

## CHAPTER V

### **Allotment of Properties**



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### Allotment of Properties

This chapter deals with allotment of properties developed by Ghaziabad Development Authority as per prevailing guidelines/procedures along with disposal of unsold/undisposed properties.

***Audit Objective:** Whether allotment of properties were transparent and in accordance with the prescribed procedures.*

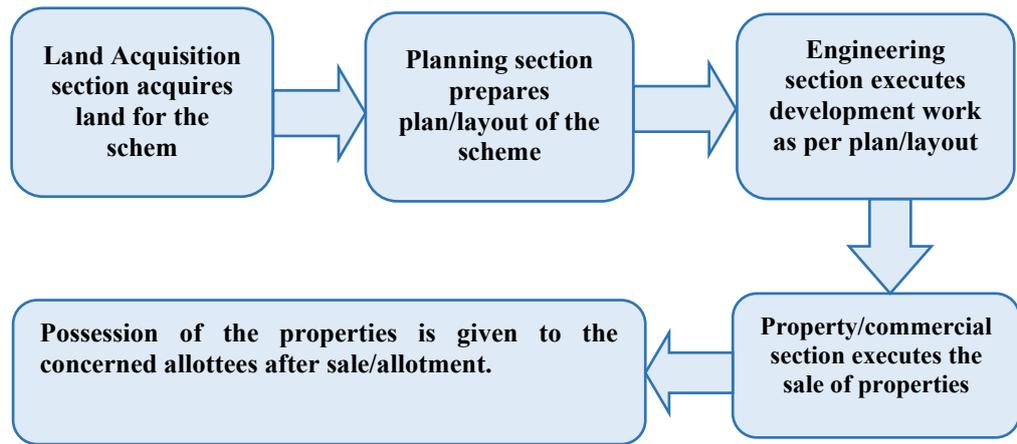
#### **Brief snapshot of the chapter:**

- Sale of the properties was limited to only 11 to 50 *per cent* of plots developed and one to five *per cent* of building planned for development during 2017-22. Scheme-wise status of the properties developed and sold was not maintained by GDA.
- GDA did not have data bank of scheme-wise properties allotted *vis-à-vis* developed, due to which scheme-wise status of sale of properties and accounting of money received against them was not ascertainable.
- Consolidated records related to lottery, bid-cum-auction and first come first serve through which properties were allotted during 2017-22, were not maintained, due to which Audit could not examine the transparency in the process of allotment of properties.
- Allotment process under Pradhan Mantri Awas Yojna could not be completed even after a lapse of more than two years from the scheduled completion time i.e., March 2022.
- Infrastructure surcharge of ₹ 154.02 crore on 422 allottees was not levied.

#### **5.1 Introduction**

The objective of the Authority is to promote and secure the development of area according to Master Plan and for that purpose the Authority shall have the power to acquire, hold, manage and dispose of land. Procedure for development and allotment of properties is given in **Chart 5.1**.

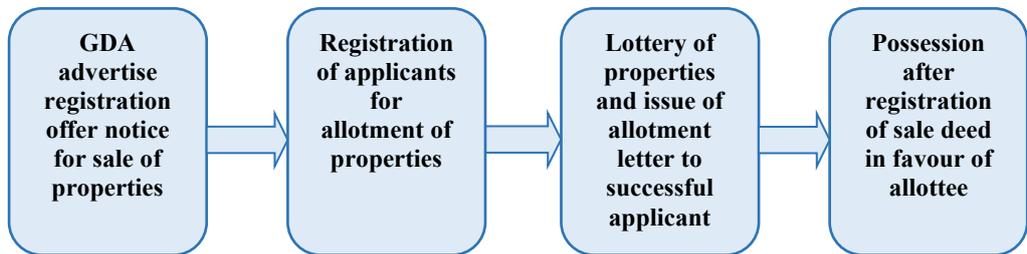
**Chart 5.1: Procedure for development and allotment of properties**



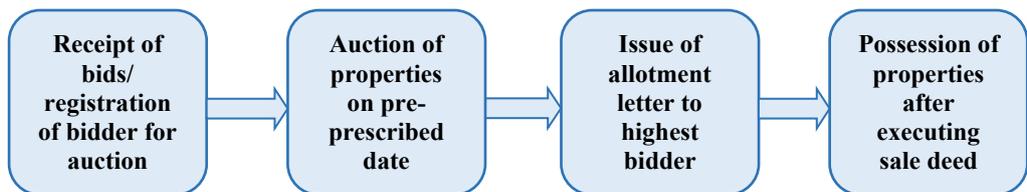
## 5.2 Process of allotment/sale of properties

As per Uttar Pradesh Development Authorities Finance and Accounts Manual, 2004, residential plots, houses, shops, etc., may be disposed through lottery system, while commercial properties may be disposed through auction sale. Besides, as per GoUP order (November 1999), the undisposed unpopular properties shall be allotted through first come first serve (FCFS) basis. The process for the mode of allotments is depicted in **Chart 5.2** to **Chart 5.4**.

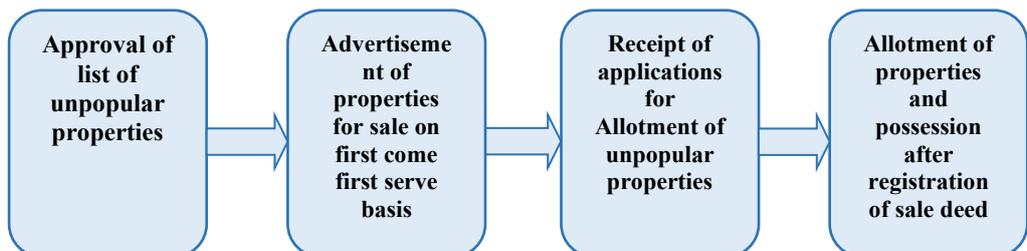
**Chart 5.2: Allotment process through lottery system**



**Chart 5.3: Allotment process through bid-cum-auction system**



**Chart 5.4: Allotment process for unpopular properties on FCFS basis**



Audit observations related to sale/allotment of properties have been discussed in succeeding paragraphs:

### 5.3 Data bank of the properties not maintained

Uttar Pradesh Development Authorities Finance and Accounts Manual, 2004 envisages that the Authority will keep records of status of properties developed, under development, sold out and remaining unsold under each scheme/project under three categories:

- Properties under development & sold out,
- Properties developed & sold out, and
- Properties developed but remaining unsold.

The details of properties were to be categorised into residential, public convenience/public facilities, commercial and other properties.

Audit, however, noticed that scheme-wise status of the properties developed and sold was not maintained by GDA. GDA prepared progress report in which year-wise status of plots and buildings allotted *vis-à-vis* plots and buildings available for allotment was depicted. Details are given in *Appendix 5.1* and summarized in **Table 5.1 (A & B)**.

**Table 5.1 (A): Status of sale of properties (plots) during 2017-22**

*(In number)*

Year	Plots (Residential and non-residential)				
	Opening balance	Developed during the year	Total Col. (2+3)	Allotted (per cent)	Closing balance Col (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2017-18	340	66	406	46 (11)	360
2018-19	360	2	362	46 (13)	316
2019-20	316	68	384	96 (25)	288
2020-21	288	682	970	234(24)	736
2021-22	736	54	790	393(50)	397
<b>Total</b>				<b>815</b>	<b>-</b>

*(Source: Progress Report of GDA)*

**Table 5.1 (B): Status of sale of properties (buildings) during 2017-22**

*(In number)*

Year	Buildings (EWS, LIG, MIG and HIG dwelling units)			
	Opening balance	Planned for development during the year	Total Col. (2+3)	Allotted (per cent)
(1)	(2)	(3)	(4)	(5)
2017-18	14,823	2,296	17,119	119 (1)
2018-19	17,000	4,614	21,614	476 (2)
2019-20	21,138	480	21,618	1,136 (5)
2020-21	20,482	0	20,482	502 (2)
2021-22	8,208 <sup>1</sup>	0	8,208	58 (1)
<b>Total</b>				<b>2,291</b>

*(Source: Progress Report of GDA)*

<sup>1</sup> In previous years, number of buildings were inclusive of units of PMAY. However as per government order units of PMAY were excluded w.e.f December 2021.

It is evident from **Table 5.1 (A)** and **5.1 (B)** that during 2017-22, sales of plots ranged between 11 and 50 *per cent* to the total plots. Further, 2,291 residential dwelling units were allotted during 2017-22. However, information regarding scheme-wise overall status of buildings actually constructed and remained undisposed was not provided to Audit despite request to GDA.

In the absence of data regarding scheme-wise status of availability and sale of properties, overall inventory of residential dwelling units available for sale and actually sold in each scheme could not be examined in Audit.

The State Government in reply (March 2024) stated that in pursuance of the U.P. Development Authorities Finance and Accounts Manual 2004, a data bank of the properties is being prepared. An office order in this regard has also been issued. The Government in its reply further stated that online feeding in the prescribed format of the progress report decided by the government was being done and the actual unsold properties were 1,979 in the year 2022.

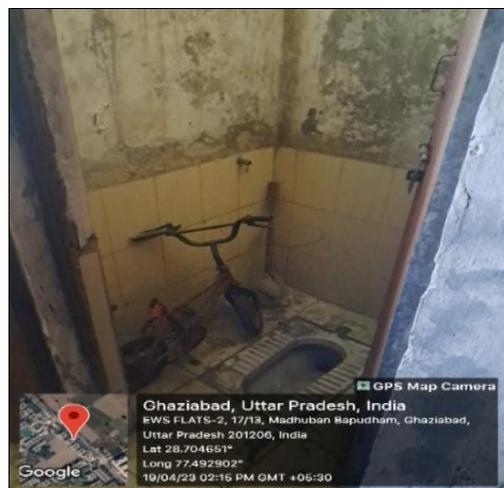
The reply of the Government was not acceptable because data bank of properties as envisaged was not prepared by GDA. The progress reports were prepared by GDA but they did not have details of data bank of the properties as prescribed in the Accounts Manual. Further, scheme wise details of status of undisposed 1,979 properties in the year 2021-22 in respect to actual constructed properties were not provided to Audit despite request to the State Government and GDA.

Audit further observed in the joint physical inspection with the officers of GDA that by the passage of time, the condition of unsold buildings became poor with dirty surroundings. The fact of poor condition of unsold buildings was also discussed in 160<sup>th</sup> meeting of GDA Board held on 23.11.2022. The Board of GDA had directed for proper maintenance, cleanliness and for increasing greenery in the surrounding of these buildings. Audit, however, evidenced poor condition of the unsold buildings as depicted in the Photographs below:

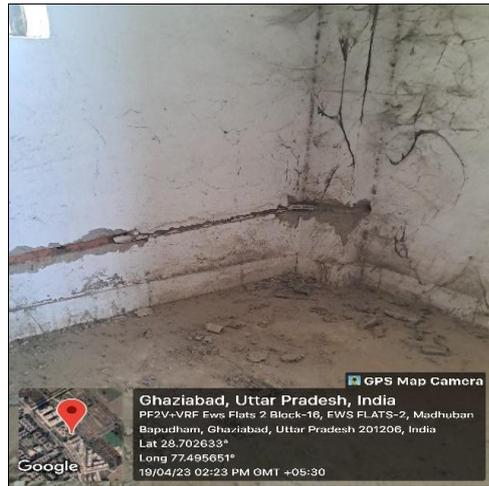
**Photograph 5.1: Damaged condition of dwelling units under Madhuban Bapudham scheme**



**Block-15: EWS**



**Block-15: EWS**



Block 14: Mini MIG



Block 14: Mini MIG

The State Government in its reply (March 2024) stated that GDA publicised advertisement many times about allotment of vacant/undisposed buildings in various schemes of GDA, viz., Indraprastha Housing Scheme, Koyal Enclave, etc. However, due to high cost of buildings, the properties could not be sold. The issue was taken at the State Government and Board of GDA levels and it was decided to declare them as unpopular properties and their cost was kept frozen since 2012. However, expected outcome of sale was not achieved due to Covid pandemic and recession in the market. The State Government also stated that at present, selling of unpopular/undisposed properties in these schemes are in good pace. In pursuance of the directions given in the Board meeting (November 2022), the concerned engineering division has been directed to develop the site and publicise the properties available in the scheme. Therefore, at GDA level, there was no slackness in activities to sale of unpopular properties through FCFS basis. Fact remains that despite the stated efforts made by GDA, the sale of developed properties was very low during 2017-22.

Similar trend persisted during 2022-24 and sale of properties was in the range of 20 to 29 *per cent* of plots developed and one to two *per cent* of building planned respectively as given in **Table 5.2 (A&B)**.

Table 5.2 (A): Status of sale of properties (plots) during 2022-24

*(in number)*

Year	Plots (Residential and non-residential)				
	Opening balance	Developed during the year	Total Col. (2+3)	Allotted ( <i>per cent</i> )	Closing balance Col (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2022-23	397	190	587	119 (20)	468
2023-24	468	25	493	142 (29)	351
<b>Total</b>				<b>261</b>	<b>-</b>

*(Source: Progress Report of GDA)*

Table 5.2 (B): Status of sale of properties (buildings) during 2022-24

(in number)

Year	Buildings (EWS, LIG, MIG and HIG dwelling units)				
	Opening balance	Planned for development during the year	Total Col. (2+3)	Allotted (per cent)	Closing balance Col (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2022-23	8,150	0	8,150	49 (1)	8,101
2023-24	8,101	0	8,101	146 (2)	7,955
<b>Total</b>				<b>195</b>	<b>-</b>

(Source: Progress Report of GDA)

### 5.3.1 Lack of transparency in allotment of properties

GDA prepared progress report depicting allotment *vis-à-vis* development of properties. However, GDA did not have consolidated status of allotment of properties through lottery, bid-cum-auction and first come first serve (FCFS) basis. Due to this, Audit could not examine the transparency maintained in the allotment of properties and also could not reconcile between the cost of sale *vis-à-vis* number/details of properties sold. Audit in this respect further examined the records of allotment of properties under the seven test checked schemes<sup>2</sup> which revealed following shortcomings:

#### 5.3.1.1 Allotment of properties through lottery system

GDA put 271 to 1,739 properties developed under the four schemes<sup>3</sup> for sale through lottery system in each year during 2018-22<sup>4</sup>. Against these, 43 to 772 applications were received for the allotment, as detailed in **Table 5.3**.

Table 5.3: Details of properties proposed for allotment through lottery system

Year	No. of schemes	Number of properties included in lottery draw			Number of applications received			No. of lottery draw
		Buildings	Plots	Total	Buildings	Plots	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2018-19	01	271	00	271	43	00	43	1
2019-20	01	981	00	981	254	00	254	2
2020-21	04	1643	96	1739	684	88	772	3
2021-22	01	00	1275	1275	00	321	321	1
<b>Total</b>		<b>2895</b>	<b>1371</b>	<b>4266</b>	<b>981</b>	<b>409</b>	<b>1390</b>	<b>-</b>

(Source: Records of GDA)

Audit scrutiny revealed that the status of actual allotment of properties *vis-à-vis* applications received was not in the records of GDA. Further, GDA also did not make available the status of actual allotment against the abovementioned 1,390 applications, despite requests.

No reply was furnished by the State Government though the matter was referred to the State Government in January 2025.

<sup>2</sup> Indirapuram, Indraprasth, Karpuripuram, Koyal Enclave, Madhuban Bapudham, Nandgram and Rajendra Nagar schemes.

<sup>3</sup> Madhuban Bapudham, Koyal Enclave, Indirapuram and Indraprasth.

<sup>4</sup> No lottery was conducted in the year 2017-18.

### 5.3.1.2 Allotment of properties through bid-cum-auction

In Bid-cum-auction mode, only 14 to 137 properties were recommended for allotment during the period of 2017-22 in test checked seven schemes<sup>5</sup>. However, neither the status of actual allotment of properties was in the records of GDA nor it provided the information in this respect though called for.

The State Government did not furnish specific reply and stated that properties could not be sold out because of Covid pandemic since 2020 and recession in the market. The actual status of allotment of properties against the recommendation for allotment of 14 to 137 properties was not made available by GDA as well as the State Government though requested in December 2024 and January 2025.

- Audit also observed lack of transparency in the allotment of properties through bid-cum-auction. It was noticed that:

(i) In December 2017, 196 properties were put in auction out of which five properties were recommended for allotment. However, the remaining 191 properties were not taken for the next auction held in March 2018. Instead of this, 35 other properties were placed for auction in March 2018.

(ii) In October 2019, 248 properties were placed for auction out of which 14 properties were recommended for allotment. In the next occasion of bid-cum-auction (December 2019), 198 properties were put for auction in which 145 properties were amongst the left over 234 properties. However, reason for not including remaining 89 properties of previous auction was not available in records.

The State Government in reply (March 2024) stated that in the allotment of properties complete transparency is maintained and records are kept in the files. The State Government further stated that after allotment of residential properties, commercial properties are put for allotment through auction in order to get maximum prices. Some of the properties are placed for auction considering the likings of the public in this respect.

The reply of the State Government was not acceptable, as no mention was made by GDA in its records in respect of not placing the unsold properties in the next auction. Due to this, transparency maintained by GDA in the auctions could not be ascertained in the Audit.

### 5.3.1.3 Allotment of unpopular properties through FCFS

As per Government order (1999), GDA was to issue quarterly list of undisposed properties with detailed information containing type of property, cost, reservation category (if any), number and location. The properties which could not be disposed of even after advertisement twice or more could be treated as unpopular properties. The unpopular properties were to be disposed of through first come first serve (FCFS) basis. The Government order further required that the criteria of income, reservation, number of properties would be relaxed in respect of disposal of unpopular properties. These properties were to be disposed of through advertisement and holding special camps.

<sup>5</sup> Indirapuram, Indraprasth, Karpuripuram, Koyal Enclave, Madhuban Bapudham, Nand Gram and Rajendra Nagar.

Audit observed that:

- GDA prepared list of 549 (2019-20), 1,960 (2020-21) and 1,604 (2021-22) unpopular properties in test-checked seven schemes, once in a year, during 2019-22.
- Audit further observed that out of the properties declared unpopular, only 44 (2021-22) and 148 (2020-21) properties were recommended for sale during 2019-22. However, status of actual sale was not made available by GDA and by the State Government, though called for.
- Lack of transparency was also observed in the allotment of unpopular properties as in the FCFS taken place in 2021-22, 1,604 properties were put for FCFS despite the fact that in earlier FCFS (2020-21) at least 1,812 properties remained undisposed.

The State Government did not provide specific reply (March 2024) and stated that after the Covid pandemic in the country from the year 2019-20, the expected sale of these properties could not take place due to low liking of general people in purchasing property and recession in the market.

The fact remains that the allotment of unpopular properties was very less.

#### **5.4 Land not allotted to affected families**

Scrutiny of records revealed that acquisition of 499.45 hectare (1234.13 acre) land for Madhuban Bapudham scheme (MBD) was carried out during May 2005 to June 2010. Out of 499.45 hectare, 323.75 hectare (800 acre) land was obtained through mutual negotiation.

As per Uttar Pradesh Land Acquisition (Determination of compensation and declaration of award by agreement) Rules, 1997, an agreement was entered into (February 2010) between Secretary, GDA and the representatives of land owners of Madhuban Bapudham (MBD) Scheme which envisaged that the affected landowners of MBD would be allotted six *per cent* of developed residential land at the rate of ₹ 3,350 per square meter (sqm). This was further amended by the Board of GDA which decided that out of the aforesaid six *per cent* residential land, landowners may be allotted two *per cent* commercial land.

Scrutiny of records revealed that 762 plots<sup>6</sup> comprising of 1.67 lakh square meter area was earmarked for landowners whose land was acquired for MBD. However, only 115 landowners were allotted (November 2014) 40,718.50 square meter (24 *per cent*) out of 762 plots and the remaining 647 plots of 1.26 lakh square meter (76 *per cent*) were not allotted even after lapse of more than 12 years of agreement as of March 2022. Therefore, GDA could also not realise ₹ 42.17 crore<sup>7</sup> through allotment of plots which was to be paid by the affected families at the time of allotment of developed plots.

The State Government stated (March 2024) that the land could not be developed due to non-existence of dispute free land in continuous segments.

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<sup>6</sup> Under scheme code 791 of MBD; plots size ranged from 40 square meter to 2,382.30 square meter.

<sup>7</sup> (₹ 3,350 per sqm x 125869.70 sqm)

Fact remains that the landowners were not provided developed land as per the agreement even after lapse of 14 years from the date of such agreement.

### 5.5 Pradhan Mantri Awas Yojana-Urban

Pradhan Mantri Awas Yojana (Urban) {PMAY (U)} is a flagship programme of the Ministry of Housing & Urban Poverty Alleviation (MoHUPA), Government of India (GoI), with mandate to provide *pucca* house to eligible urban poor families through states and union territories (UTs). PMAY (U) was launched in June 2015 with the target to provide houses to eligible families/beneficiaries by March 2022.

GoUP fixed (September 2017) target of construction of 9,000 Dwelling Units (DUs) in the development area of GDA under PMAY (U). Subsequently, the target was revised (June 2018) by the GoUP and it was increased to 45,000 DUs. Projects were to be constructed by GDA and private developers.

Against the target of 45,000 DUs, detailed project reports (DPRs) of 25 projects comprising of 20,173 DUs<sup>8</sup> were approved during February 2018 to August 2019 by Central Sanctioning and Monitoring Committee, Ministry of Housing and Urban Affairs, Government of India. However, construction work of only 5,801 DUs was started under 11 projects (five by GDA and six by private developers) approved during February 2018 to July 2019. The work of remaining 14,372 DUs under 14 projects were not started as of March 2024. Significant audit observations are as below:

- Out of 5,801 DUs under construction in 11 projects, only 675 DUs were allotted to the beneficiaries in MBD scheme till March 2022, whereas no project was completed till that date. As per information made available by the State Government (March 2024), 2,572 beneficiaries were issued allotment letter out of 4,678 beneficiaries selected under all the 11 projects till March 2024.
- Of the 14 projects on which works were not started, six projects comprising of 8,628 DUs to be constructed by GDA, were proposed for cancellation (July 2021) due to costly land, agitation of farmers, less demand, etc.
- Six other projects comprising of 4,569 DUs, to be developed by the private developers, were not started due to not completing formalities by the developers<sup>9</sup> and the remaining two projects of private developers were cancelled by GDA<sup>10</sup>.

The State Government in its reply stated (March 2024) that due to occurrence of Covid-19, the allotment process was disrupted in the year 2020-21. However, 4,678 beneficiaries were selected, out of which allotment letters were issued to 2,572 beneficiaries.

<sup>8</sup> The reason for not taking up of 24,827 DUs were not made available to Audit by the State Government.

<sup>9</sup> Non-submission of environmental NOC, non-registration in RERA, etc.

<sup>10</sup> Due to not depositing required fees for approval of map/completing formalities in one case and other project was cancelled on the request of the developer.

The fact remains that the allotment process under PMAY could not be completed even after a lapse of more than two years from the scheduled completion time, i.e., March 2022.

## **5.6 Non-levy of Infrastructure surcharge**

GoUP order (January 1998) required to levy infrastructure surcharge at the rate of 10 *per cent* of the cost of land by the Development Authorities during sale of land. GoUP further directed (March 2001) that the Board of the Development Authorities should not pass any decision which is against the standing orders of the government. It further provided that the Board could only request/recommend for reconsideration or necessary relaxation in the Government Orders<sup>11</sup>.

Scrutiny of records revealed that Board of GDA (October 2014) requested the State Government for not levying infrastructure surcharge on the sale of land parcel measuring above 2,000 sqm area. The Board further directed that till the decision of State Government is received, infrastructure surcharge should not be levied on the bidders during sale of plots having area above 2,000 sqm. The decision taken by the Board of GDA for not levying infrastructure surcharge without the approval of State Government in this respect was irregular.

Audit noticed that GDA allotted two group housing plots (GH 2 and GH 3B) having area of 16,200 sqm and 5,750 sqm in Koyal Enclave to National Building Construction Corporation Limited (NBCCL) in March 2015 and April 2015 respectively. As per prevailing rules, GDA was required to levy ₹ 6.26 crore as infrastructure surcharge on the sale of plots<sup>12</sup> to NBCCL for allotment of land. However, GDA did not levy the infrastructure surcharge.

The State Government in its reply (March 2024) stated that a notice had been issued to NBCCL (December 2019)<sup>13</sup> to deposit due infrastructure surcharge. The State Government further added that notices have been issued to other 431 allottees for deposition of due infrastructure surcharge. Some allottees have filed suits against the liability in various competent courts and some allottees have deposited an amount of ₹ 5.81 crore. Further, as per list enclosed with the reply of the State Government, notice for depositing infrastructure surcharge amounting to ₹ 147.76 crore were issued to 421 allottee, which did not include the amount due against NBCCL ₹ 6.26 crore.

Fact remains that irregular waiving of infrastructure surcharge without approval of State Government resulted into non-receipt of ₹ 154.02 crore.

## **5.7 Interest not levied**

GDA allotted group housing plot having area of 16,200 sqm to National Building Construction Corporation Limited (NBCCL) in March 2015. As per the allotment letter, NBCCL was to deposit ₹ 46.17 crore as the cost of land

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<sup>11</sup> The State Government subsequently excluded the levy of infrastructure surcharge on the sale of land on 26.07.2018. (GO no. 948 (1)/aath-1-18-44 vividh/18 dated 26.07.2018.).

<sup>12</sup> Cost of two plots = ₹ 46.17 crore + ₹ 16.39 crore = ₹ 62.56 crore; Infrastructure surcharge @ 10 *per cent* of cost of plots = ₹ 6.26 crore.

<sup>13</sup> Issued notice in only one case (plot of 16200 sqm) to deposit infrastructure surcharge.

against which NBCCL deposited ₹ 11.54 crore<sup>14</sup> (March 2015) and the remaining cost of land (₹ 34.63 crore) was to be deposited within 90 days (without interest) or in 10 half yearly installments (with yearly interest rate of 16.75 per cent).

NBCCL did not deposit the remaining amount within prescribed timeline due to which GDA initially imposed interest of ₹ 1.06 crore on NBCCL. However, the interest was waived off at a later stage on the ground that the developer was exempted as per order of GoUP (November 2009)<sup>15</sup>. Audit noticed that the said order applies only for departments and subordinate institutions under the jurisdiction of GoUP. Since NBCCL did not fall under the jurisdiction of GoUP, the waiver of interest in the case of NBCCL was irregular.

The State Government, in its reply (March 2024) stated that due to it not being covered under the exemption mentioned in the GO dated 6 November 2009, the process has been initiated to recover the outstanding interest from the allottee institution.

**To sum up**, GDA did not maintain data bank in respect of properties developed and allotted. Scheme-wise details of properties was not available with GDA due to which transparency in allotment of properties was not ascertainable. Sales of the properties during 2017-22 were limited to only one to five per cent of building planned for development and 11 to 50 per cent of plots developed. There was also lack of transparency in allotment through bid-cum-auction as unsold properties of previous auctions were kept out of bidding process in subsequent auction without any reason on record. Under PMAY, during 2017-22 against the target of construction of 45,000 DUs, DPR of only 20,173 DUs were approved. Of these, 20,173 DUs, construction of only 5,801 DUs were started as of March 2022.

**Recommendation 9:** Ghaziabad Development Authority should ensure maintenance and display of scheme-wise data of developed, under development, sold out and unsold properties so that the prospective buyers may be provided complete information with regards to available properties.

**Recommendation 10:** There is an urgent need to identify the bottlenecks and to take corrective measures to enhance the allotment of existing properties and to develop properties in future according to the need of the public.

<sup>14</sup> 25 per cent of cost of land.

<sup>15</sup> As per GoUP order (November 2009), in case of payment of land cost within two years, the interest/penal interest was not to be charged by Uttar Pradesh Avam Vikas Parishad and Development Authorities from State Government's Department and subordinate institutions.

