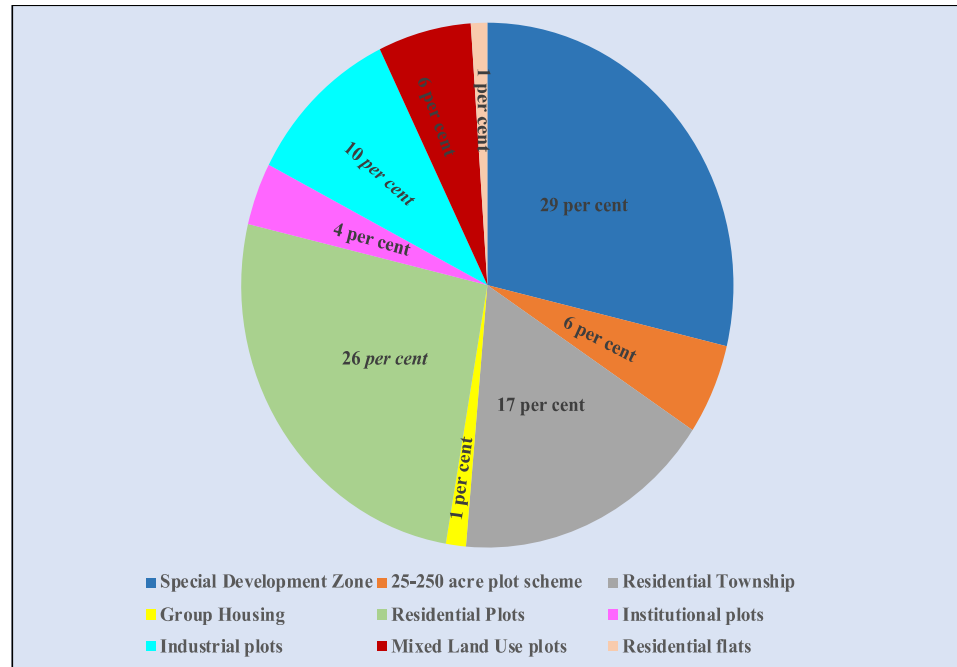
*Source: Scheme brochures and allotment files of YEIDA*

### Status of allotments

**6.4** YEIDA allotted 39,416 properties admeasuring 3,77,72,395.45 sqm under various categories since 2008-09<sup>3</sup> to 2020-2021. The area allotted under various categories (in *per cent*) is depicted in **Chart 6.3** below:

<sup>3</sup> No allotments were made by YEIDA before the year 2008-09.

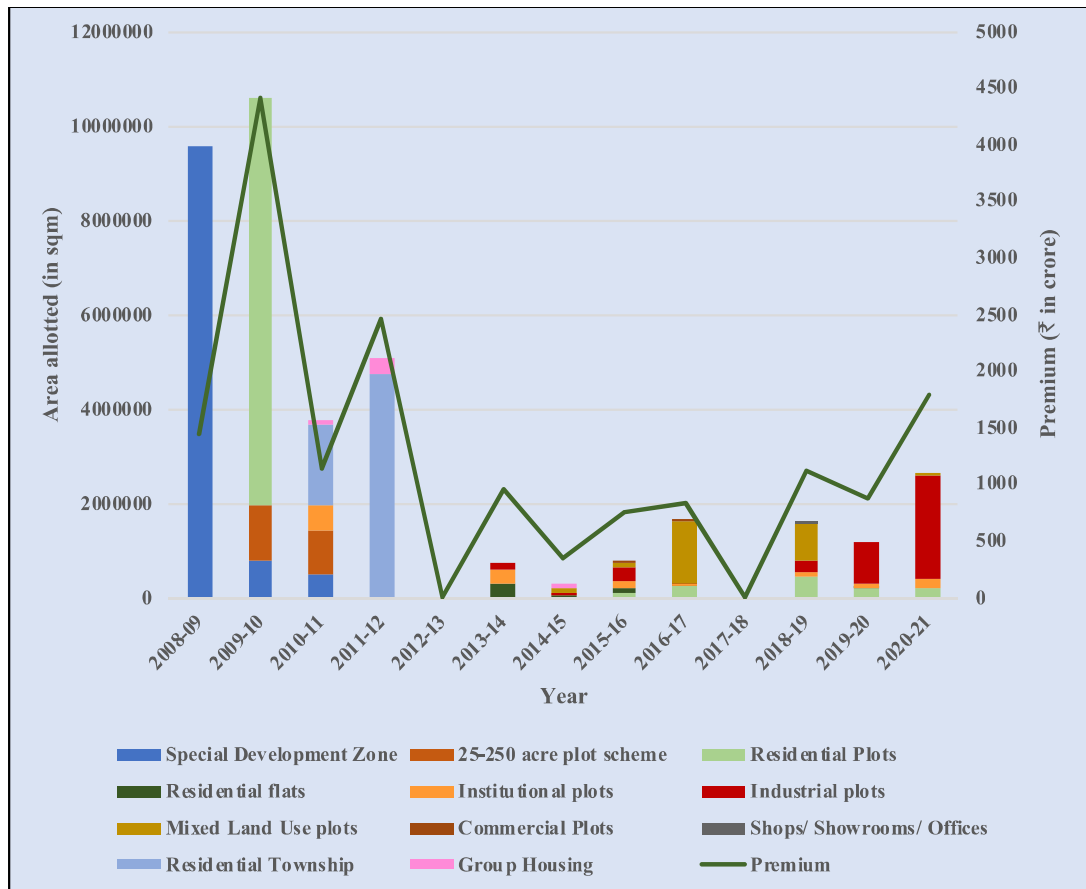
**Chart 6.3: Area-wise allotment of properties (in per cent) under various categories since 2008-09 to 2020-21**



Source: Information furnished by YEIDA

The year-wise allotments of properties are depicted in **Chart 6.4** below:

**Chart 6.4: Year-wise allotment of properties**



Source: Information furnished by YEIDA

From the above chart, it would be seen that:

- Out of the total area allotted by YEIDA during the period 2008-09 to 2020-21, 77 per cent area was allotted in the initial four years viz., 2008-09 to 2011-12.
- Out of the total area allotted to builders (residential township and group housing plots), 99 per cent area was allotted during two years viz., 2010-11 and 2011-12. No allotment was made to builders after the year 2014-15.
- Allotment of industrial plots began only from the year 2013-14 and 58 per cent of industrial allotments were made in the year 2020-21 alone.

#### **Allotment of properties under various categories**

6.5 This Chapter contains two sub-chapters which deal with allotment of properties under various categories, viz.,

- Sub-chapter VI (1): Allotment of Residential Township and Group Housing plots;
- Sub-chapter VI (2): Allotment of Industrial, Institutional, Mixed Land Use and Other properties.

#### **Common irregularities/deficiencies in allotment of properties**

6.6 Audit noted several irregularities in the process of allotment and post-allotment compliances which have been discussed in detail in sub-chapters VI (1) to VI (2). A number of irregularities/deficiencies of similar nature were observed across the categories of allotments. While these are discussed in detail in the respective sub-chapters, some of the issues having a common thread across various categories are highlighted in the succeeding paragraphs.

##### ***(i) Absence of standard working manual/guidelines***

YEIDA did not formulate any manual prescribing the standard terms and conditions for allotment of properties under various categories. In absence of a manual for allotment of properties, there was lack of uniformity in the terms and conditions for allotment of properties under various categories and across years within the same category. Further, there were several deficiencies in the terms and conditions laid down in the scheme brochures and the procedures adopted by YEIDA for allotment of properties. These deficiencies/irregularities are discussed in detail in sub-chapters VI (1) and VI (2).

##### ***(ii) Deficient brochure conditions:***

The terms and conditions laid down in the scheme brochures are YEIDA's primary enabler for achievement of the envisioned development and for regulating the allottees. Audit noticed several deficiencies in the terms and conditions laid down in the scheme brochures which on one hand adversely affected the projects and on the other hand resulted in losses to YEIDA. Audit also noticed instances where existing terms and conditions were relaxed in successive brochures to the detriment of YEIDA's interests.

##### ***(iii) Minimum eligibility criteria not prescribed:***

YEIDA had not prescribed any technical and financial eligibility criteria to be fulfilled by the applicants in order to be eligible for allotment of industrial, institutional and mixed-land use plots. Thus, the allotment process of the aforesaid categories of plots was deficient as it did not enable YEIDA to

shortlist only those applicants who were technically and financially capable of executing the project and in paying off YEIDA’s dues in time.

***(iv) Allotment of plots without ensuring intactness:***

YEIDA should ensure that plots being allotted are free from all encumbrances/encroachment and dispute so that there is no delay in preparation of lease plan and issue of checklist thereon for ensuring smooth handover of the possession of plot to the allottees. This would also enable allottees to construct the project within the prescribed period and fulfil the desired objective of allotment. Audit observed that YEIDA failed to ensure allotment of encumbrance free plots which adversely affected the objective of its allotment.

***(v) Delay in execution of projects:***

None of the projects/ units was fully completed on any of the allotted plots and hence, the purpose of allotment of the properties remained unfulfilled.

***(vi) Deficiencies in post-allotment compliances:***

Audit noticed that the systems and procedures for ensuring post-allotment compliances were deficient which on one hand resulted in not taking timely action against allottees for default in complying with the terms and conditions of allotment and on the other hand in losses due to not recovering the applicable charges/penalty.

The ensuing sub-chapters bring out the various irregularities in allotment of properties, position of development of allotted properties and the responses of the YEIDA thereto.