SUPREME AUDIT INSTITUTION OF INDIA
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Report of the Comptroller and Auditor General of India on Development of Multi-Functional Complexes and Commercial sites by Rail Land Development Authority

Union Government
Ministry of Railways
Report No. 26 of 2025
(Compliance Audit - Railways)

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Comptroller and Auditor General of India
on
Development of Multi-Functional Complexes and Commercial sites by Rail Land Development Authority

Laid in Lok Sabha/Rajya Sabha on _____________

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PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the President of India under Article 151 (1) of the Constitution of India for being laid before the Parliament.

The Report contains results of compliance audit of 'Development of Multi-Functional Complexes and Commercial sites by Rail Land Development Authority'.

The instances mentioned in this Report are those which came to notice in course of test audit for the period April 2018 to March 2023 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

Contents

Executive summary

Rail Land Development Authority (RLDA) was constituted in terms of the Extraordinary Gazette notification of October 2006, by an amendment to Railway Act, 1989, as a statutory Authority, under the Ministry of Railways. The purpose of constitution of RLDA was to develop Railway land entrusted by the Central Government for commercial use for the purpose of generating revenue by non-tariff measures.

A Compliance Audit on "Development of Multi-Functional Complexes and commercial sites by RLDA" was conducted to check the compliance of rules and regulations of RLDA and instructions of MoR for development of commercial and Multi-Functional Complexes (MFC) sites to achieve the objective of generating non-fare revenue. This compliance audit covers the mechanism of entrustment of sites, pre-leasing activities such as engagement of Consultants, valuation of sites and post-leasing activities such as selection of developer and revenue earnings. The audit was conducted with the objectives to ascertain whether:

- Due process was followed in entrustment of land to RLDA;
- The process of conducting pre-contract activities was followed;
- The selection of developers was through a transparent, open, fair and competitive bidding process;
- The terms and conditions of lease agreements and MoUs were complied with; and
- The objective of generating non-fare revenue was achieved.

Audit focussed on two activities of RLDA i.e., commercial development of vacant railway land and construction of Multi-Functional Complexes (MFC) during the period of five years from 2018-19 to 2022-23. Audit sample constituted 26 commercial and 29 MFC sites.

RLDA earned ₹ 2138.06 crore during the period 2018-19 to 2022-23 out of which ₹ 1919.23 crore was earned from development of commercial and MFC sites. During the same period, RLDA received grant of ₹ 141.45 crore from MoR for establishment, administrative and operational expenses against which it incurred an expenditure of ₹184.65 crore.

As on March 2023, Railways owned 4,88,336.82 hectares of land out of which 62,740.44 hectares (13 *per cent*) was vacant and only 997.83 hectares (1.59 *per cent* of vacant land) land was entrusted to RLDA. During audit period, Railway Board had received 188 proposals for 657.10 hectares. It entrusted 59 out of the 188 proposals (203.83 hectares) to RLDA out of which RLDA in turn awarded 35 sites to the developers. None of the commercial sites had been developed till

March 2023. During the audit period no MFC sites were proposed or entrusted to RLDA. 53 MFC sites were awarded by RLDA to developers out of which only 14 MFC projects have been completed by the private developer till March 2023.

A compliance audit Para 7.1 on ‘Development of railway land for commercial use by Rail Land Development Authority featured in the CAG Report No. 5 of 2018 (Railways) in which audit had reviewed the progress of development of 17 sites by RLDA (upto 2016-17) and observed that none of these sites had been developed. Audit pointed out deficiencies in entrustment of land to RLDA and non-preparation of five-year plans.

The Report of the PAC (113th) on the subject was laid down in parliament in February 2024. The issues raised by audit regarding non-development of project and non-preparation of five-year plans were discussed by the Public Accounts Committee (PAC). The PAC recommended that since development of land had a long gestation period, a vision map may be made by RLDA charting targets for the next 20 years and formulate five-year plans keeping the long-term goals in mind.

The summary of the main audit findings is given below:

Non-achievement of Five-year Plan 2017-22 target:

Audit noticed that during the FYP 2017-22 prepared by RLDA, there was a shortfall of 94.17 *per cent* in earnings due to non-entrustment of sites to RLDA, cancellation of awards, litigation, de-entrustment etc. RLDA had not prepared FYP for the period 2022-27.

(Paragraph 2.3.1)

Non-achievement of earnings from the selected sites against the targets set in FYP

Analysis of the expected earnings of 16 out of 26 selected commercial sites for the five-year plan period 2017-2022 showed that against the expected earnings of ₹ 3,281.32 crore, RLDA earned only ₹ 332.79 crore.

(Paragraph 2.3.4)

Short transfer of earning amounting to ₹ 233.44 crore to MoR and excess retention of margin money amounting to ₹ 3.92 crore by RLDA

RLDA was required to transfer the 85 *per cent* of the earnings to MoR and retain the remaining 15 *per cent* of earnings as margin money. Audit observed that RLDA transferred earnings of ₹ 1,583.91 crore instead of ₹ 1,817.35 crore to MoR and retained excess margin money of ₹324.63 crore instead of ₹ 320.71 crore during the period 2018-19 to 2022-23.

(Paragraph 2.4.1)

Pendency in approval of proposals of commercial sites by MoR

RB has not prescribed any timelines for approval of the proposals. It was observed that out of 188 (65.71 lakh sqm) proposals received by MoR, only 59 commercial sites (20.38 lakh sqm) were entrusted to RLDA. The remaining 129 commercial sites (45.33 lakh sqm) viz., 69 *per cent* of proposals were still (March 2023) pending for entrustment at MoR. The reasons for pendency of proposals at MoR for more than one year were non-receipt of requisite certificates (non-encumbrance/title and land not required for use) from concerned Zonal Railways and non-receipt of feasibility report from RLDA.

(Paragraph 3.1.2)

Entrustment of sites to RLDA despite having encroachments, encumbrances and without clear land title resulting in non-monetisation of sites

Zonal Railways were primarily responsible for ensuring encumbrance and encroachment free sites before sending proposals to RB for entrustment to RLDA. Audit noticed that 15 out of 26 sampled sites were having land related issues like encroachment, encumbrance, land title/mutation etc., and the issues were identified after entrustment of the sites to RLDA indicating failure at all levels i.e., Zonal Railways, RLDA and MoR to ensure availability of clear land for development.

(Paragraph 3.1.5)

No action despite poor participation by F&M consultants empanelled for commercial sites

As per the conditions of request for empanelment, if an empanelled consultant failed to submit three consecutive financial proposals, RLDA can take action to remove the consultant from the empanelled list. Audit observed that eight out of ten consultants participated in less than 33 *per cent* of the RFPs. Despite poor participation of the consultants, RLDA did not take action to remove the consultants from the empanelled list.

(Paragraph 3.2.1)

Non-preparation of revenue sharing model by consultants in commercial sites

The terms and conditions of RFP for F&M consultancy for commercial sites provided that the consultant had to suggest the most suitable project model among the list provided in the RFP which also included revenue sharing model. Audit observed that in all 19 sampled sites evaluated by the consultant, revenue sharing model was not considered by consultants. Due to non-preparation of revenue sharing model, RLDA could not assess the most suitable model to get maximum earnings through non-fare revenue. **(Paragraph 3.2.4)**

Irregularities in application of rates, area, Floor Area Ratio (FAR) etc.

Audit observed irregularities in applying rates, area, FAR etc. to arrive at guidance value/reserve price of a site resulting in undervaluation of the sites as mentioned below.

- In three out of 19 selected commercial sites evaluated by the consultants, residential circle rates were considered for valuation of both residential and commercial portion of land for valuation. This had resulted in undervaluation of three sites by ₹ 287.76 crore.

(Paragraph 4.1.1.1)

- In Bandra East (Small), Mumbai site, the consultant had applied incorrect circle rate which resulted in undervaluation of reserve price by ₹ 1.84 crore.

(Paragraph 4.1.1.2)

- In Ashok Vihar, Delhi site, F&M consultant had valuated the site on the basis of average unit sale prices of residential units of DDA, Cooperative Society and private developers by market rate method instead of valuating the site on the basis of private developer's unit sale price. This resulted in undervaluation of the reserve price by ₹ 204.22 crore.

(Paragraph 4.1.1.3).

- In Raxaul, Bihar site, F&M consultant had considered FAR of 2.0 for valuation of the site instead of 1.52. The consultant had also considered an area of 7291 sqm instead of area of 9271 sqm for evaluating the site. This resulted in undervaluation of the site by ₹ 0.83 crore.

(Paragraph 4.1.1.4).

- In 14 commercial sites and 16 MFC sites, neither spot committee nor consultants kept on record the authenticated documents in support of market rates and rental rates having cumulative weightage of ₹ 1,674.63 crore for valuation of the sites.

(Paragraph 4.1.1.5).

Irregularities in application of discounts in valuation of Commercial sites

For realistic assessment of a site, RLDA considers various types of discounts for computation of guidance value of site. Audit noticed irregularities in application of discounts in valuation of sites as under:

- RICS Graph of Relativity describes the leasehold discount based on lease period for valuation of residential properties in UK. However, RLDA applied it on commercial properties without examining the impact of this graph in Indian conditions. RLDA also changed the methodology of RICS and used construction cost instead of leasehold value of land to derive the leasehold discount factor for valuation of its sites. In 14 out of 21 sites valuated, RLDA had applied this modified RICS graph methodology based on RICS and allowed a discount of ₹ 135.76 crore.

(Paragraph 4.1.2.1)

- Audit also noticed that there were inconsistencies in application of the discount for shape factor for valuation of commercial sites. Against the norms of +/- 5 *per cent* shape factor discount, RLDA allowed shape factor discounts of 10 *per cent* and 15 *per cent* in five sites. **(Paragraph 4.1.2.2).** Inconsistencies in application of plot size discounts were noticed in 10 sites **(Paragraph 4.1.2.3).** Additional discounts of ₹ 41.77 crore were allowed by RLDA in Ashok Vihar, Delhi site on the basis of discussions which were not recorded

(Paragraph 4.1.2.5)

Irregularities in assigning weightages to valuation methods in commercial and MFC sites

No single valuation method may capture the true value of the site and hence weightages are assigned to the valuation methods by the RLDA to compute the final guidance value. RLDA had not prescribed any norms for assigning weightages to different valuation methods.

It was observed that there were wide variations in weightages assigned to same valuation method for same type of projects in same class of cities, indicating inconsistencies in the principles being used for assigning weightages.

(Paragraph 4.1.3.1)

Inconsistencies in finalising reserve price of commercial sites

Unjustified discounts given on guidance value while finalising reserve price of commercial sites

RLDA Board in May 2019 decided to declare the reserve price in the bidding documents/NIT and do away with the practice of consideration of tenders up to a limit of 5 *per cent* below the guidance value. However, RLDA allowed further discounts on guidance value for finalising the reserve price in seven (63.64 *per cent*) sites. It was observed that in three sites the discounts on guidance value were in contravention of RLDA Board's decision. On comparison of the guidance value and H1 offer received for these three sites, it was observed that H1 offers received were more than the guidance value by ₹ 3.12 crore to ₹ 7.79 crore.

(Paragraph 4.1.4.1)

Non-consideration of Minimum Guaranteed Annual Payments clause in RFP while awarding MFC sites to private developers

Audit findings revealed that in seven out of 16 selected MFC projects, the value of ULP and ALR was ₹ 102.11 crore (₹ 20.54 crore in terms of Net Present Value) whereas the value of MGAP, as calculated by audit, during the same lease period was ₹ 866.21 crore (₹ 34.75 crore in terms of Net Present Value). However, RLDA did not explore the more remunerative model such as the MGAP with private developers as provided in the RLDA Regulations.

(Paragraph 5.1.2)

Delay in execution of lease agreement with the developers (Commercial/MFC sites)

There was an average delay of 118 days in execution of agreement by RLDA in eight sampled commercial sites while as delay in execution of agreement by RLDA in 14 MFC sites ranged between one month and seven years & four months. Due to delay in execution of the lease agreement on the part of the developer, the lease period was reduced to the extent of delay. This had resulted in non-monetisation to the extent of reduced lease period in commercial sites. In MFC sites also there was a delay in execution of lease agreement in 14 out of 17 sampled sites. This had resulted in non-monetisation of ₹ 3.49 crore.

(Paragraph 5.2)

Summary of Recommendations:

- ***Considering dismal progress of RLDA against its own targets and plans for development of commercial and MFC sites, RLDA should develop a detailed and realistic Five-Year Plan, with clear time-bound targets for land monetisation, based on thorough assessment of market potential and site readiness. This plan should be prepared and reviewed periodically in coordination with the MoR and MoR should also ensure timely and adequate entrustment of commercially viable land parcels.***
- ***The absence of a structured data bank of proposals of land parcel led to inefficiencies in the process of entrustment of land by MoR to RLDA. Hence, MoR should maintain a data bank of proposals of land parcels received for monetisation which is supported by an online tracking system for monitoring proposals.***
- ***Enforce strict adherence to empanelment criteria, include performance-based renewal conditions, penal provisions for delay in execution of agreement and conduct periodic evaluations to ensure consultants deliver quality feasibility studies and explore multiple revenue models.***

- ***RLDA should enhance monitoring mechanisms to ensure adherence to valuation guidelines, minimise arbitrary discounts, and ensure decisions align with Board directives, thereby safeguarding public assets and enhancing valuation accuracy.***
- ***RLDA applied the RICS leasehold discount methodology, originally developed for the residential real estate market in the United Kingdom and applied leasehold discount of ₹ 135.76 crore without critically assessing its relevance or adapting it to the Indian socio-economic context. RLDA should conduct a comprehensive review before adopting any foreign valuation methodology, ensuring they are suitably adapted to the Indian real estate market and socio-economic conditions and is well documented and justified. Discounts deviating from Spot Committee norms should also be justified with proper documentation and approval of competent authority.***
- ***RLDA failed to incorporate approved provisions in Request for Proposals (RFPs) to review lease periods when commercial usage exceeded the permissible threshold which may result in undue benefit to the developer. Therefore, RLDA should ensure including essential clauses approved by the competent authority in all future RFPs.***
- ***RLDA did not adequately explore or implement more remunerative payment models such as the Minimum Guaranteed Annual Payment (MGAP) with private developers, despite provisions in the RLDA Regulations and having financial advantage. RLDA should invariably evaluate and explore MGAP model in all its future projects.***

Chapter I
General

Chapter I

General

1.1 Introduction

Rail Land Development Authority (RLDA) is a statutory authority under the Ministry of Railways, set up by an amendment to the Railways Act, 1989 for commercial development of Railway land entrusted by the Central Government for the purpose of generating revenue by non-tariff measures. RLDA was constituted in terms of the Extraordinary Gazette Notification dated 31 October 2006, as amended on 5 January 2007.

1.2 Role of Ministry of Railways

Ministry of Railways (MoR) is authorised to develop Railway land for commercial use[1]. Accordingly, Railway Board (RB)/MoR issued (April 2009) guidelines regarding commercial development of Railway land through RLDA. Land parcels not required in the near future and having potential for commercial development are identified by the Zonal Railways or by RLDA for undertaking commercial development through RLDA after getting approval of RB. The Zonal Railway ensure that it is in full possession of unimpaired title and land title records, plans, *etc.*, and the requisite mutation exists in revenue/municipal records in favour of MoR. Stations for development of Multi-Functional Complexes (MFCs) are identified by MoR/RLDA and assigned to RLDA by MoR.

1.3 Business of the Authority

RLDA is mandated to earn non-tariff revenue from surplus railway land entrusted to it under section 4D 2(ii) of the Railways Act, 1989. The main source of earnings is from leasing of the following four types of activities:

- **Commercial Development**: RLDA leases out land parcels, entrusted by the Railways, to private developers for development of residential, office complexes, shopping malls and hotels *etc.*, through open bidding process.
- **Multifunctional Complex (MFC)**: Multifunctional complexes are buildings located at railway stations to provide facilities for the railway passengers like shopping outlets, restaurants, budget hotels, ATMs, bookstores, medicine stores, *etc.* RLDA leases out, sites entrusted by MoR to the nominated Railway PSUs or to private developers.
- **Redevelopment of Railway Colony**: RLDA is tasked with redevelopment of railway colonies for adding economic value of prime city-centre locations and

[1] **Under Section 11 (da) of the Railways Act, 1989**

optimising the use of Floor Area Ratio (FAR)[2] or Floor Space Index (FSI) to generate funds for the redevelopment of aging colonies.

- **Station Redevelopment**: - Development/ upgradation/ modernisation of railway stations is undertaken by RLDA through developers to provide enhanced and modern facilities to the passengers.

1.4 Organisational Structure

- **Railway Board level:** Land Management and Amenities (L&A) Directorate of RB, under the overall direction of Member (Infrastructure) is responsible for laying down the policy for land management and ensuring /monitoring its implementation at the Zonal/Divisional level.
- **Zonal Railway level:** Principal Chief Engineer under the General Manager is the implementing and coordinating authority for various policies/orders issued by RB. He is assisted by Chief Engineer and Deputy Chief Engineer/Land Controlling Officer.
- **Divisional level**: Sr. Divisional Engineer is responsible for execution of various instructions for regulating usage of land, prevention and removal of encroachments, execution of agreements for commercial licensing *etc.* He is assisted in the field by the Assistant Engineer and Senior Section Engineer (Works/Permanent Way).
- **RLDA:** The Executive Board of RLDA consists[3] of a Chairman, Vice-Chairman and not more than four[4] other members. Member Engineering[5] (now Member Infrastructure), is the *ex-officio* Chairman of the Authority.

  RLDA Authority is responsible for preparing scheme(s) for use of railway land, to develop railway land for commercial use and to develop and provide consultancy, construction or management services.

  The organisational structure of RLDA is given in ***Annexure 1.1***.

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[2] **Floor Area Ratio (FAR) is the ratio of the total built-up area to the total plot area. FAR guidelines are determined by municipalities and generally differ from one locality to another. FAR is also known as Floor Space Index (FSI).**

[3] **U/S 4 B (1) of Railway Amendment Act 2005 (Act 47 of 2005).**

[4] **(i) Member/Planning, (ii) Member/Business Development, (iii) Member/Project, (iv) Member/Revenue under Section 4 B (3) of Railway Amendment Act 2005 (Act 47 of 2005) and RLDA (Constitution) Amendment Rules, 2020.**

[5] **U/S 4 B (2) of Railway Amendment Act 2005 (Act 47 of 2005).**

1.5 Audit Objectives

The Compliance Audit on "Development of Multi-Functional Complexes and Commercial sites by Rail Land Development Authority" was conducted to ascertain whether:

- Due process was followed in entrustment of land to RLDA;
- The process of conducting pre-contract activities was followed;
- The selection of developers was through a transparent, open, fair and competitive bidding process;
- The terms and conditions of lease agreements and MoUs were complied with; and
- The objective of generating non-fare revenue was achieved.

1.6 Audit scope and methodology

The compliance audit (CA) covers two out of four activities of RLDA *i.e.* commercial development of vacant railway land and construction of Multi-Functional Complexes (MFC) during the period of five years from 2018-19 to 2022-23.

The methodology employed in the CA included examination of records and files maintained at RB/MoR and RLDA. At RB, records related to the identification and entrustment of sites, lease periods, five-year plans, revised estimates, budget estimates, and earning targets assigned to RLDA were reviewed. Additionally, policy matters concerning RLDA, including acts, constitutional rules and regulations were scrutinised.

In the RLDA office, records and files such as annual accounts, Periodic Confidential Demi-Official (PCDO) letters, minutes of RLDA Board meetings, project files, appointment of consultant, analysis and appraisal of consultancy reports, court cases, taxation issues, ledgers, and accounts were examined. The methodology also included responses received from RLDA to audit enquiries and discussions held with RLDA officials & consultants.

The audit objectives, criteria, scope and methodology and the sample selection were discussed in the entry conference held in May 2023. The draft report was issued to RLDA in May 2024. Reply of the RLDA was received in August 2024 and the views of the Management have been incorporated in the report.

The audit findings and recommendations were discussed in an exit conference held on 7 August 2024.

The report was issued to the MoR on 15 May 2025 and the reply was received on 3 July 2025. The replies of the MoR, wherever received, have been incorporated in the Report.

1.7 Audit criteria

The audit criteria were drawn from the following sources:

- Railway Amendment Act, 1989.
- RLDA (Constitution) Rules, 2007 as amended from time to time.
- RLDA (Development of land and other works) Regulations, 2013 & JPO 2011.
- Records of land maintained at Land and Amenities Cell of MoR and RLDA.
- Guidelines/instructions issued from time to time by MoR/RLDA on the development of MFCs and Commercial sites.
- Annual Reports and Annual Accounts for the period 2018-19 to 2022-23.

1.8 Audit sample

As on March 2023, 126 commercial sites[6] were entrusted and 163 MFC sites were assigned[7] to RLDA since its inception in 2006. The number of sites selected in the audit sample are given in **Table 1.1**.

Table 1.1: Total number of commercial sites and MFC sites selected for audit

Type of site	Particulars	Total number of sites as 31/3/2023	No. of sites selected for Audit
Commercial sites	Awarded to private developers	35	13
	Sites not awarded	91	13
	Total (A)	**126**	**26**
MFC sites	Awarded to private developers	53	17
	Awarded to PSU	40	12
	Sites proposed for de-entrustment/ yet to be awarded	70	0
	Total (B)	**163**	**29**
	Grand Total (A+B)	**289**	**55**

[6] **125 commercial sites as per PCDO of March 2023 of RLDA. The sample size was selected on the basis of details of sites given in the PCDO. As per Annual Report 2022-23, 126 sites were entrusted to RLDA as on March 2023.**

[7] **RB decided (October 2010) on development of MFC at stations and assigned these stations to RLDA for collecting plans and relevant details from the concerned Zonal railways and submitting the joint/agreed site plan for entrustment of site.**

A. Commercial sites

Out of a total of 126 commercial sites entrusted to RLDA, the sample selected for audit consisted of 26 sites - 13 sites were selected from 35 awarded sites and another 13 sites were selected from 91 commercial sites where contract award was in progress (***Annexure 1.2***).

The total monetary value[8] of the 13 awarded sites was ₹ 2,396 crore, out of which the value of one site *viz.,* Ashok Vihar, New Delhi was ₹ 1,359 crore (56.72 *per cent*).

B. Multifunctional Complex (MFC) sites

Out of a total of 163 MFC sites assigned to RLDA, the sample selected consisted of 29 sites – 17 sites were selected from 53 sites awarded to private developers and 12 sites were selected from 40 sites awarded to PSUs (***Annexure 1.2***).

Thus, a total of 55 sites were selected as audit sample for the Compliance Audit.

1.9 Previous Audit coverage

A Compliance Audit Para 7.1 on 'Development of railway land for commercial use by Rail Land Development Authority' featured in the CAG Report No. 5 of 2018 (Railways). Audit had reviewed the progress of development of 17 sites by RLDA (upto 2016-17) and observed that none of these sites had been developed. It was noticed that there were delays in engagement of consultants and submission of reports by the consultants. Audit had pointed out deficiencies in entrustment of land to RLDA by the concerned Zonal Railways by providing encumbered land, identifying wrong sites or sites with incomplete papers *etc.* which resulted in non-development of 17 sites of 166.996 acres. Non-preparation of five-year plans was also pointed out.

The Report of the PAC (113th) on 'Development of railway land for commercial use by Rail Land Development Authority' was laid down in Parliament in February 2024. Five recommendations were given by PAC out of which two recommendations (Number one and three) pertain to the current audit findings. The issues raised by audit regarding non-development of project and non-preparation of five-year plans were discussed by the Public Accounts Committee (PAC) in its meeting (February 2024). The PAC noted that the Railway Board has issued instructions to all General Managers to ensure title of the railway land parcel in Railway's name and encumbrance/encroachment free land before entrustment to RLDA. The PAC also recommended that since development of land had a long gestation period, a vision map may be made by RLDA charting

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[8] **Monetary value means upfront lease premium paid by the developer for limited lease of an asset owned by the Government.**

targets for the next 20 years and then the five-year plans formulated keeping the long-term goals in mind.

1.10 Acknowledgement

Audit sincerely acknowledges the valuable inputs provided on various aspects and the cooperation extended by MoR/RLDA.

1.11 Records not produced to audit

Valuation reports of Jhansi and Vijayawada MFCs were not made available to Audit. Excel sheets (soft copy) of valuation done by the consultants through Discounted Cash Flow (DCF) method in respect of the sampled sites were not provided to Audit due to which Audit could not examine the outcome of the parameters adopted by the consultants in the valuation of land.

Chapter II

Overview of financial and physical progress and five-year planning

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Overview of financial and physical progress and five-year planning

The financial and physical progress achieved are indicators of the efficiency and effectiveness with which RLDA carries out its activities related to the development and management of Railway land and in accordance with the short-term and long-term plans.

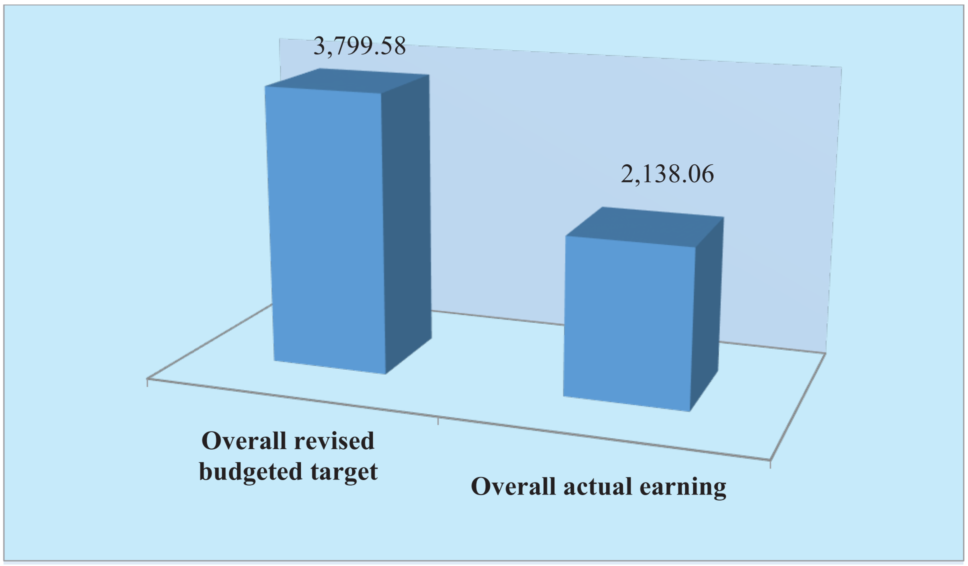
The overview of the financial and physical progress and preparation of five-year plans is given in the following paragraphs.

2.1 Financial progress of RLDA

During the period 2018-19 to 2022-23, the overall revised target of earning was ₹ 3,799.58 crore against which RLDA could achieve only ₹ 2,138.06 crore. Thus, there was short fall of ₹ 1661.52 crore (*43.73 per cent)* in overall actual earnings of RLDA.

Chart 2.1: Revised earning vis-a-vis actual earning during 2018-19 to 2022-23

(₹ in crore)



Budgeted earnings compared with overall actual earnings of RLDA during the period 2018-19 to 2022-23 are shown in **Table 2.1**:

Table 2.1: Year-wise Revised budgeted *vis-à-vis* Actual earnings

(₹ in crore)

S. No.	Year	Annual revised budgeted earnings target [9]	Actual* earnings	Shortfall (3-4)	Shortfall (*per cent*)
1	2	3	4	5	6
1	2018-19	661.30	81.61	579.69	87.66
2	2019-20	1,298.28	899.18	399.10	30.74
3	2020-21	776	340.10	435.90	56.17
4	2021-22	350	377.59	-27.59	-7.88
5	2022-23	714	439.58	274.42	38.43
	Total	**3,799.58**	**2,138.06**	**1,661.52**	**43.73**

Source: Records of RLDA

****Apart from earnings from commercial and MFC sites, actual earnings include Colony Redevelopment, Interest, forfeiture of security deposit, etc.***

From the above table it can be seen that there was a shortfall in achievement of budgeted earnings during all the years barring 2021-22. The shortfall ranged from ₹ 274.42 crore (38.43 *per cent*) in 2022-23 to ₹ 579.69 crore (87.66 *per cent*) in 2018-19.

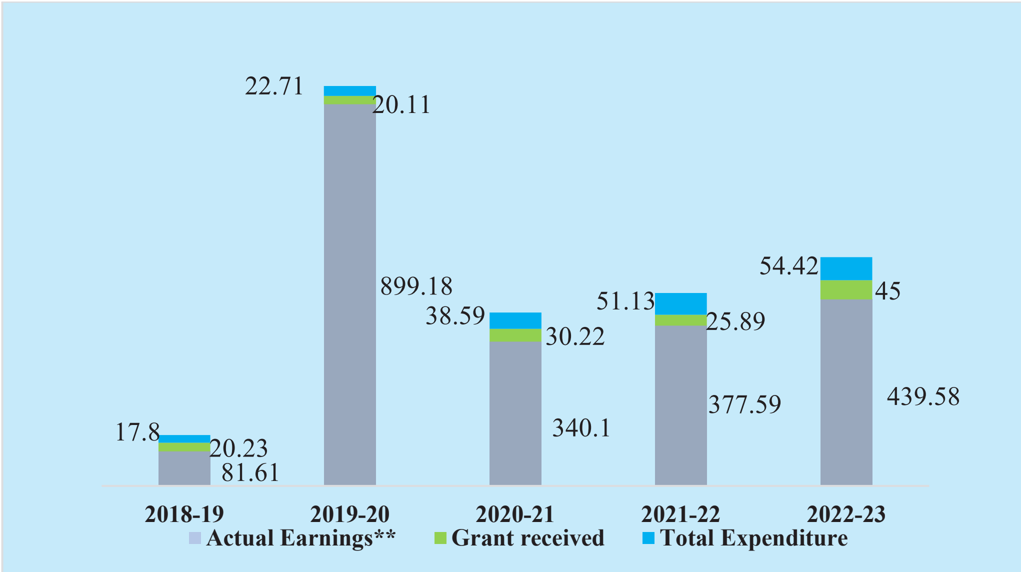
RLDA in its reply (August 2024) stated that earnings are based on the real estate market and reduced despite best efforts of RLDA.

MoR did not furnish (July 2025) any remarks in this regard.

RLDA's earnings include grants received from Central Government, own consultancy, construction management or operation of land and property, upfront lease premium and annual lease rent received from private developers retained as margin money as per prescribed norms of MoR. The earnings and expenditure of RLDA during the period 2018-19 to 2022-23 is shown in **Chart 2.2**:

[9] **Annual revised budgeted earnings approved by MoR is intimated to RLDA every year.**

Chart 2.2: Earnings and expenditure of RLDA during the period 2018-19 to 2022-23 **(₹ in crore)**



In 2019-20, RLDA received an amount of ₹ 800 crore from Dharavi redevelopment project on 15 June 2019 as per MoU signed between RLDA and DRP-SRA (Dharavi Redevelopment Project-Slum Rehabilitation Authority).

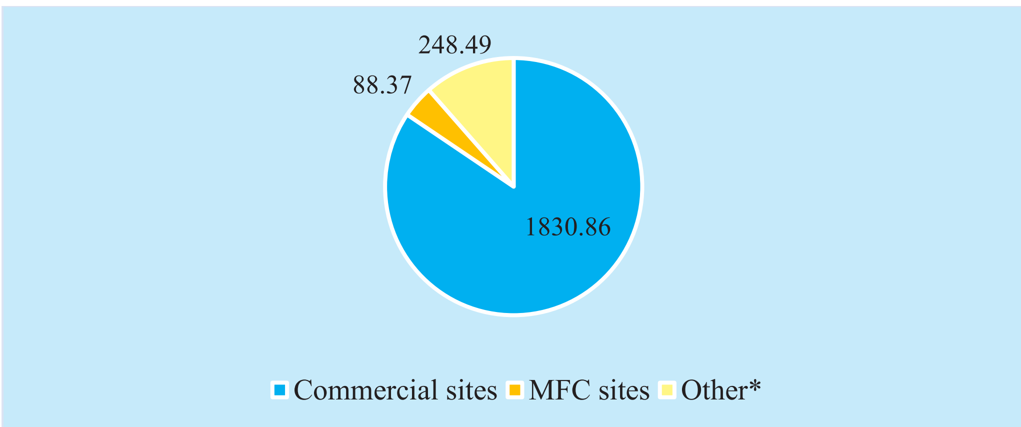
*****Apart from earnings from Commercial and MFC sites, actual earnings include colony and station redevelopment, interest, forfeiture of security deposit, etc.***

From the above, it can be seen that RLDA earned ₹ 2,138.06 crore during the period 2018-19 to 2022-23, out of which ₹ 1,919.23 crore was earned from the development of commercial and MFC sites.

Details of earnings of RLDA from different types of development activities during the period 2018-19 to 2022-23 are shown in Chart 2.3:

Chart 2.3: Earnings from different types of development activities

(₹ in crore)



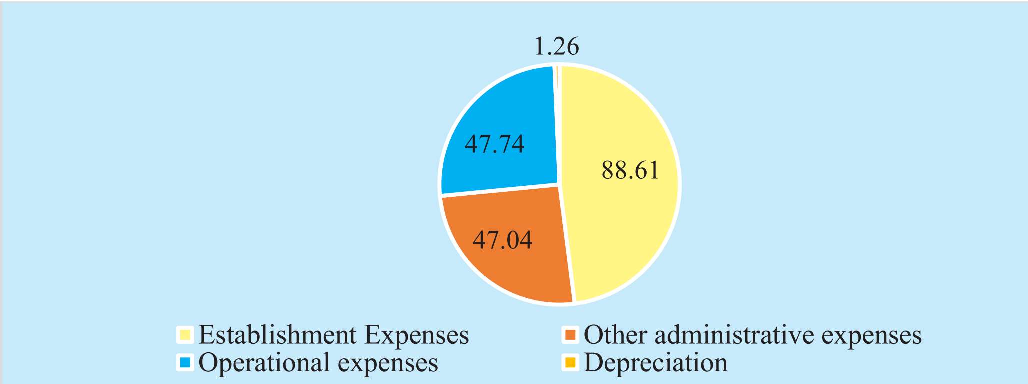
** Other earnings include earnings from colony and station redevelopment, interest, forfeiture of security deposit, etc.*

The main source of earnings[10] of RLDA during the period under review was from leasing of commercial sites (84.46 *per cent*).

Details of expenditure of RLDA from grants received from MoR during the period 2018-19 to 2022-23 are shown in **Chart 2.4:**

Chart 2.4: Expenditure of RLDA during the period 2018-19 to 2022-23

(₹ in crore)



RLDA incurred expenditure amounting to ₹ 184.65 crore. During the same period, RLDA received grant of ₹ 141.45 crore from MoR for establishment, administrative and operational expenses. Excess expenditure was recouped by RLDA from its own fund.

2.2 Physical progress of land development by RLDA

Findings related to physical progress of sites by RLDA is given in following paragraphs.

2.2.1 Physical progress in terms of land area

As on March 2023, Railways owned a total of 4,88,336.82 hectares of land out of which 62,740.44 hectare (13 *per cent*) land area was vacant. RB entrusted a vacant area of 997.83 hectare[11] (1.59 *per cent* of vacant land) to RLDA and out of this entrusted area RLDA could award only 87.76 hectare (8.80 *per cent* of entrusted land) of land for commercial and MFC development as shown in **chart 2.5.**

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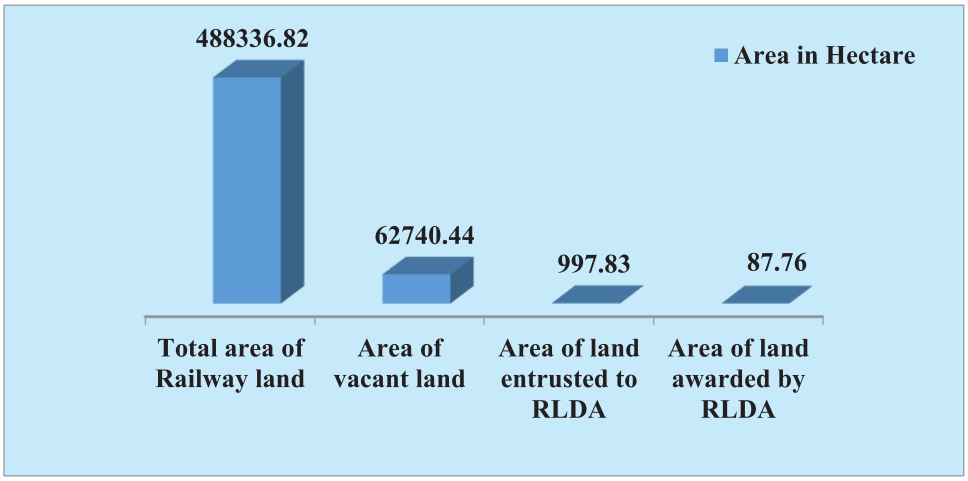
[10] The earnings of commercial and MFC sites are inclusive of ₹29.66 crore being refunds made to the developers. Activity-wise refund made to the developers was not available.

[11] This area includes land entrusted to RLDA colony redevelopment.

Chart 2.5: Status of land development by RLDA



2.2.2 Progress in terms of proposal for land entrustment

Details of proposals and entrustments of commercial sites and MFC sites during the period 2018-19 to 2022-23 are given in **Table 2.2**:

Table 2.2: Proposals and entrustment of commercial and MFC sites during the period 2018-19 to 2022-23

S. No.	Particulars	Number of sites	Area of the sites (in hectare)
1	Proposals received for entrustment of commercial sites to RLDA	188	657.09
2	Commercial sites entrusted to RLDA out of 188 proposals	59	203.83
3	Proposals of commercial sites pending for entrustment	129	453.26
4	MFC sites proposed for entrustment	0	0
5	MFC sites entrusted	0	0

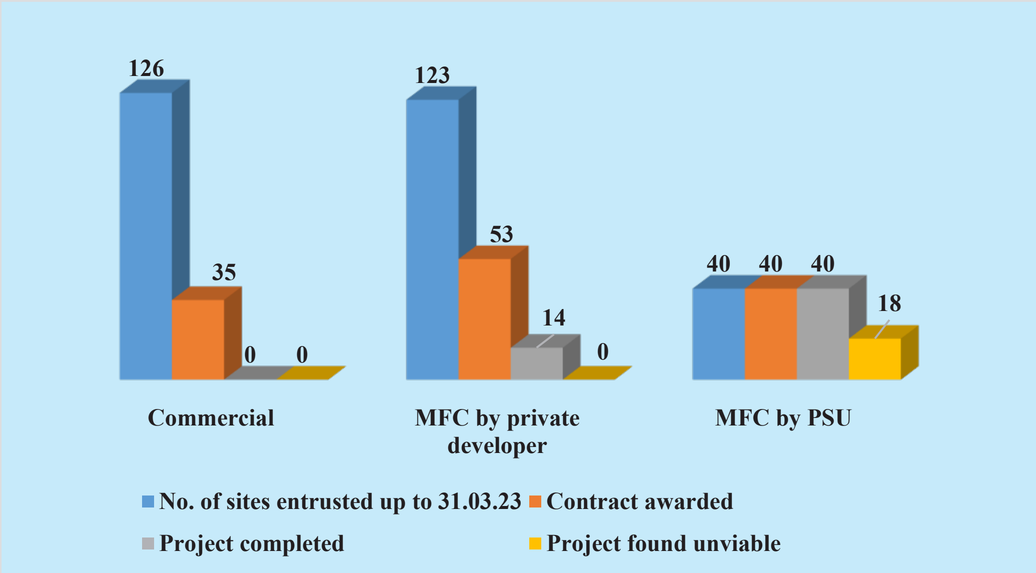
From the above table, it can be seen that out of the 188 proposals received for commercial development, RB could entrust only 59 proposals (31 *per cent)* and no proposal for MFC received by RB and entrusted to RLDA during the period.

2.2.3 Progress on development of RLDA project sites

As on March 2023, 126 commercial sites (532.91 hectare) and 163 MFC sites (29.03 hectare) had been entrusted to RLDA.

Out of 126 sites entrusted to RLDA since its inception in 2006, only 35 sites (27.8 *per cent)* were awarded by RLDA but no project was completed till 31 March 2023. Out of total 163 MFC sites, 93 sites were awarded and 54 sites have been developed by private and railway PSUs as given below in the **Chart 2.6:**

Chart 2.6: Status of development of project



2.2.3.1 Slow progress on development of commercial sites

Out of 126 sites entrusted to RLDA since its inception in 2006, only 35 sites (27.8 *per cent)* were awarded by RLDA. The first site was entrusted to RLDA in 2007. The status of these sites is given in **Table 2.3**: `

Table 2.3: Status of 35 awarded commercial sites

Stage of site development	No. of sites	No of months since entrustment upto March 2023		
		Minimum	Maximum	Average
Lease agreement executed[12]	24	3	47	15
Site handed over[13]	21	1	20	3
Sanction of development plan	6	Not available	Not available	Not available
Completed	0	-	-	-

From the above table, it can be seen that out of 35 awarded sites, agreements with developers had been executed in 24 sites out of which 21 sites had been handed over to the developers. The development plan of only six sites had been approved by RLDA. No agreement was executed in the remaining 11 sites[14]. None of these sites have been developed so far despite 17 years of establishment of RLDA.

[12] **Lease agreement to be executed within 120 days of awarding of site. Time calculated from awarding of site to execution of lease agreement for 22 sites, 2 sites record not available.**

[13] **Time calculated from execution of agreement to site handing over for 15 sites and details of remaining 6 sites not available.**

[14] **Agreement was not due in five sites, data of one site (Pullianthope) was not available, and agreement was due but not executed in five sites.**

The remaining 91 sites out of 126 sites are at early stages of the process of awarding for development as shown in **Table 2.4**:

Table 2.4: Status of 91 commercial sites not awarded as of March 2023

S. No.	Stage of site development	No. of sites	Time lapsed since entrustment (in months)		
			Minimum	Maximum	Average
Consultancy					
1	Architectural study[15] under process	14	6	130	29
2	Architectural study completed	4	21	39	31
3	Valuation under process by financial and marketing (F & M) consultant	24	1	196	33
4	Valuation completed by F & M consultant	3	21	87	51
5	F & M Consultancy[16] terminated	2	21	21	21
Request for proposal					
6	NIT invited	7	3	64	30
7	NIT invited but cancelled	2	21	193	107
8	NIT invited but failed	7	19	87	49
Miscellaneous					
9	Proposed for de-entrustment	11	19	79	36
10	Terminated after award	3	19	196	108
11	Others	14	1	196	64

From the above table, it can be seen that 47 (37 *per cent*) out of 126 commercial sites were at consultancy stage for a period ranging between one month (Ramnagar Station Yard, Uttarakhand) and 16 years (Nirala Nagar, Uttar Pradesh). These consisted of 14 sites which were languishing at the stage of architectural study for an average period of two years and five months. Architectural study of one site, i.e., Jhansi West, had not been completed even after ten years of entrustment. 24 sites (19 *per cent)* were at various stages of valuation over an average period of two years and nine months since their entrustment. One site (Nirala Nagar, Uttar Pradesh) was entrusted to RLDA in 2007 and awarded to F&M Consultant for valuation of the site in November 2017.The site was under valuation stage even after 16 years of entrustment.

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[15] **Topographic survey of site, collection/ verification of land records, preparation of plan, master plan provisions *etc.***

[16] **Real estate market analysis, financial models, project models, recommendation of guidance value.**

In 16 sites, the various stages of RFP had not been completed for periods ranging between three months and 16 years. These consisted of seven sites where NIT had been invited after an average period of two years and six months after entrustment. In nine of these sites, NITs were either cancelled, or no bid was received for a period ranging between one year & nine months (Airspace, Tirupati Station) and 16 years (ITDC Hotel, Aurangabad).

Eleven sites were proposed for de-entrustment after a lapse of maximum period of six years & six months (Shimla) since entrustment.

Further, Audit observed that there were no timelines for completion of various stages of development of sites. Substantial time had lapsed without development of the commercial sites which resulted in non-monetisation of sites and defeated the objective of RLDA of earning non-fare revenue.

2.2.3.2 Slow progress on development of MFCs sites

Out of 123 MFC sites[17], 112 sites had been entrusted to RLDA before the audit period (April 2018). 53 sites were awarded to private developers and 59 MFC sites were at various stages of development.

Status of these 53 awarded sites are given in **Table 2.5**:

Table 2.5: Status of 53 awarded MFC sites

Stage of site development	No. of sites	No of months since entrustment upto March 2023		
		Minimum	Maximum	Average
Lease agreement executed[18]	50	2	96	18
Site handed over[19]	50[20]	1	47	6
Completed	14	49	163	96

From the above table, it can be seen that out of 53 awarded sites, lease agreements had been executed in 50 sites, and all the 50 sites were handed over to the developers. Only 14 out of 53 MFC sites had been completed after an average period of eight years.

The remaining 59 MFC sites (to be developed by private developers) were at various stages of development as shown in **Table 2.6.**

[17] Out of total 163 sites, 40 sites were entrusted to PSUs.

[18] Time calculated from awarding of site to execution of lease agreement.

[19] Time calculated from execution of agreement to site handing over.

[20] The data of months since entrustment related to 28 handed-over sites. Data of remaining 22 sites was not made available.

Table 2.6: Status of 59 MFC sites not awarded as of March 2023

S. No.	Stage of site development	No. of sites	No. of months since entrustment		
			Minimum	Maximum	Average
1	Site inspection	2	122	146	134
2	Valuation under process	2	136	138	137
3	NIT invited	3	146	151	147
4	NIT invited but failed	11	124	156	142
5	Proposed for de-entrustment	29	104	157	141
6	Terminated after award	6	132	151	144
7	Lease agreement terminated	2	132	151	141
8	Others[21]	4	123	167	148

From the above table, it can be seen that four MFC sites were at the stages of site inspection and valuation with maximum time of 12 years & 2 months (Udhampur) since entrustment. In three MFC sites, NIT had been invited after an average period of 12 years. In 11 sites, NIT had failed after an average period of around 12 years. In one site (Dhakuria) NIT had failed after 13 years of entrustment to RLDA.

Six awarded sites were terminated after an average period of 12 years after entrustment. In two sites- (Hajipur) and (Somnath), lease agreements were terminated after a period of 11 years and 12 years respectively after their award.

Audit scrutinised the records of the commercial and MFC sites and found that the considerable time taken at various stages of development was due to re-tendering, re-valuation of sites, land title, encroachment and encumbrance issues.

MoR replied (July 2025) that various factors and issues need to be addressed before a site could be awarded for commercial development, including land documentation and ownership, encroachment and encumbrance, limited or inadequate access to the site, shifting of existing structures by other agencies, religious structures on entrusted land, lack of market demand for leasehold properties, etc. These factors have a direct impact on the timelines for project award and execution.

Audit acknowledges that various factors and issues mentioned by the MoR need to be addressed before a site is awarded. However, the fact remains that ZR should have addressed these issues before sending the proposal to the Railway Board as per extant directions. Moreover, there were no timelines for completion of various stages of development. The fact remained that RLDA could not develop even a single commercial site. Only 14 MFCs (11.38 *per cent)* out of 123

[21] **Under litigation, under re-development of station, site area not finalised.**

entrusted sites could be developed by Pvt. Developers. 40 MFCs (100 *per cent)* projects were developed by Railway PSUs till 31 March 2023 out of which 18 MFC projects (45 *per* cent) were found unviable.

2.3 Five-year Plans for commercial development of sites in RLDA

Para 6 of Chapter III of RLDA Constitution Rules, 2007 states that RLDA may prepare a five-year plan for the commercial development (Commercial & MFC) of sites proposed to be taken up under Railway Amendment Act[22]. The Authority may also prepare a five-year plan for consultancy, construction or management services and operations proposed to be executed by it in relation to the development of land and property under clause (iii) of sub-section (2) of Section 4D of the Act.

2.3.1 Non-achievement of Five-year Plan 2017-22 target

RLDA prepared a five-year plan (FYP) for the period 2017-2022. The FYP contained revenue potential and year-wise expected earnings from already entrusted commercial and MFC sites and newly identified sites yet to be entrusted. Details of earning received from awarded sites are depicted in the **chart 2.7 and chart 2.8:**

Chart 2.7: Status of target & achievement of earning during FYP (2017-22)

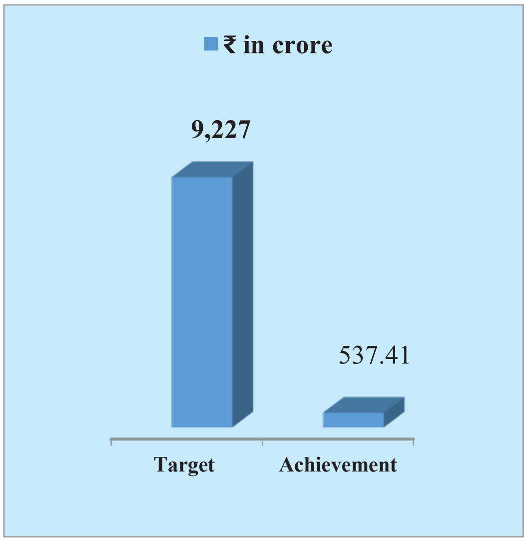
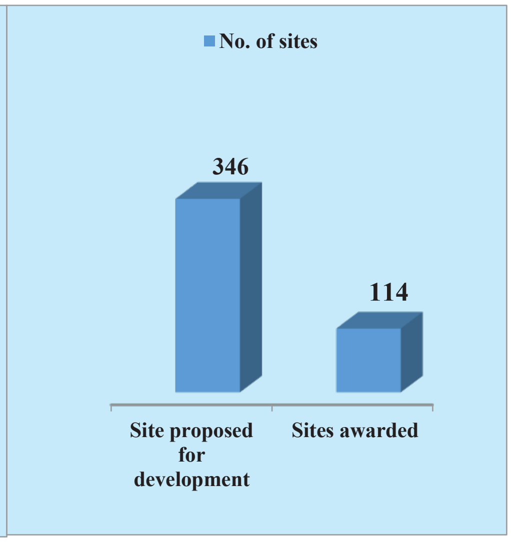


Chart 2.8: Status of proposed & awarded sites during FYP (2017-22)



From the above bar chart, it can be seen that RLDA could achieve earning of ₹537.41 crore (5.83 *per cent*) and could award only 114 proposed sites (32.95 *per cent*).

The details of targets of earnings *vis-à-vis* achievement during the FYP period ending March 2022 are shown in **Table 2.7**:

[22] **Railway Amendment Act clause (i) & (ii) of sub-section (2) of Section 4D of the Act.**

Table 2.7: Achievement of targets of expected earnings by RLDA (₹ in crore)

	Target during FYP 2017-22			Achievement of FYP 2017-22					
Status of site	Site Type	No. of sites	Target of expected earnings	No. of sites awarded	Earnings achieved	No. of sites not awarded (3-5)	Earnings shortfall (4-6)	Sites not awarded (*per cent*)	Earning shortfall (*per cent*)
1	2	3	4	5	6	7	8	9	10
Entrusted	Comm. sites	40[23]	5,371	15	424.83	25	4,946.17	62.50	92.09
	MFC sites	163	206	97	97.29	66	108.71	40.49	52.77
Not entrusted till Sept. 2016	Sites	143	3650[24]	2	15.29	141	3634.71	98.60	99.58
	Total	**346**	**9,227**	**114**	**537.41**	**232**	**8,689.59**	**67.05**	**94.17**

Source: Records of RLDA

It can be seen from the above table that there was a shortfall of ₹ 8,689.59 crore (94.17 *per cent*) in earnings during the five-year plan period 2017- 2022. The reasons for the shortfall were non-entrustment of sites to RLDA, cancellation of awards, litigation, non-completion of valuation and de-entrustment *etc*., and attributed to RB, Zonal Railways and RLDA.

Out of 143 sites planned for entrustment during FYP 2017-2022 only 22 had been entrusted by RB and RLDA awarded only two sites till the end of the plan period. Against the expected earnings of ₹ 3,650 crore for the FYP 2017-22, RLDA achieved earnings of only ₹ 15.29 crore (0.41 *per cent*). Thus, there was a shortfall of ₹ 3,634.71 crore (99.58 *per cent*) in expected earnings.

MoR replied (July 2025) that the achievement of targets depends on factors such as market scenario, status of project, and availability of encumbrance-free land with clear title. To boost developer participation and revenue generation, RLDA regulations were amended (September 2024) to align with RERA provisions, supporting both developers and end-users. RLDA is also exploring alternative development models to further enhance revenue from commercial use of railway land.

Audit acknowledges the efforts made by RLDA. However, the fact remains that the Five-year plan targets were not achieved and there was shortfall in expected earnings.

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[23] **As per GM Committee, there were 48 entrusted sites, however, details of eight sites were not known to RLDA.**

[24] **RLDA expected earnings of ₹ 18,242 crore (during the period 2017-2022) which translates to ₹ 3,648.40 crore *per annum*. RLDA considered 20 *per cent* of ₹ 3,648.40 crore *i.e.* ₹ 730 crore *per annum* as earnings from identified sites not yet entrusted. Further, this amount of ₹ 18,242 crore is for more than 143 sites, with some "Future sites" for 2017-2020 as noted in FYP documents.**

2.3.2 Non-preparation of Five-year Plan for the period 2022-27

RLDA had not prepared any FYP for the period 2022-27 as required under Para 6 of RLDA Constitution Rules, 2007. In absence of the FYP 2022-27, no targets for generation of non-fare revenue had been set by RLDA. Thus, achievement of the objective of the organisation for generation of non-tariff revenue and creation of assets for Indian Railways during 2022-27 was not clearly spelled out.

MoR replied (July 2025) that RLDA has formulated and communicated (November 2022) a revenue projection and asset monetisation plan for 2022–23 to 2029–30. Subsequently, a revised plan for 2024–25 to 2029–30 was forwarded (February 2025) to the Railway Board. Further, RLDA has prepared a comprehensive Vision Map-2047 to outline its strategic goals and development targets for the next 20 years.

Audit acknowledges that RLDA has prepared (March 2025) a comprehensive Vision Map-2047 to outline its strategic goals and development targets for the next 20 years in compliance of PAC recommendation. However, the Five-year plan had not been prepared as per provisions of Para 6 of RLDA Constitution Rules, 2007 which also stipulated preparation of plan for consultancy, construction or management services and operations proposed to be executed by RLDA. The revised asset monetisation plan submitted by RLDA was for revenue projections for the period 2024-25 to 2029-30 only. Moreover, it did not include above stated activities under Para 6 of RLDA Constitution Rules, 2007.

2.3.3 Non-correlation between RLDA Annual estimates and five-year plan (2017-22) targets

During the FYP 2017-22, RLDA fixed annual targets of expected earnings totaling ₹ 9,142 crore for the years 2018-19[25] to 2021-22. RLDA submits budget estimates to RB before the start of the financial year. Later, during the financial year, RLDA proposes revised estimates to RB for approval. Audit noticed that MoR fixed a target every year and directed RLDA to take immediate action to achieve the target of earning through Non-Fare Revenue (NFR).

The data related to annual targets in the FYP, annual targets set by RB, and the revised annual estimates submitted by RLDA during 2017-18 to 2021-22 are given in **Table 2.8**:

[25] **Figures of 2017-18 not available.**

Table 2.8: Annual Targets fixed by MoR/RLDA and Revised Estimates (₹ in crore)

Year	Annual target as per FYP	Budget Estimate	Target for NFR fixed by RB	Revised estimate by RLDA to RB	Variation Annual Target and Revised Estimate (2-5)	Variation (%) (6/2) *100	Variation RB Target and Revised Estimate (4-5)	Variation (%) (8/3) *100	Actual earnings	Earning (%) of RB target (10/4)*100	Earnings (%) of revised estimate (10/5) *100
1	2	3	4	5	6	7	8	9	10	11	12
2017-18	**83***										
2018-19	1,471	NAV	NAV	661.3	809.7	55.04	-	-	81.61	-	12.34
2019-20	2,368	1,503.72	3,219.6	1,298.3	1,069.7	45.17	1,921.3	59.68	899.18	27.93	69.26
2020-21	3,026	1,431	2,834.14	776	2,250	74.36	2,058.14	72.62	340.1	12	43.83
2021-22	2,277	1,879	1,800	350	1,927	84.63	1450	80.56	377.59	20.98	107.88
Total	**9,142**		**7,853.74**	**3,085.6**	**6,056.4**	**66.25**	**4,768.14**	**60.71**	**1,698.48**	**21.63**	**55.05**

Source: Records of MoR and RLDA

(Note*: Other Data for the year 2017-18 was not made available to Audit, NAV implies Not Available)

Audit observed that there was a significant variation of annual target as per FYP and the revised estimate of RLDA over the plan period amounting to ₹ 6,056.40 crore (66.25 *per cent*). There was also a significant variation between the annual target fixed by RB and the revised estimate of RLDA over the plan period amounting to ₹ 4,768.14 crore (60.71 *per cent*). This indicated deficiencies in the planning process of RLDA.

Against the annual target of earnings fixed by RB, RLDA could register partial achievement which ranged from 12 *per cent* (2020-21) to 27.93 *per cent* (2019-20). Even against the revised estimates, RLDA could register partial achievement, ranging from 12.34 *per cent* (2018-19) to 69.26 *per cent* (2019-20), except in the year 2021-22 in which 107.88 *per cent* of the revised target was achieved.

Thus, unrealistic annual targets were set by RLDA in its five-year plan. Further, RLDA's actual earnings were lower than its revised estimates, except in the year 2020-21. The reasons for non-achievement of the revised targets were due to delay in awarding of sites[26], non- awarding of sites[27] and termination of contracts after award of sites[28] by RLDA due to non-payment of ULP by the developer.

The non-achievement of revised targets was also due to reduced area of site[29], encroachment or legal issues at the site[30] and termination of contract of awarded site[31] under NGT bye laws.

The MoR in its reply (July 2025) stated that achievement of revenue targets depends on multiple factors, including the prevailing market scenario, status of

[26] **Ayanawaram, Chennai; Rana Pratap Nagar, Udaipur; Bangalore Cantt, Bengaluru; Nirala Nagar, Kanpur.**

[27] **Bandra-East, Mumbai.**

[28] **Johnsganj, Ajmer; Sawai Madhopur; ITDC, Aurangabad.**

[29] **Shahamatganj, Bareilly.**

[30] **PF Road, Bangalore.**

[31] **Shimla.**

ongoing projects, and the availability of encumbrance and encroachment-free land with clear title. In a significant policy move, RLDA Regulations have been amended (September 2024) to align with RERA provisions and to better support the financial requirements of developers and end-users.

Audit acknowledges the recent efforts made by RLDA, but the fact remains that neither MoR nor the RLDA ensured entrustment of encumbrance and encroachment free land with clear title resulting in deficit in achievement of annual targets and Five-year plan targets for revenue generation.

2.3.4 Target and actual earnings- Analysis of selected commercial sites

Out of 26 selected commercial sites, 16 commercial sites (12 sites were entrusted sites in FYP and four[32] sites were yet to be entrusted) were part of FYP 2017-22. Only six out of 12 sites entrusted during FYP were awarded. Three sites were awarded after FYP period i.e., in 2022-23. Audit analysed the expected earnings and actual earnings from these 16 commercial sites. Details are given in ***Annexure 2.2***. The analysis revealed the following:

(i) Against the expected earnings of ₹ 3,281.32 crore from 16 sites[33], RLDA could earn only ₹ 332.79 crore (10.14 *per cent*) from six awarded sites. No earnings were received from the remaining ten sites.

(ii) No earnings were received in respect of three commercial sites proposed but not awarded during FYP 2017-18 to 2021-22.

(iii) In Shimla site, RLDA had projected expected earnings of ₹ 75.32 crore whereas the revenue potential of the site was ₹ 65 crore. Since the expected revenue of any site cannot be more than revenue potential of the site, it showed that RLDA did not carry out due diligence in assessing the expected earnings of the site at planning stage.

(iv) Audit compared the revenue potential with the reserve price of 13 sites in which reserve prices were evaluated by RLDA and observed that in seven sites *i.e.*, 53.85 *per cent* of the sites, revenue potential was significantly higher than the reserve prices evaluated. The revenue potential and reserve price of two sites *i.e.*, Ashok Vihar was ₹ 1,500 crore and ₹ 1,280 crore respectively whereas revenue potential and reserve price of Bengaluru Cantt. Plot-A was ₹ 100 crore and ₹ 236 crore respectively.

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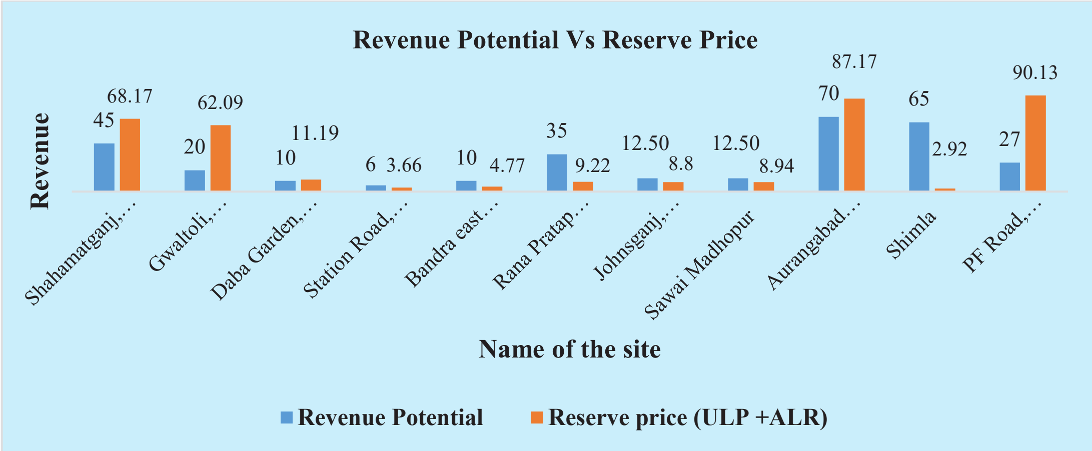
[32] **Ayanawaram, Chennai; Bengaluru Cantt. Plot-A; Shimla; Rana Partap Nagar, Udaipur.**

[33] **Shahamatganj, Bareilly; Gwaltoli, Kanpur; Ashok Vihar, New Delhi; Daba Garden, Vishakhapatnam; Station Road, Raxaul; Bandra east (small) II, Mumbai; Rana Pratap Nagar, Udaipur; Bangalore Cantt. Plot-A; Johnsganj, Ajmer; Sawai Madhopur; Aurangabad ITDC; Shimla; PF Road Bangalore; Ayanawaram, Chennai is excluded from 16 sites.**

The following chart shows the comparison between revenue potential and reserve price of 11 sites.

Chart 2.9: Comparison between revenue potential and reserve price

(₹ in crore)



From the above it can be seen that the actual earnings were significantly less than the expected earnings in the 16 sampled sites. Similarly, the revenue potential was also significantly higher than the reserve price for these 16 sites. This indicated deficiencies in evaluation process of the sites at planning stage.

MoR accepted (July 2025) the audit findings as a matter of record.

2.4 Financial management by RLDA

The earnings from development of sites by RLDA include royalties, concession fee, licence fee *etc*. These earnings from commercial development of railway land include upfront/annual lease rent and interest on delayed payments *etc*. Central Government provides funds both for administrative and establishment expenses as well as for operational expenses based on budgetary approval.

Findings related to earnings and expenditure of RLDA are given in following paragraphs.

2.4.1 Earnings transferred to MoR and margin money retained

MoR has allowed the Authority to retain margin money of 15 *per cent* of earnings for development sites. The remaining 85 *per cent* of the earnings have to be transferred to MoR.

The details of revenue generated by RLDA from development of railway sites during the period 2018-19 to 2022-23 and the earnings transferred to MoR are given in **Annexure-2.2.**

Audit observed the following:

2.4.1.1 Short transfer of earning amounting to ₹ 233.44 crore by RLDA to MoR

As per MoR instructions dated 6 December 2017, RLDA was allowed to retain 15 *per cent* of total earnings and 85 *per cent* of total earnings was transferred to MoR. During the check of earning (2018-19 to 2022-23), it was noticed that RLDA earned ₹ 2,138.06 crore, out of this ₹1,817.35 crore was to be transferred to MoR. However, RLDA transferred only ₹1,583.91 crore which has resulted in short transfer of ₹ 2,33.44 crore to MoR by RLDA.

2.4.1.2 Excess retention of margin money by RLDA

As per MoR instructions dated 6 December 2017, RLDA was allowed to retain 15 *per cent* of total earnings. During the check of earning (2018-19 to 2022-23), it was noticed that RLDA earned ₹ 2,138.06 crore during the period 2018-19 to 2022-23 and as per above provision RLDA was allowed to retain ₹ 3,20.71 crore as margin money. However, RLDA had retained an amount of ₹ 3,24.63 crore which resulted in excess retention of margin money amounting to ₹ 3.92 crore in violation of MoR instructions.

MoR in its reply stated (July 2025) that as per RLDA's mandate, 15 *per cent* of total annual receipts is retained as margin money. This share is held temporarily until the formal handover of sites, after which it is duly transferred. No excess margin money is retained during this process. During this interim period, retained earnings are kept in term deposits.

The reply of MoR is not acceptable as RB had directed (February 2011) RLDA to transfer the earnings to Zonal Railways by 15th of the following month. Further, there was no provision for retention of margin money until the handing over of site to the developer. Thus, the excess margin money was retained by RLDA in contravention to RB directions.

2.4.2 Excess expenditure over grant received

As per para 14(2), Chapter VII (Finance and Budget) of RLDA Constitution Rules, 2007 funds will be provided by the Central Government both for administrative and establishment expenses as well as for operational expenses based on budgetary approval. Details of grant received from MoR and expenditure incurred by RLDA during the period 2018-19 to 2022-23 is shown in **Table 2.9**:

Table 2.9: Amount of Grant received and expenditure incurred (₹ in crore)

S.No.	Year	Grant received from MoR	Expenditure incurred by RLDA (including depreciation)	Excess expenditure	Excess expenditure (*in per cent*)
1	2018-19	20.23	17.80	-2.43	-12.01
2	2019-20	20.11	22.71	2.60	12.93
3	2020-21	30.22	38.59	8.37	27.70
4	2021-22	25.89	51.13	25.24	97.49
5	2022-23	45.00	54.41	9.41	20.91
Total		**141.45**	**184.64**	**43.19**	**30.53**

Source: Audited annual accounts of RLDA for the years from 2018-19 to 2022-23

Thus, except for the year 2018-19, RLDA's expenditure exceeded the grant received from MoR during the review period.

MoR in its reply (July 2025) noted the audit findings and stated that Budgeted Estimates for the ensuing years, along with Revised Estimates and final modifications for the current financial year, are regularly submitted to the Ministry of Railways (MoR) after a realistic assessment of expected expenditure.

Audit acknowledges that the Budgeted Estimates/Revised Estimates and final modifications are submitted for ensuing years after a realistic assessment of expected expenditure, however, the fact remains that during audit period, the expenditure exceeded grant received from MoR.

2.4.2.1 Expenditure on establishment in excess of 2.50 *per cent* of budgeted earnings

The notification of MoR (June 2008) stipulated that RLDA may from time to time create additional temporary posts based on its future business plans and RLDA Board shall decide the same, subject to the condition that the overall expenditure on manpower including regular strength shall not exceed 2.50 *per cent* of the annual budget earnings.

It was observed that establishment expenditure remained below the cap of 2.50 *per cent* of budgeted earnings in the years 2018-19 to 2020-21. But during 2021-22 and 2022-23, the establishment expenditure was above the cap of 2.50 *per cent* of budgeted earnings *i.e.* 5.94 *per cent* and 3.89 *per cent* respectively. Audit also observed that the establishment expenditure as a percentage of actual earnings during the review period exceeded the prescribed limits except during 2019-20.

RLDA in its reply (August 2024) stated that during the past years, the primary objective of RLDA has witnessed several changes including feasibility study of 18 Railway Stadiums and four heritage hill railways[34], station redevelopment works *etc*. In order to meet targets, new field offices have been opened resulting

[34] **Darjeeling Himalayan Railway, Nilgiri Mountain Railway, Neral-Matheran and Kalka Shimla railway.**

in increase in establishment cost. The induction of 45 Assistant Project Engineers (APEs) on contract basis for supervising station redevelopment has led to increased establishment costs. This expenditure incurred is not directly related to RLDA's primary function of land monetisation, hence, it is inappropriate to link these costs to the 2.5 *per cent* ceiling cap on earnings.

RLDA reply is not acceptable as MoR had provided separate funds for establishment[35] expenditure on station re-development projects.

RLDA further stated that its regulations allow developers to sub-lease only built-up areas, which is in conflict with RERA's provisions. This prevents the developers from registering their projects under RERA and has led to reluctance among developers to bid for Railway land, impacting achievement of targets by RLDA.

MoR did not furnish (July 2025) any remarks in this regard.

2.5 Conclusion

During the period 2018–19 to 2022–23, RLDA achieved overall earnings of only ₹ 2,138.06 crore against the target of ₹ 3,799.58 crore, resulting in a shortfall of ₹ 1,661.52 crore (43.72 *per cent*).

Despite the availability of 62,740.44 hectares of vacant railway land, only 997.83 hectares (1.59 *per cent*) were entrusted to RLDA by the Railway Board, and out of this, merely 87.76 hectares (8.80 *per cent*) were awarded for commercial and MFC development.

Since inception in 2006, RLDA awarded only 35 out of 126 entrusted commercial sites (27.8 *per cent*), with none of the awarded projects completed as of 31 March 2023. Similarly, in the case of MFC projects, out of 163 sites, 93 were awarded, and only 54 could be developed by private developers and Railway PSUs.

Planning by RLDA for generating non-fare revenue through commercial development of railway land was deficient. RLDA prepared a five year plan (2017–2022) for commercial and MFC sites and against the projection of ₹ 9,227 crore in FYP, RLDA achieved actual earnings of merely ₹ 537.41 crore (5.83 *per cent*), with only 114 sites (32.95 *per cent* of proposed sites) awarded. Furthermore, subsequently RLDA did not prepare the next five year plan in line with its objectives and as per its Constitution Rules.

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[35] **Establishment expenditure is charged under D & G (Direction and General) charges in Station Redevelopment work.**

2.6 Recommendation

Considering dismal progress of RLDA against its own target and plans for development of commercial and MFC sites, RLDA should develop a detailed and realistic Five-Year Plan, with clear time-bound targets for land monetisation, based on thorough assessment of market potential and site readiness. This plan should be prepared and reviewed periodically in coordination with the MoR and MoR should also ensure timely and adequate entrustment of commercially viable land parcels.

Chapter III

Entrustment of land and Engagement of consultants

Chapter III

Entrustment of land and Engagement of consultants

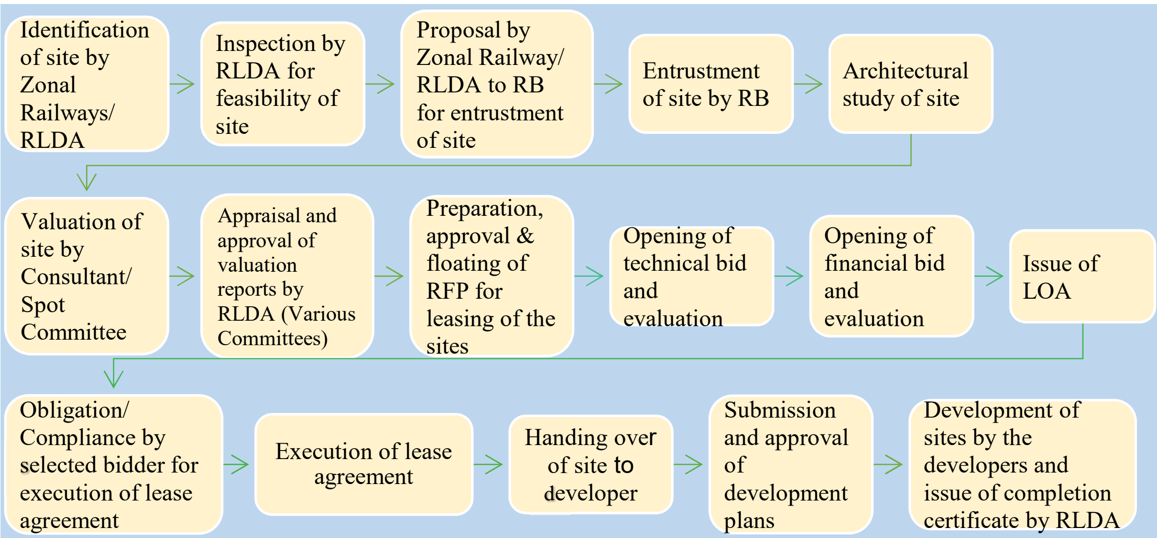
Zonal Railways/MoR and RLDA identify vacant railway land not required for operational purposes and having potential for commercial development. After identification of the vacant site/land, Zonal Railways/RLDA send proposals to Land & Amenities (L&A) Directorate of MoR for entrustment of land to RLDA. MoR examines the proposals for approval. After approval, the land is entrusted to RLDA for development.

After a site is entrusted to RLDA, it appoints consultants, through open bidding, for conducting feasibility studies for determining the type of project development and valuation of the sites. Two panels for consultants are prepared by RLDA for Architectural and Financial & Marketing (F&M) consultancy respectively. RLDA also appoints a General Consultant for providing general consultancy for sites with potential value of upto ₹ 50 crore.

3.1 Process of entrustment and development of sites

A flow chart of the activities for entrustment and development of sites (Commercial/MFC) is given in **Chart 3.1**:

Chart 3.1: Activities for entrustment and development of sites



(The Spot Committee[36] comprises of 2-3 JGMs/DGMs from Project & Finance wings. Other committees comprise of GM committee, Members Committee and RLDA Board formed for appraisal and approval of valuation reports submitted by the consultants).

No timeline for identification, inspection, proposals, entrustment and valuation of site is prescribed either by RB or RLDA. However, after award of consultancy

[36] **Spot Committee is a committee constituted by RLDA to evaluate the sites with earning potential upto ₹ 10 crore.**

and development contract, timelines were prescribed for various stages of activities.

3.1.1 No time frame for processing proposals for entrustment of land to RLDA

As per para 27(5) of Chapter VIII of RLDA Constitution Rules 2007, the Central Government shall consider for approval, the proposals including any scheme/schemes for use of Railway land submitted by the Authority through a fast-track mechanism, which shall, however, be subject to prior scrutiny by the appropriate Directorate of MoR, but in a definite time frame to suit the business requirements of the Authority.

The above provisions require the L&A Directorate of MoR to maintain data on the proposals for entrustment of land and take timely action against each proposal. Audit observed that no data bank containing (a) year-wise proposals for entrustment of land received from Zonal Railways & RLDA and (b) proposals of land entrustment pending for approval was maintained at L&A Directorate of MoR. It was also observed that MoR had neither prescribed any fast-track mechanism for submission of proposals for entrustment of sites nor prescribed any time frame for approval of proposals. No manuals/ guidelines and online monitoring system /software for approval of proposals were prepared by MoR.

This had resulted in long duration of time taken for entrustment of sites to RLDA for project development.

MoR in its reply (July 2025) stated that guidelines for the identification of vacant railway land under the Land Asset Management System (LAMS) have been issued to facilitate the systematic recording of data for future planning and potential commercial utilisation. These guidelines also mandate the mapping of all categories of land usage on the IR-Geoportal, enabling annual monitoring and status updates of land use across the Indian Railways network.

However, the fact remains that data bank containing year-wise proposals for entrustment of land received from Zonal Railways and RLDA pending for approval at L&A Directorate of MoR was not maintained in LAMS.

3.1.2 Pendency in approval of proposals of commercial sites by MoR

The proposals for entrustment of sites to RLDA are sent to MoR by Zonal Railways/RLDA for approval. Although no timelines have been prescribed for approval of proposals of entrustment, Audit scrutinised the records at Land & Amenities (L&A), Directorate of MoR, to examine the pendency in approval of proposals received for commercial projects during the period from 2018-19 to 2022-23. The year-wise details are given in **Table 3.1**:

Table 3.1: Year-wise details of pendency of approvals

Year	Proposals received	Proposals approved		Proposals pending (*per cent*)	Area covered in proposals received (sqm)	Area entrusted (sqm) (*per cent*)	Area pending entrustment (sqm) (*per cent*)
		Year of approval	No. approved				
2018-19	26	2018-19	3	11 (42.3)	8,41,667	2,30,996 (27.5)	6,10,671 (72.6)
		2019-20	6				
		2020-21	4				
		2021-22	2				
		2022-23	0				
		Total	**15**				
2019-20	18	2019-20	0	9 (50.0)	17,67,496	57,110 (3.2)	17,10,386 (96.8)
		2020-21	7				
		2021-22	1				
		2022-23	1				
		Total	**9**				
2020-21	12	2020-21	2	3 (25.0)	5,13,921	2,65,187 (51.6)	2,48,734 (48.4)
		2021-22	6				
		2022-23	1				
		Total	**9**				
2021-22	42	2021-22	12	21 (50.0)	22,47,204	7,99,167 (33.6)	14,48,037 (64.4)
		2022-23	9				
		Total	**21**				
2022-23	90	2022-23	5	85 (94.4)	12,00,684	6,85,877 (57.1)	5,14,807 (42.9)
Total	**188**		**59 (31.4)**	**129 (68.6)**	**65,70,972**	**20,38,337 (31)**	**45,32,635 (69)**

Source: Compiled by Audit from the records of MoR

From the above table, it can be seen that proposals for 188 sites (65.71 lakh sqm), were received by MoR during the period 2018-19 to 2022-23 out of which only 59 commercial sites (20.38 lakh sqm) were entrusted to RLDA. The remaining 129 commercial sites (45.33 lakh sqm) *viz.,* 69 *per cent* of proposals were still (March 2023) pending for entrustment at MoR.

Since there was no prescribed timeline for approval of proposals, Audit analysed the reasons for pendency of 44 proposals pending for more than one year i.e. proposals received during 2018-19 to 2021-22. Audit observed that proposals for 39 commercial sites[37] were pending entrustment on account of non-receipt of

[37] **Daulkot, Hubbali-Keshawpuram, Hubbali-Land parcel opposite Railway Museum, Hubbali-Vinobha Nagar, Hubbali-Cement Chawal Railway colony, Hubbali open Railway ground near KV, Hubbali-open to Hubbali main entrance near Swarn Paradise MFC, Old DRM office-Firozpur, Ranchi North Settlement, Ranchi South Settlement, Jam Nagar, Old goods shed Solapur, Akola North Side, Bhusawal JRP colony, Great Eastern Road Bilaspur, Adarsh Nagar, Sarojini Nagar, Plot alongwith GT Road Near GZB Railway Station, Vishakapatnam- Kancharapalam, Vishakapatnam – L 16 & 17, Vishakapatnam- Railway football ground, Land at Rishikesh Railway station, Plot at Mussorie, vicinity of Okhla Railway Station, Plot at Sewa Nagar, Plot at Tuglakabad, Plot near TKD towards Okhla, Plot along track between TKD and Faridabad near greenfield Pvt. Colony, vicinity of Bharoli yard, vicinity of Nurpur road Railway station near Jasur Market, Railway land at Yewatmal, Patna Sahib, Bina, Satna near Indira**

formal proposals and requisite certificates (non-encumbrance certificate/title in favour of Railways/ land not required for future use) from the concerned Zonal Railways. The proposals in respect of the remaining five sites were pending entrustment on account of non-receipt of feasibility report from RLDA (two sites[38]), and financially not viable (two sites[39]). Reasons for pendency in respect of one site (Chennai-Rattan Bazaar) were not found on record.

The slowest progress was seen during 2022-23 as only 5 out of 90 proposals received had been approved.

Hence, the proposals of entrustment of 129 commercial sites (45.33 lakh sqm) could not be approved due to absence of requisite certificate, feasibility reports and lack of monitoring at Railway Board level which resulted in non-achievement of non-fare revenue.

MoR replied (July 2025) that the entrustment of vacant surplus land to RLDA for commercial use is a continuous process. MoR had issued guidelines to Zonal Railways to ensure that proposals forwarded to Railway Board for entrustment to RLDA for undertaking commercial utilisation are complete in all respects. MoR regularly monitors pending cases to enable timely decisions and efficient land utilization. RLDA supports this effort by expediting site inspections, conducting pre-feasibility surveys, and assisting Zonal Railways in preparing proposals, including gathering necessary documents. Although processing timelines vary due to factors like litigations, future railway plans, and delays in land record acquisition, coordinated efforts among MoR, Zonal Railways, and RLDA aim to streamline and accelerate the process. RLDA's role commences upon formal entrustment of the site by the Railway Board.

MoR acknowledged that the timeline for processing each site varies due to multiple factors, such as pending litigations, court cases, planned future railway developments, and delays in obtaining land records from revenue authorities.

However, neither MoR nor RLDA had ensured litigation free sites and obtaining land records from revenue authorities before entrustment to RLDA, leading to delays in development of the sites.

Further, MoR had not prescribed any timelines for approval of the proposals received from Zonal Railways or RLDA. Hence, the fact remains that there were pendencies in approval of proposals for entrustment to RLDA.

Market, Satna near waste water recycle plant, Satna opposite station Plot-A, Satna opposite station plot B, Satna opposite station plot C, Satna opposite station plot D.

[38] **Kota-Closed loco shed, Kota Near Sogariya village colony plot**

[39] **Thanesar and Bhusawal Shanti Nagar**

3.1.3 Considerable time taken for entrustment of commercial sites to RLDA by MoR

During the period 2018-19 to 2022-23, MoR entrusted 102 commercial sites[40] to RLDA for development. Out of these 102 sites, entrustment details relating to nine sites were not found on record. In the selected 26 commercial sites, the average time taken for entrustment of 19 selected sites[41] was one year & one month. Time taken in entrustment of 93 commercial sites and 19 selected commercial sites is given in **Chart 3.2**:

Chart 3.2- Time taken in entrustment of Commercial sites

From the above chart it can be seen that 42 sites were entrusted within one year, 37 sites were entrusted between periods ranging between one year and five years and 14 sites were entrusted beyond a period of five years.

Audit observed vast variation in the time taken to entrust commercial sites. The average processing time for entrustment of the commercial sites was two years and five months. While for one site (Mahim), it was noticed that the proposal of the ZR was forwarded (26 February 2019) and the site was entrusted by RB (27 February 2019) i.e., within one day as this land was to be used for joint development by RLDA with Dharavi Redevelopment Project/Slum

[40] **These 102 sites were entrusted during the period 2018-19 to 2022-23 and included 59 sites for which proposals were received during the period 2018-19 to 2022-23 and entrustment was done during this period also. The proposals for the remaining 43 sites were received before the audit period but entrustment was finalised during the period 2018-19 to 2022-23.**

[41] **Excluding three sites (Nirala Nagar Kanpur; Shahamatganj Bareilly and PF Road Bangalore) for which RB guidelines were not applicable at the time of entrustment and in four sites (Airspace Puri; Ambedkar Circle-Vishakhapatnam; Gwaltoli, Kanpur & Bandra East, Mumbai) data of entrustment was not available.**

Rehabilitation Authority, nine site[42] were entrusted between five to seven years two site[43] entrusted between seven to eight years and three sites[44] of Ajmer were entrusted after a period of eight years and four months.

Audit scrutiny of the records showed that the reasons for variation in the time taken for entrustment were encumbrance issues, delayed submission of requisite certificates by Zonal Railway to MoR, delay in feasibility report by RLDA to MoR *etc.*

As MoR/RLDA had not prescribed any time frame for entrustment of sites, the delays could not be quantified. Considerable time taken for entrustment of the sites ultimately resulted in delays in monetisation of the sites.

RLDA in its reply stated (August 2024) that its field units have been instructed to pursue with the Railways for early action. RLDA further stated that the time taken for each site depends upon complexity of the site such as land litigation, collection of land papers from revenue authorities, court cases, future Railway planning in the town *etc.*

The reply of RLDA is not acceptable as encumbrance free sites with clear land title and not required for future use were to be proposed for entrustment as per RB instructions.

MoR did not furnish (July 2025) any remarks in this regard.

- **Analysis of sampled selected cases:**

From the above chart it can be seen that 12 sites were entrusted within one year; six sites were entrusted by MoR between one year and five years; and, one site (Ambari, Guwahati site) was entrusted beyond a period of five years.

The reasons for delay in entrustment of sites were delay in submission of requisite certificate of non-encumbrance/encroachment by the Zonal Railway; delay in submission of feasibility certificate by RLDA to RB *etc.*, which points to lack of monitoring and deficient internal control in RLDA.

RLDA in its reply stated (August 2024) that there was no Schedule of Procedure issued in RLDA for identification of vacant Railway land. However, identification of Railway land was done during visits to Railway stations, Railway colonies & establishments, through discussions with Railway officials, during station re-development planning and thereafter, RB and ZRs are requested to entrust such identified vacant Railway land.

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[42] Sirsa, Hanumangarh, Sagaria, Ambari, Mandi, Vijaywada (three sites), Guntakul
[43] Rattangarh (two sites)
[44] Ajmer sites 1, 2 and 3.

The fact remains that RLDA did not have any institutionalised mechanism for identification of Railway land which led to substantial time taken for entrustment of sites resulting in delay in land monetisation.

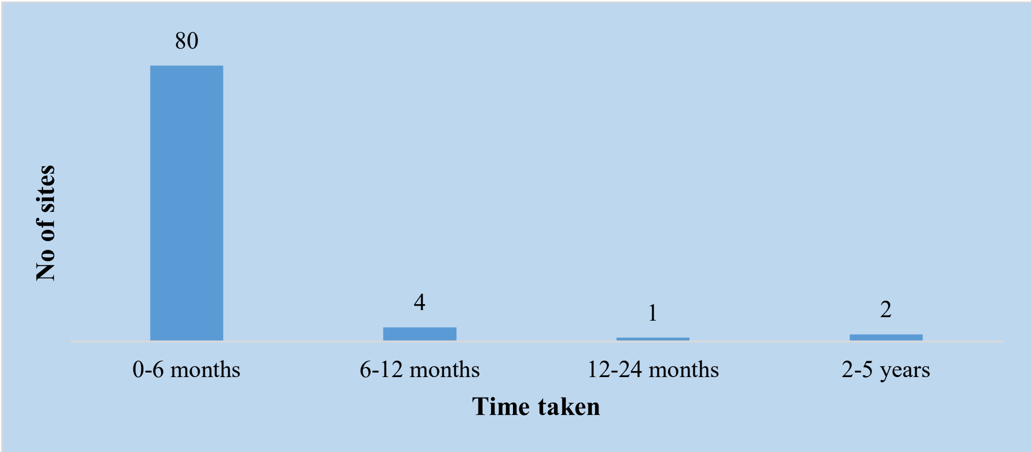
MoR did not furnish (July 2025) any remarks in this regard.

3.1.4 Considerable time taken in entrustment of MFC sites to RLDA by MoR

As on March 2023, 123 MFC sites had been assigned to RLDA. Out of these 123 MFC sites, 11 sites had not been entrusted by MoR while the details of 25 sites were not available.

Audit scrutinised the time taken by MoR in entrustment of the remaining 87 MFC sites. The time taken for entrustment is given in **Chart 3.3**:

Chart 3.3: Number of MFC sites entrusted



From the above chart, it can be seen that 84 MFC sites (96.55 *per cent*) were entrusted within one year and three MFC sites were entrusted after more than one year. The average time taken for entrustment of 87 MFC sites by MoR was 99 days. The time taken for entrustment ranged between 11 days (Krishna Nagar, Murshidabad, Madarihat *etc.*); three years and four months (Rayagada and Srikakulam).

RLDA in its reply stated (August 2024) that 80 cases were entrusted within six months and delays occurred in the remaining proposals due to specific issues in the sites.

However, the fact remained that no time frame for approval of the entrustments was stipulated resulting in varying amount of time taken in approval of entrustment cases at MoR level.

MoR did not furnish (July 2025) any remarks in this regard.

Analysis of sampled selected cases:

(i) Delay in handing over MFC sites to be developed by PSUs

RB prescribed (December 2009) a timeline of 30 days for handing over the MFC sites and furnishing of structure and commissioning within 12 months in respect of sites to be constructed through nominated Railway PSUs.

Audit noticed that Railway PSUs developed 40 MFCs[45] as on March 2023. Audit selected 12 MFCs developed by IRCON (6), RITES (4) and RVNL (2) for detailed scrutiny. Scrutiny of records showed the following:

- Time taken for entrustment of 12 sites (entrusted after 4 December 2009) by RB to RLDA ranged between two months to one year from the scheduled date (2 January 2010) of handing over.
- RLDA handed over[46] (after 2 January 2010[47]) 12 sites to PSUs after delays ranging between one month and one year & six months.

(ii) Non-entrustment of three sites to be developed by private developers till the prescribed date of commissioning

RB advised (October 2010) that RLDA should take immediate action and develop the MFC sites in a time-bound manner and instructed RLDA to commence MFC development latest by June 2011 and complete/commission the MFCs within twelve months.

Audit analysed the time taken in entrustment of the selected MFC sites to be developed by private developers and observed that the average time taken from the assignment by RB to entrustment for 14 sites[48] was one year & one month. Maximum time taken for entrustment of selected sites by RB was for Sambalpur (five years & two months) due to non-finalisation of the site by the Zonal railway and RLDA.

Audit observed that none of the selected MFC sites was commissioned within the prescribed timeframe. Out of the 17 MFC sites, three sites (Sambalpur, Raxaul and Sasaram) had not been entrusted to RLDA by MoR even after the prescribed time (June 2012) for commissioning of the project.

RLDA accepted (August 2024) the audit findings regarding entrustment of sites to PSUs and stated that the facts are a matter of record. RLDA further stated that

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[45] 24 MFC by IRCON, 14 MFCs by RITES and 2 MFCs by RVNL.

[46] Joint handing over agreement executed between ZR, RLDA and Railway PSUs.

[47] 10/12/2009 + 30 days = 9/1/2010.

[48] Out of selected 17 sites, there was no delay in one site (Bhagalpur) and records of two MFCs (Nanded; Jhansi) have not been provided to Audit by RB and RLDA.

it has exercised due diligence for each of the MFC sites and 57 sites had been proposed for de-entrustment to RB.

MoR did not furnish (July 2025) any remarks in this regard.

3.1.5 Entrustment of sites to RLDA despite having encroachments, encumbrances and without clear land title resulting in non monetisation of sites

Land with clear title, free from encroachments and encumbrances, is essential for its monetisation as it ensures legal ownership and marketability. Without these, disputes, litigation, and regulatory hurdles for seeking approvals from authorities may arise, leading to delays in entrustment and development of sites, financial losses for developers, loss of earnings to MoR *etc.*

Zonal Railways, at the time of identification of land/site for entrustment, had to ensure[49] that it was in full possession of unimpaired title of land and land title records, plans etc. and that requisite mutation existed in revenue/municipal records in favour of Railway Administration. Zonal Railways should keep the land free from encroachment and all encumbrances.

RLDA had to conduct[50] preliminary site inspections to ascertain suitability of sites for commercial development after identification of land. RLDA Regulations 2012 also provided that if a site has land title, encroachment or encumbrance issues, RLDA may seek review of entrustment by giving reasons. RLDA Regulations 2012 further provided that verification of boundaries, title and permitted land use and survey of encumbrances, encroachments and need for rehabilitation of encroachers was to be carried out either by the RLDA or their consultant.

MoR at the time of processing the proposals for entrustment of land should also ensure that the land is free from encroachments and encumbrances.

The process flow indicating various stages of identifying and addressing land related issues including the agency responsible to undertake checks so that any land related issue, if existing is resolved, is given in ***Annexure 3.1***.

(i) Audit scrutiny of 26 selected commercial sites showed that 15 sites had issues relating to land title/ mutation, encroachment, and encumbrance as shown in **Table 3.2**:

[49] **RB instructions to Zonal Railways of 28 April 2009**

[50] **RLDA's Office Order (27 September 2011)**

Table 3.2: Details of sites with land related issues

Land issues	Name of sites	No. of sites	*Per cent* (out of 26 sites)
Unclear Land Title	Ashok Vihar, New Delhi; Salt Golah, Howrah and Chittaranjan Locomotive Works- Gate No. 1, Chittaranjan	3	11.54
Unclear Land Title and Encumbrance	Gwaltoli, Kanpur	1	3.85
Encroachment	Bandra East, Mumbai; Station Road, Raxaul; Waltax Road, Chennai; Shahamatganj, Bareilly and ITDC, Aurangabad	5	19.23
Encumbrance	Durgabadi, Gorakhpur; Bhusawal; Daba Garden, Vishakhapatnam; Mettuguda, Hyderabad and Lokgram Kalyan, Mumbai	5	19.23
Encroachment and Encumbrance	Ambari, Guwahati	1	3.85
Total (projects with land issues)		**15**	**57.69**

Source: Records of RLDA

From the above table it can be seen that in 58 *per cent* of the sampled cases there were land title issues, encroachment and encumbrance issues indicating failure at all levels (Zonal Railways, RLDA and MoR) to ensure availability of clear land for development.

(ii) Audit further examined the records of each of these 15 sites to ascertain the various stages at which the issues discussed above were identified and whether they were acted upon for entrustment. The analysis of the land title and encroachments is detailed in **Tables 3.3 and 3.4**:

a) Land title issues

Table 3.3: Land title issues

S. No.	Name of site	Whether issue was identified by					
		ZR in proposal to RB	RLDA in site Inspection report prior to entrustment	RB before entrustment	RLDA in Architect report	RLDA in RFP for leasing of site	By the developer after award of site
1	Gwaltoli, Kanpur	NAV*	Site entrusted before 27/9/2011[51]	No	No	No	Yes
2	Ashok Vihar, Delhi	Site entrusted before 28/4/2009[52]	Site entrusted before 27/9/2011	No	Yes	Not in 1st RFP	Issue resolved in 2nd RFP

[51] **As per RLDA Office Order (September 2011) RLDA was to conduct preliminary site inspections to ascertain suitability of sites for commercial development after the identification of land.**

[52] **RB (April 2009) instructed ZRs to submit certificates regarding clear land title, land free from encroachment and encumbrance and land not required for operational purpose.**

S. No.	Name of site	Whether issue was identified by					
		ZR in proposal to RB	RLDA in site Inspection report prior to entrustment	RB before entrustment	RLDA in Architect report	RLDA in RFP for leasing of site	By the developer after award of site
3	Salt Golah, Howrah	No	No	No	Yes	Yes	No
4	Chittaranjan Gate No. 1	No	No	No	Yes	RFP not invited as site was proposed for de-entrustment.	

*NAV implies Not Available

From the above table it can be seen that land title issues in all the above sites were identified after entrustment of sites to RLDA. Audit observed that there was a failure at all levels (Zonal Railways, RLDA and MoR) to ensure availability of clear land for development.

In respect of Chittaranjan Gate No.1 and Salt Golah, Howrah, the land title issues were highlighted in the Consultants' report but ZR, RB and RLDA ignored the fact that this site had land title issues. In Gwaltoli, Kanpur, the land title issues were highlighted by the developer only after award of site.

b) Land encroachment and encumbrance issues:

Table 3.4: Land encroachment and encumbrance issues

Land encroachment issues								
S. No.	Name of site	Whether issue was identified by						
		ZR in proposal to RB	RLDA in Site Inspection report prior to entrustment	RB before entrustment	RLDA in Architect report	RLDA in RFP for leasing of site	By the developer after award of site	RLDA, ZR and developer during site handing over
1	Raxaul	Site entrusted before 28/4/2009	Site entrusted before 28/9/2011	Site entrusted before 28/4/2009	No	Yes	No	No
2	Shahamatganj, Bareilly	No	Site entrusted before 28/9/2011	No	Yes	No	Yes	Site handed over except encroached area
3	Bandra East Small, Mumbai	No	NAV*	No	Yes	No	Yes	Yes
4	Ambari, Guwahati	No	Yes	No	Yes	No	No	No
5	Waltax Road, Chennai	No	Yes	No	Yes	Yes	Not awarded	
6	ITDC, Aurangabad	Site entrusted before 28/4/2009	Site entrusted before 28/9/2011	No	Yes	No	Not awarded	

Land Encumbrance issues								
1	Ambari, Guwahati	Yes	Yes	Yes	Yes	Yes	No	Yes
2	Gwaltoli, Kanpur	NAV	Site entrusted before 28/9/2011	No	No	No	No	No
3	Mettuguda, Hyderabad	Yes	Yes	Yes	Yes	Yes	Issue resolved	
4	Daba Garden, Vishakhapatnam	Site entrusted before 28/4/2009	Site entrusted before 28/9/2011[53]	No	Yes	No	Yes	No
5	Durgabadi, Gorakhpur	Yes	NAV	Yes	No	RFP not invited		
6	Bhusawal	No	No	No	No	No	Yes	Site not handed over
7	Lokgram Kalyan (additional land)	Yes	NAV	Yes	Yes	RFP not invited		

***NAV implies Not Available**

Audit observed that:

(a) Out of 15 sites, no certificates for encumbrance/encroachment were required in respect of three sites as these sites were entrusted before MoR order of April 2009 and for one[54] site, the proposal by the Zonal Railway was not available. Audit observed that out of the remaining 11 sites, the concerned Zonal Railway issued clearance certificates (encumbrance/ encroachment free and clear title in favour of the Railways) in seven[55] sites (58.3 *per cent*) despite existence of such issues. RB entrusted four sites[56] to RLDA despite certification by the Zonal Railways that the site was not encroachment free/encumbrance free.

(b) In 10 out of 15 sites, where site inspection by RLDA was required[57] to ascertain the suitability of sites, RLDA did not identify and report land related issues to RB in three[58] cases while records related to seven sites were not available.

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[53] **RLDA was to conduct preliminary site inspections to ascertain suitability of sites for commercial development after identification of land.**

[54] **Gwaltoli, Kanpur.**

[55] **Salt Golah, Howrah; Chittaranjan Gate No.1; Shahamatganj, Bareilly; Bandra East Small Awarded, Mumbai; Ambari, Guwahati; Waltax Road, Chennai; Bhusawal.**

[56] **Durgabadi, Gorakhpur; Ambari, Guwahati; Mettuguda, Hyderabad and Lokgram Kalyan, Mumbai.**

[57] **As per the RLDA's Office Order dated 27 September 2011.**

[58] **Salt Golah, Howrah; Gate No.1 CLW, Chittaranjan; Bhusawal.**

(c) In four[59] out of 15 sites, even architectural consultants had not reported any land related issues despite this aspect being part of their defined activity.

(d) In seven[60] (63 *per cent*) out of 11 sites where RFPs were invited, RLDA did not mention land related issues in the RFP.

(e) In six sites[61], documents for land title and details of encroachment/ encumbrance were not uploaded by RLDA along with the RFP for the purpose of bidding of commercial projects.

Shahamatganj (Bareilly)

Zonal Railways (NER) in its proposal stated that this site was encroachment free. RB entrusted (5 November 2009) the site to RLDA for commercial development. After entrustment, RLDA requested (December 2009) Zonal Railways to reconfirm that the land was encroachment and encumbrance free and the same was confirmed (18 January 2010) by Zonal Railways.

The site inspection of RLDA showed that there were encroachments in Part A of the site. Subsequently, the architectural consultant also confirmed that there were soft as well as hard encroachments measuring 9,395.45 sqm in the Part A of Shahamatganj site.

Despite these encroachments, RFP was invited (25 June 2021) by RLDA and LoA was issued (2 November 2021) to this developer at a lease premium of ₹ 89.10 crore for Plot-A measuring 65,588 sqm.

At the request of the developer and based on legal advice, RLDA demarcated the encroached area and excluded it from the contract agreement while the remaining part of land was handed over to the developer for commercial development under a revised LoA (13 August 2022) with reduced area of 57,135.967 sqm and reduced lease premium of ₹ 77.61 crore.

Thus, RLDA had to revise the LoA (Shahamatganj Site) on account of encroachment which resulted in reduction of leased area and reduction of lease premium by ₹ 11.49 crore.

(f) In one site (Bhusawal), the developer was the first one to identify the land issue after award. In five[62] sites, developers raised concerns with RLDA regarding land related issues.

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[59] **Gwaltoli, Kanpur; Station Road, Raxaul; Durgabadi, Gorakhpur; Bhusawal.**

[60] **Gwaltoli, Kanpur; Ambari, Guwahati; Shahamatganj, Bareilly; Bandra east small awarded, Mumbai; ITDC, Aurangabad; Daba Garden, Vishakhapatnam; Bhusawal.**

[61] **Shahamatganj, Bareilly; Bandra East, Mumbai; Ashok Vihar, New Delhi; Salt Golah, Howrah, Gwaltoli, Kanpur and Station Road, Raxaul.**

[62] **Gwaltoli, Kanpur; Shahamatganj, Bareilly; Bandra East Small Awarded, Mumbai; Daba Garden, Vishakhapatnam; Bhusawal.**

(g) Three[63] sites were handed over despite encroachment and encumbrance issues.

The checks at various stages (during identification, site inspection, entrustment, consultancy, site handing over) built into the process to ensure that the land handed for development was free from title issue, were ignored by Zonal Railways/RLDA/RB. The reasons for ignoring the title issues were not on record. However, these lapses in internal control had resulted in retendering in one site[64], reduction in entrusted land area to developers in three sites[65], court cases in three sites[66], de-entrustment of one site[67], delay in handing over of site to the developer in one site[68] and termination of LOA in two sites[69]. Thus, the objective of maximisation of non-fare revenue by monetisation of sites by RLDA could not be achieved.

MoR in its reply (July 2025) stated that initially it was expected that State Governments would assist in removing encroachments from railway land. However, there were significant delays due to unavoidable factors. Additionally, many Zonal Railway's proposals included all vacant land, without considering commercial viability or operational relevance, leading to inconsistencies. To address this, the Railway Board issued guidelines directing Zonal Railways to propose only encumbrance-free and non-operational land for commercial use which have significantly reduced discrepancies and improved the efficiency and effectiveness of the land management process.

MoR further stated that earlier, in the absence of clear and comprehensive guidelines regarding the utilisation of vacant railway land for commercial purposes or future railway expansion, Zonal Railways proposed a larger number of land parcels for monetisation. These actions were taken in good faith to support revenue generation, despite the prevailing ambiguity in policy direction at the time.

MoR has accepted that Zonal Railways proposed almost all vacant land for entrustment irrespective of its commercial potential, record availability or relevance to future railway development resulting in inconsistencies and inefficiencies in the process.

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[63] **Shahamatganj, Bareilly; Bandra East Small Awarded, Mumbai; Ambari, Guwahati.**

[64] **Gwaltoli, Kanpur**

[65] **Salt Golah, Howrah; Station Road, Raxaul; Shahamatganj, Bareilly**

[66] **Gwaltoli, Kanpur; Durgabadi, Gorakhpur; Shahamatganj, Bareilly**

[67] **CLW Gate No. 1, Chittaranjan**

[68] **Daba Garden, Vishakhapatnam**

[69] **Gwaltoli, Kanpur; Bhusawal**

However, despite the MoR instructions (April 2009) regarding submission of proposals for land parcels with clear land title, encroachment-free and encumbrance-free, Zonal Railways proposed land having above issues. It was noticed that 11 out of 15 selected sites having issues related to land were entrusted after the MoR instructions.

3.1.6 De-entrustment of commercial sites and MFC sites

Paras 6(1) & 6(2) of Chapter-II of RLDA Regulations, 2012 provide that based on pre-feasibility or feasibility study, if a site is having any encroachment/encumbrance issue or in case the Railway Administration is not in full possession of unimpaired title of land, the title records, plans etc., or the requisite mutation does not exist in revenue or municipal records in favour of Central Government, RLDA may seek review of entrustment by giving reasons.

On the basis of the above review, a site can be de-entrusted. De-entrustment means revoking or withdrawing the authority granted to RLDA for the development of specific land sites by MoR. De-entrustment essentially involves transferring control or management of the entrusted land back to MoR.

Audit findings related to de-entrustment are given in the following paragraphs:

A) De-entrustment of commercial sites due to non-adherence of MoR instructions

Year-wise information regarding commercial sites de-entrusted from RLDA during the period 2018-19 to 2022-23 is shown in **Table 3.6**:

Table 3.6: Year-wise position of de-entrustment of commercial sites

S. No.	Year	Number of sites de-entrusted	Area of sites de-entrusted (in sqm)
1	2018-19	2	32,342
2	2019-20	0	0
3	2020-21	1	10,300
4	2021-22	3	99,572
5	2022-23	13	1,94,054
	Total	**19**	**3,36,268**

Source: Records of Railway Board

From the above table it can be seen that during the period under audit scrutiny, 19 sites (18.45 *per cent*) out of 102 entrusted sites proposed by RLDA & ZR were de-entrusted. Scrutiny of the records showed that de-entrustment in respect of eight sites[70] proposed by RLDA was due to issues such as encroachment/encumbrance (2), non-feasibility (4), non-viability (1), or the sites

[70] **Railway Island (Pallanthuruthi), Park Station Chennai, MMTS Station Lakdi Ka Pul Hyderabad, MMTS Station Sanjivaiah Park, Lancer Barrack, Chittaranjan Gate No.2, Site No. 4 Asansole, Bandra West.**

were part of colony redevelopment (1). 11 sites[71] were proposed by ZRs[72] for de-entrustment citing operational use of land for railway purposes (7), encumbrance (1), exchange with defence (1) and metro expansion (2). Audit observed that though the reasons for de-entrustment in respect of 16 sites were justified, the reasons for de-entrustment of three sites[73] having encroachment/encumbrance issues were not justified as MoR instructions (April 2009) were not adhered to by ZR and RLDA.

RLDA, while accepting the audit observation, stated (August 2024) that a system has been developed whereby prior to sending any proposal for entrustment, pre-feasibility study is done by RLDA in consultation with the Railways.

The reply is not acceptable as the system of pre-feasibility study was put in place by RLDA vide JPO No 6 of 2011[74] which streamlined various activities to be undertaken by RLDA before initiation of bid process. It included preliminary inspection of site to collect/verify basic information such as accessibility to site, encroachments at site, ownership details etc.

RLDA did not report the land-related issues in pre-feasibility studies to MoR resulting in de-entrustment of sites. Thus, despite existence of a system of conducting pre-feasibility studies by RLDA, these sites with land related issues were entrusted to RLDA.

MoR did not furnish (July 2025) any remarks in this regard.

B) Non-processing of de-entrustment cases by MoR despite repeated proposals by RLDA for de-entrustment of MFC sites

Scrutiny of records regarding de-entrustment of MFCs by MoR during the period under audit scrutiny showed that proposals for de-entrustment of 39 MFCs sites were sent on 12 March 2021 by RLDA to RB citing poor technical and financial viability. Audit observed that the proposals for de-entrustment of 32 out of these 39 sites were sent to MoR repeatedly on earlier occasions also (21 sites[75] in 2015 and 23 sites[76] in 2013).

No action has been taken by MoR for de-entrustment despite repeated proposals even after a lapse of more than a decade. The reasons for not taking any action on such cases were not on record.

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[71] **Egmore, Chennai; Burdwan Road Plot B; Poes Garden, Chennai; Shakurbasti, Delhi; Nagapattinum; Lancer lines OCO Compound; Near Moula Ali Flyover, Hyderabad; Chetpet; Perumburu; LTT, Mumbai; Bijoli Qrtrs Area.**

[72] **SR (5), NFR(1), NR(1), SCR(2), CR(1), ER(1).**

[73] **Burdwan Road Plot B, Siliguri; Lancer Barrack; Site No.4 Asansol.**

[74] **JPO No 6 of 2011**

[75] **11 April 2013**

[76] **23 March 2015**

Thus, the time taken by MoR in deciding on the de-entrustment proposals sent by RLDA was fairly high. Further, MoR had not defined any time frame for processing proposals for de-entrustment of sites.

RLDA, while accepting the audit observation, stated (August 2024) that the matter was being pursued with RB.

MoR did not furnish (July 2025) any remarks in this regard.

3.2 Engagement of consultants for assessment of commercial sites

As per para no. 35 (1) of Chapter IV of Regulations 2012, the Authority may appoint consultants for feasibility studies, marketing, bid process management, verification or validation of land records and such other services or activities as and when required by the Authority.

Initially, RLDA followed comprehensive consultancies for all commercial sites *i.e.* involving architectural planning as well as valuation, marketing and bid process management. In 2015, RLDA management noted that the expertise required for architectural consultancy and the expertise required for valuation & marketing required different sets of experts. Accordingly, separate panels for architectural consultancy and that for Financial and Marketing (F&M) consultancy were approved.

RLDA finalised (June 2018) formats for valuation of commercial sites with potential up to ₹10 crore and lease period up to 45 years and 99 years through a Spot Committee. Valuation of sites with an expected value between ₹ 10 crore and upto ₹ 50 crore is done by the Spot Committee or General Consultant whereas sites with potential value of more than ₹ 50 crore is done by F&M Consultant.

The audit findings related to engagement of consultants are given in the following paragraphs.

3.2.1 No action despite poor participation by F&M consultants empanelled for commercial sites

RLDA floated (April 2015) a Request for Empanelment (RFE) of F & M consultants for providing consultancy services for commercial development of vacant land in Indian Railways and constituted (September 2015) a panel of 10 consultants[77] for a period of three years *i.e.* up to 3 September 2018.

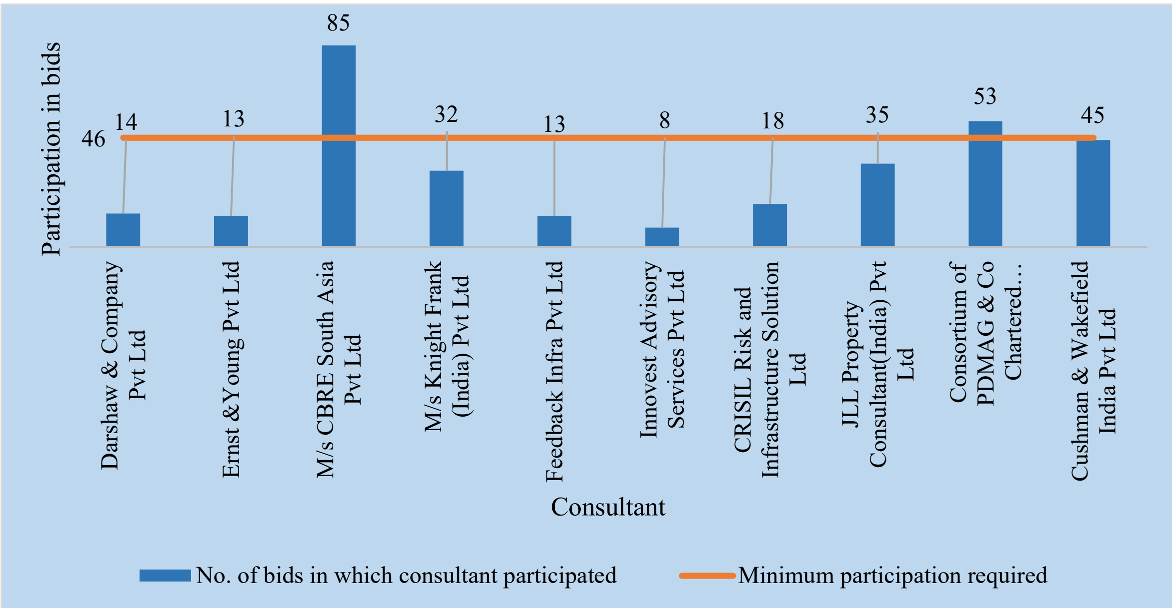
[77] **1. Darshaw& Company Pvt. Ltd, 2. Ernst & Young Pvt. Ltd., New Delhi 3. CBRE South Asia Pvt. Ld., New Delhi. 4. Knight Frank India (Pvt.) Ltd. 5. Feedback Infra Pvt. Ltd., 6. Innovest Advisory Services Pvt. Ltd., 7. CRISIL Risk & Infrastructure Solutions Ltd., Mumbai, 8. Jones Lange La Salle Property Consultants Pvt. Ltd., 9. Consortium of M/s PDMAG & Co. Chartered Accountants and M/s RSP Advisor 10. Cushman & Wakefield India Pvt. Ltd.**

Empanelment was extended upto March[78] 2021. After March 2021, fresh empanelment was made by RLDA.

As per clause 11.3 of the above RFE, if an empaneled consultant failed to participate in at least one out of three consecutive bids for consultancy for reasons other than conflict of interest as per clause 8.0, then RLDA could take action to remove the name of the consultant from the list of empaneled consultants and forfeit the security deposit (SD).

RLDA floated 140 Request for Proposals (RFPs) during the empanelment period (September 2015 to March 2021) for awarding consultancy work and as per the above criteria, each empanelled consultant should have submitted at least 46 RFPs[79]. Audit examined the proposals submitted by the consultants. The extent of participation against the minimum level required is shown in **Chart 3.4:**

Chart 3.4: Participation by consultants in 140 bids



From the above chart, it is seen that eight out of ten consultants did not satisfy the conditions of participating in at least 46 RFPs out of 140 RFPs i.e. once in three consecutive RFPs. Although required as per terms of RFE, RLDA did not take any action to remove these eight consultants from the empaneled list despite their poor participation.

MoR in its reply stated (July 2025) that RLDA is an evolving organisation and the pool of qualified consultants remains limited, therefore, it was not considered

[78] RLDA extended (August 2018) the validity of the existing panel of consultants initially for a period of one year and thereafter three times for a period of six months each *i.e.* up to March 2021.

[79] Total RFP floated = 140, Minimum participation required= 1/3 i.e., 140/3= 46.

appropriate to remove any empaneled consultants. Future decisions regarding continuation or removal will be taken based on a performance review of the existing empaneled consultants.

Though MoR has accepted the audit contention, the explanation is not acceptable as RLDA was established in 2006 and had working experience of over nine years at the time (2015) of seeking empanelment of consultants. Further, RLDA did not assess the participation by consultants periodically and continued the empanelment by giving repeated extension to all the eight consultants till March 2021.

3.2.2 Empanelment of F&M consultants for commercial sites despite poor past performance

RLDA initiated (February 2021) the process for creation of a new panel of F&M consultants for sites with potential between ₹ 50 crore and ₹ 300 crore. For selection of consultants, RLDA decided to appraise their performance based on work done between January 2018 and December 2020 on a scale of one (poor) to five (excellent).

The Review Committee[80] found that on the basis of the above criteria, seven out of ten consultants were given a grade of two or higher by the respective nodal officer handling the contracts, making them eligible for consideration for empanelment. The remaining three consultants were not participating regularly and were not awarded any contracts during 2018–2020, hence, the Committee could not assess their performance as no grade was given. The Committee recommended their empanelment subject to one-year performance review after re-empanelment. Hence, the Committee qualified all ten empaneled consultants to invite their consent for the proposed panel.

Audit observed that the Committee recommended empanelment of the three consultants who did not fulfil the prescribed qualifying criteria as no work was done by these consultants. Further, Audit observed that the performance of one consultant was evaluated as 'poor' by the Committee based on the work done during the prescribed period (2018-2020). But the Committee wrongly qualified the consultant by evaluating the work done (February 2017) prior to the prescribed period.

Thus, despite inadequate performance and non-fulfillment of criteria prescribed for empanelment, RLDA re-empanelled four out of 10 consultants. Further, three out of these four consultants participated poorly[81] in the 17 RFPs floated for

[80] **Review Committee consisting of two GMs was formed (May 2021) to review the past performance of the Consultants.**

[81] **Two consultants did not participate, and one participated in only one RFP.**

consultancy during the period July 2021 to March 2022 i.e., after re-empanelment.

RLDA in its reply stated (August 2024) that empanelment of consultants is valid for three years subject to periodic performance appraisal being found satisfactory. RLDA further stated that it is a comparatively new and evolving organisation and there are limited number of consultants. Thus, removing them at that point of time was not considered appropriate.

MoR did not furnish (July 2025) any remarks in this regard.

3.2.3 Non-provision of penal clause for delayed execution of agreement with consultants of commercial sites

As per terms of contract for consultancy work for development of various projects, the successful consultant is required to execute an agreement with RLDA within the stipulated[82] time period as laid down in the Letter of Acceptance (LoA). The agreement contains all the terms and conditions binding on both the parties- RLDA and consultant. The standard format of agreement did not include penalty clause for non/delayed execution of agreement.

Audit observed that out of the selected 26 commercial sites, agreements were not executed in three sites and in 14 sites, there was delay in execution of consultancy agreements ranging between one weeks[83] to more than five years[84]. Reasons for delays were not found on record. Audit also noticed that RLDA did not include penalty clause in any of the RFPs for consultancy work for non/delayed execution of agreement to safeguard its interest.

Due to non-signing of the agreement, legally binding engagement between RLDA and consultant was not created, and this could create difficulties for RLDA in the event of breach of terms and conditions by the consultant.

RLDA in its reply (August 2024) was silent on non-execution/delayed execution of agreements. It stated that LoA was a binding contract, and consultants start the work from the date mentioned in the LoA. Further, payments were made to consultants after signing of agreement as per tender conditions.

The reply is not tenable as the LoA itself specifies the time within which the agreement needs to be executed. Further, the LoA does not define specific terms and conditions for imposing penalty.

MoR did not furnish (July 2025) any remarks in this regard.

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[82] **45 days, 30 days and 15 days from date of issue of LoA as per criteria defined with time**

[83] **Salt Golah, Howrah.**

[84] **Nirala Nagar, Kanpur.**

3.2.4 Non-preparation of revenue sharing model by consultants in commercial sites

The terms and conditions of RFP for F&M consultancy for commercial sites provided that the consultant had to suggest the most suitable project model among the list provided in the RFP including (a) Upfront lease premium model with bank guarantee (b) Lease Premium model with or without marketing rights (c) Revenue Sharing Model (d) Annual payment model.

Out of the 26 sites in the audit sample, valuation reports were submitted by F & M consultants for 19 sites. The revenue sharing model was not considered by the consultants for any site while identifying the best model for realising maximum earnings/revenues. No reasons were given by the consultants for not considering the revenue sharing model. Only Upfront lease premium model with annual lease rent were considered in all 19 sites.

Audit noted that in case of development of MFC by PSUs, the MoU had been executed between RLDA and PSUs on the condition of annual payment or on revenue sharing basis, whichever is higher. Further, as per 34th RLDA General Body (GB) meeting (28 May 2019), RLDA had to study/assess the valuation methodology adopted by other agencies.

Audit noticed instances where other Government agencies had entered into revenue sharing agreement with private agencies:

1. Agreement between Delhi Development Authority (DDA) and Emaar for development of Commonwealth Games Village provided that DDA will receive one third share of achieved FAR.
2. Agreement between Indian Hotels Company Limited (IHCL) and NDMC for Taj Hotel, Man Singh Road, New Delhi provided that NDMC was to receive an upfront minimum guarantee fee of ₹ 2.96 crore *per month* or 32.50 *per cent* of the gross turnover of the property, whichever was higher.

Thus, the consultants did not comply with the conditions of the Regulations and RFP by not considering revenue sharing model. RLDA also did not ask the consultants to prepare the revenue sharing model. Due to non-preparation of revenue sharing model by the consultants, RLDA could not assess the most suitable model to get maximum earnings through non-fare revenue.

MoR in its reply stated (3 July 2025) that RLDA had earlier explored the feasibility of adopting a revenue sharing model for the airspace development at Tirupati, however, the model did not yield successful outcomes at that time.

MoR further stated that pursuant to the observations of Audit, a comprehensive exercise has now been undertaken to prepare revenue share- based bid documents in alignment with the current market conditions, while ensuring adequate safeguards to protect the interests of RLDA. In parallel, valuation exercises under the revenue sharing model are also being carried out for a number of potential sites.

MoR has accepted the audit contention, and the audit acknowledges the efforts and initiatives being taken by RLDA.

3.2.5 Non-creation of specialised wing for undertaking consultancy activities

Para No. 4 (D) (2) (iii) of the Railway Act 1989 provided that the Central Government may assign RLDA to develop and provide consultancy, construction or management services and undertake operations in India in relation to the development of land and property. Further, Para No. 50 of RLDA Regulations 2012 provided that the Authority may carry out consultancies, professional services and such other works for the Government, any local authority or any other organisation on such terms and conditions as may be agreed upon between the Authority and such an entity and the Authority may create a specialised wing within its organisation for undertaking such activities.

RLDA had not established a specialised wing as stipulated in RLDA regulations, to carry out consultancies, professional services *etc*. However, RLDA constituted a committee (Spot Committee) to evaluate sites having potential value of less than ₹ 10 crore. Audit noticed that the Spot Committee did not evaluate all the sites entrusted to RLDA for commercial development/MFCs. Only two out of the selected 26 commercial sites and 11 out of 17 selected MFC sites were evaluated by the Spot Committee.

Thus, even after 17 years, RLDA, instead of developing its own expertise to provide consultancy, is largely dependent on consultants to carry out its functions and the question of providing consultancy to other organisations seems remote.

MoR in its reply (July 2025) stated that RLDA does not have a permanent cadre of officers and almost all officers are on deputation for a limited period from various departments. Consequently, specialized functions such as architectural consultancy, marketing, and valuation are carried out through external consultants possessing professional expertise in these domains. Despite limited internal resources, RLDA has developed reasonable in-house expertise over time.

Furthermore, MoR stated that RLDA's growing domain knowledge has been recognised, with several Ministries approaching RLDA for guidance, which has been duly provided, reflecting the organisation's evolving institutional competence.

While the steps taken by RLDA are appreciated, the fact remains that RLDA had not created any specialised wing as per provisions of RLDA Regulations 2012. Further, RLDA was dependent upon external consultants even after 17 years of its establishment.

3.3 Conclusion

The absence of a structured data bank, clear guidelines, fast-track approval mechanisms, and effective monitoring systems at the L&A Directorate of the Ministry of Railways has led to significant inefficiencies in the process of land entrustment to RLDA for monetisation. Deficiencies in feasibility studies, requisite certifications, and title verification combined with inadequate coordination between Zonal Railways, RLDA, and the Railway Board have resulted in delays, retendering, legal disputes, and under-utilisation of valuable land parcels. The lack of prescribed timeframes for approvals has further prolonged the process, with some cases taking over eight years.

In addition, non-compliance with consultant empanelment criteria, re-appointment despite poor performance, and limited exploration of alternative valuation models have collectively undermined RLDA's ability to maximise non-fare revenue potential.

3.4 Recommendations

- *The absence of a structured data bank of proposals of land parcel led to inefficiencies in the process of entrustment of land by MoR to RLDA. Hence, MoR should maintain a data bank of proposals of land parcels received for monetisation which is supported by an online tracking system for monitoring proposals.*

- *Despite MoR instructions of sending proposals of land free from encumbrance/encroachment etc., Zonal Railways sent proposals of land having these issues resulting in delay in monetisation of land parcels. Therefore, MoR/RLDA should ensure that land parcels are free from encumbrance and encroachment status, clear land title, and not required for future use before entrustment to RLDA.*

- *Due to non-availability of standard timeline, MoR entrusted sites to RLDA in the range of one day to eight years. Therefore, MoR and RLDA should* *introduce standardised timelines for each stage of the land entrustment process (e.g., feasibility, certification and approval of entrustment and de-entrustment) and fix accountability for delay in the process.*

- *RLDA should enforce strict adherence to empanelment criteria, include performance-based renewal conditions, penal provisions for delay in execution of agreement and conduct periodic evaluations to ensure consultants deliver quality feasibility studies and explore multiple revenue models.*

Chapter IV
Valuation of sites

Chapter IV

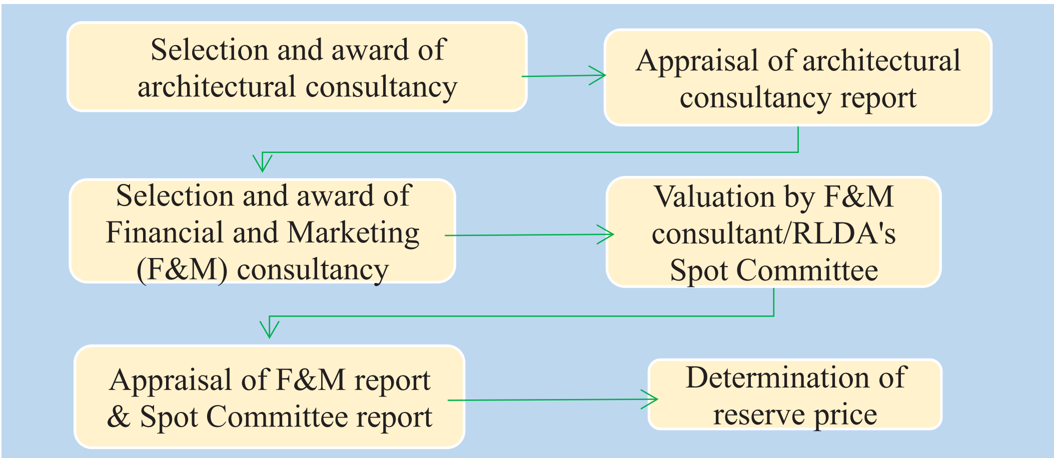
Valuation of sites

The usage of railway land (site) entrusted to RLDA, under RLDA Regulations, 2013 is permitted only after a written agreement is executed between the Authority and the developer (lessee). All activities undertaken by RLDA after entrustment of the site and execution of a written agreement between RLDA and the developer (lessee) come under pre-contract activities. Pre-contract activities include engagement of consultants, valuation of the sites and finalising the reserve price.

One of the most important activities before executing lease agreement with the developer is the valuation of the commercial/ MFC sites by RLDA. The valuation of the sites is done by different valuation methods either by the Spot Committee[85] of RLDA or through consultants.

Activities undertaken by RLDA at the pre-contract stage are shown in **Chart 4.1**:

Chart 4.1 Activities undertaken at pre-contract stage



The audit sample comprising of 26 commercial sites and 17 awarded MFC sites to private developers which were at various stages as on 31 March 2023 is shown in **Table 4.1**:

Stage	Number of commercial sites	Number of MFC sites
Consultancy under process	3	-
F & M consultancy i.e. valuation completed	21	17
MoU with IRCON cancelled	1	-
Proposed for de-entrustment	1	-
Total	**26**	**17**

[85] **Spot Committee is a committee constituted by RLDA to valuate the sites with earning potential upto ₹ 10 crore.**

The audit findings related to valuation of sites are given in the following paragraphs.

4.1 Valuation of sites

The process of valuation of commercial/ MFC sites by RLDA involves calculating land value of the site by different valuation methods - circle rate method, market rate method/sale comparable method[86], residual method and Discounted Cash Flow (DCF) method used in valuation of commercial and MFC sites at RLDA[87] and application of discounts & premiums, determining guidance value by applying weightages to different valuation methods, finalising reserve price, and deciding the payment models for the developer.

Out of the 26 commercial sites scrutinised by Audit, valuation had been completed in 21 sites[88] out of which two sites had been valued by the Spot Committee of RLDA while the remaining 19 sites had been evaluated by consultants.

Out of 17 sampled MFC sites awarded to private developers, five sites had been evaluated by consultants and 11 sites had been evaluated by the Spot Committee of RLDA. Records of one site[89] were not made available to Audit.

The audit findings related to valuation of sites are given in the following paragraphs.

4.1.1 Irregularities in use of rates, area, Floor Area Ratio (FAR) and construction costs

Various parameters such as circle rate, market rate, rental rates, area of site, Floor Area Ratio[90] (FAR), construction cost *etc.*, are used in arriving at the value of a site. The rates- circle rate, market rate and rental rate are collected from the local authorities and markets near the sites and have to be supported with authenticated documents.

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[86] Sale comparable method is based on latest data of leasehold transactions of comparable site.

[87] First three methods are followed by RLDA Spot Committee and all four methods are followed by consultants.

[88] In the remaining five sites where valuation has not been completed, one site has been proposed for de-entrustment, architectural study is under process in two sites, valuation is under process in one site and MoU has been cancelled with IRCON in one site.

[89] Jhansi

[90] Floor Area Ratio (FAR) is the ratio of the total built-up area to the total plot area. FAR guidelines are determined by municipalities and generally differ from one locality to another. FAR is also known as Floor Space Index (FSI).

The audit findings related to the parameters such as circle rate, market rate, rental rates, area of site, FAR, construction cost *etc.*, are given in following paragraphs.

4.1.1.1 Irregular use of residential circle rate for valuation of commercial sites

The local authorities notify different circle rates for residential and commercial uses of land. To arrive at the guidance value, F&M consultants consider circle rate for valuation of sites under circle rate method.

Audit observed that in three out of 19 selected commercial sites evaluated by F & M consultants[91], residential circle rate was considered for valuation of both residential and commercial portion of land by circle rate method. Audit calculated the land value of residential portion using residential circle rates and commercial portion using commercial circle rates as given in **Table 4.2**:

Table 4.2: Residential rates used for commercial portion of sites

S. No.	Name of the site	Area (sqm) of commercial portion of site	Govt. circle rate (₹/sqm) for commercial site	Value[92] as per Govt. circle rate (₹ crore) of commercial portion	Govt. circle rate (₹/sqm) for residential portion	Rate considered by the consultant (₹/sqm) *i.e.* residential	Value[93] as per consultant circle rate (₹ crore)	Difference (₹ crore)
	1	2	3	4=2x3	5	6	7=2x5	8=4-7
1	Ashok Vihar (New Delhi)	10,760	3,83,040	412.15	1,27,680	1,27,680	137.38	274.76
2	Gwaltoli (Kanpur)	742	99,000	7.35	60,000	60,000	4.45	2.90
3	Shahamatganj (Bareilly)	3,279	49,500	16.23	18,700	18,700	6.13	10.10
							Total	**287.76**

Audit observed that for commercial portion of the site, the consultants had used residential circle rates instead of commercial circle rates which were also approved by RLDA. This irregular use of circle rate for commercial portion of land resulted in undervaluation of these three sites by ₹ 287.76 crore.

MoR in its reply stated (3 July 2025) that the three referenced sites-Ashok Vihar (New Delhi), Gwaltoli (Kanpur), and Shahmatganj (Bareilly) are designated for residential use as per the respective City Master Plans. Accordingly, the circle rate for residential use has been adopted for the valuation of these sites. The

[91] M/s Colliers International (India) Property Services Pvt. Ltd (Ashok Vihar) and M/s PDMAG & Co. and RSP Advisors (Gwaltoli & Shahmatganj site)

[92] Valuation by circle rate method includes all the discounts that have been applied by the consultant.

[93] Valuation by circle rate method includes all the discounts that have been applied by the consultant.

commercial components mentioned in these locations pertain only to support/convenience shops meant to serve the residential colonies and did not alter the overall land use classification for valuation purposes.

The reply is not acceptable as the sites were primarily for residential use and commercial area in these sites were to be used for commercial purposes. Hence, valuation of commercial portion of the sites should have been done at commercial rates instead of residential rates.

Further, the GM committee at RLDA itself had approved the F&M consultant report in respect of Ashok Vihar site which recommended different circle rates for residential and commercial portions of the site.

4.1.1.2 Incorrect circle rate resulted in undervaluation of commercial site

The site of Bandra East (Small), Mumbai was entrusted by RB to RLDA in March 2016. The entrusted site falls on City Title Survey (CTS) no 677 as per *Nakal Arj*[94] submitted by the *Patwari* and documents regarding NOC submitted by the developer. The F&M consultant considered circle rate of ₹ 90,000 *per sqm* (for the year 2015) for CTS number 1 to 37, 39 to 95 instead of CTS no 677 for valuation of the site.

The Consultant Monitoring Committee[95] (CMC) further updated the circle rate to ₹ 99,000/- *per sqm* as per Ready Reckoner Mumbai for the year 2016-17 and valuation of the site was revised by the consultant accordingly.

Audit scrutiny showed that the land falls on CTS no 677 and as per Ready Reckoner Mumbai 2016-17, the rate of open land for the said CTS number 677 was ₹ 1,94,700/- *per sqm*.

Thus, application of incorrect circle rate of ₹ 99,000/- *per sqm* instead of ₹ 1,94,700/- *per sqm* resulted in undervaluation of the reserve price of the site by ₹ 1.84 crore. The site was subsequently awarded (November 2017) at ₹ 6.51 crore.

MoR in its reply stated (3 July 2025) that the correct circle rates had been duly applied by RLDA's valuation committee during valuation process. As per the regenerated land plan of Railways for the area, the project site falls under City Survey (CS) No. 677. However, as per State Revenue records, CTS No. 677 pertained to a different location on the opposite side of the railway track. Railways had mistakenly considered the CS number in place of CTS number for the project site. No CTS number has been given to the railway property on east side of track where project site falls.

[94] Certified copy of a property document such as land record or title deed.

[95] Consultant Monitoring Committee comprises of JGM/DGM level members.

The reply of MoR is not acceptable as documents provided by MoR indicated that the circle rate applied by RLDA were as per CTS No 677 and not CS no 677 as stated by MoR.

Moreover, documents available in RLDA records such as land record of Revenue Authority, site handing over note of RLDA, NOC taken by developer for development of the project from Municipal Corporation of Greater Mumbai showed that the area fell under CTS No. 677.

4.1.1.3 Unjustified consideration of residential rates of Authority/Cooperative society flats for finalising guidance value of commercial site

As per para 3 of the Report (2 December 2014) of Joint General Manager (JGM) committee, formed by RLDA for framing guidelines for valuation of sites in RLDA, the rates of nearby/comparable sites may be taken for valuation of subject sites under market rate method/sale comparable method.

Scrutiny of records of Ashok Vihar site showed that in the F&M Consultant's valuation report submitted to RLDA, average unit (sqft) sale prices of residential units of DDA (₹ 9,971/sqft), GH Co-Operative Society (₹12,733/sqft) and private developers (₹ 13,951/sqft), situated in the vicinity of the site were considered for valuation by market rate method. Audit noticed that these rates were approved by various committees of RLDA to arrive at guidance value of the site. The average unit (sqft) sale price so calculated was taken as ₹ 12,218/sqft.

Audit observed that including prices of DDA and GH Co-Operative Societies flats was unjustified as the site was to be developed by a private developer.

The comparison between guidance value calculated on the basis of average considered by the consultant and calculated by Audit on the basis of rates of the private developer is given in **Table 4.3**:

Table 4.3: Guidance value calculation by the Consultant

S. No.	Particulars	Guidance value considering average unit sale price (₹12,218/sqft) used by Consultant	Guidance value considering Pvt. Developer's unit sale price (₹ 13,951/sqft)	Difference (Col. 4-3)
	1	2	3	4
1	Value by market rate method for residential portion (after all discounts) (₹ in crore)	1,569.53	1,861.27	291.74
2	Guidance value after weightage of 70% given by RLDA committee under market rate method (₹ in crore)	1,098.67	1,302.89	204.22

Thus, wrong consideration of reference properties for determining market rate by RLDA led to RFP[96] being floated at an undervalued reserve price by ₹ 204.22 crore.

MoR in its reply stated (3 July 2025) that the referred report was peer- reviewed by M/s Colliers, who also rectified the noted discrepancy in their revised valuation report.

MoR has accepted the discrepancy in valuation of site. However, even though the discrepancy was rectified in peer review but the fact remained that the site was bid on the basis of erroneous valuation.

4.1.1.4 Consideration of incorrect area and FAR resulting in undervaluation of site

RB entrusted (August 2007) a land parcel of 9,768 sqm at Station Road, Raxaul, Bihar to RLDA for commercial development.

Audit examined the F&M Consultant's[97] valuation process and noticed that the allowable[98] FAR[99] as per local building bye laws for this site was 1.52 but the consultant considered allowable FAR of 2.0 due to which FAR factor[100] was reduced from 0.80 to 0.61. Consequently, the circle rate and market rate considered in valuation of site was also reduced.

According to the report submitted by the F & M consultant, 497 sqm. of the total area of 9,768 sqm. was designated as road space. Thus, a net 9,271 sqm. area was available for development. However, land area used for calculation by the consultant was 7,291 sqm instead of 9,271 sqm.

Audit computed the reserve price considering allowable FAR as 1.52 to calculate the FAR factor and actual area of site i.e. 9,271 sqm. It was observed that due to error in consideration of FAR and area of the land, there was under valuation of reserve price by ₹ 83 lakh**.**

MoR accepted (3 July 2025) that in the Circle Rate and Market Rate Methods, the M & V Consultant erroneously adopted a reduced area of 7,291 sqm and the

[96] Based on this, RFP was floated but bids significantly lower than guidance value were received. Hence the site was not awarded.

[97] M/s PDMAG & Co. and RSP Advisors.

[98] Allowable FAR means FAR allowable by local authority.

[99] Floor Area Ratio (FAR) is the ratio of the total built-up area to the total plot area. FAR guidelines are determined by municipalities and generally differ from one locality to another FAR is also known as Floor Space Index (FSI).

[100] As per Spot Committee Method, FAR factor is computed by dividing FAR considered and FAR allowed. FAR allowed is maximum FAR that could be allowed as per local building bye-laws. FAR considered is FAR achieved after reducing non-FAR area from allowable FAR.

same was reflected in the JGM Committee report also. Further, the corrected Reserve Price would have increased from ₹3.10 crore to ₹3.94 crore, while the highest bid accepted was ₹6.86 crore, which adequately safeguarded RLDA's financial interest.

Though MoR has accepted the audit contention, the explanation regarding safeguarding financial interest is not acceptable as the error was not identified by the JGM Committee, which signifies weak internal control and monitoring system. Also, MoR's reply is silent on the observation regarding FAR of 2.0 being used instead of FAR of 1.52.

4.1.1.5 Market rates and rental rates used for valuation of commercial sites and MFC sites without supporting/authenticated documents

As per Terms of Reference (ToR) of Request for Proposal (RFP) for engaging F&M consultants, the consultant shall suggest guidance value[101] based on the past & present market rates (duly supported with documents) and circle rates (duly supported with authenticated documents) of land. Similarly, as per guidelines for the Spot Committee issued (2018) by RLDA, the Spot Committee was to refer to internet resources for market rates, rentals, DCR norms *etc*.

Audit noticed that circle rates issued by local/revenue authorities were used in circle rate method for valuation of land by the Spot Committee and consultants. However, market rates used in market rate method and rental rates used in residual method and DCF method were not supported by authenticated documents (such as land rates issued by local/revenue authorities, land rates of earlier transactions, land rates of transactions carried out in localities, *etc.)* for valuation of commercial sites and MFC sites. The details are given in **Table 4.4**:

Table 4.4: Details showing valuation of sites without authenticated documents

Type of rate	Total number of sites valuated	Number of sites supported with authenticated documents	Number of sites without authenticated documents		Guidance value of sites (₹ in crore)	Value of site after application of weightages (₹ in crore)
			Valuated by the Spot Committee	Valuated by consultant		
Commercial sites						
Market rate	21	7	2	12	3049.87	630.80
Rental rate	21	6	2	13	2753.75	999.22
Total					**5803.62**	**1630.02**
MFC sites						
Market rate	17*	0	11	5	59.31	25.97
Rental rate	17*	0	11	5	60.90	18.64
Total					**120.21**	**44.61**

101 Guidance value acts as guidance for determining the reasonableness and acceptability of an offer. It may or may not be disclosed to the bidders and is fixed prior to opening of the bids.

From the above table, it can be seen that only in seven commercial sites, supporting documents (RLDA's earlier transactions, screen shots of rates displayed in websites such 99 acres, Olx, Magic bricks *etc*.) for market rates and rental rates were used for valuation of land. However, in the remaining 14 commercial sites having guidance value of ₹ 5,803.62 crore and cumulative weightage of ₹ 1,630.02 crore, no authentic documents for market rates and rental rates were used in valuation.

Further, in all the sampled MFC sites (except one site[102] of which records were not made available to Audit) having guidance value of ₹ 120.21 crore and cumulative weightage of ₹ 44.61 crore, no authentic documents regarding market rates and rental rates were available on record.

Audit observed that neither did the Spot Committee/consultants provide the authenticated documents, nor did RLDA at various successive levels question the absence of authenticated documents for guidance value of ₹ 5,923.83 crore in total. In absence of proper documents for market rates and rental rates, valuation of sites cannot be treated as authenticated. Thus, RLDA did not ensure adherence to key terms and conditions of the RFP governing engagement of consultants and guidelines of the Spot Committee.

MoR in its reply stated (3 July 2025) that the market rates of the nearby areas were taken into account by the consultant during the valuation process. RLDA finalised the rate after considering the prevailing circumstances at the time, in accordance with the extant guidelines. MoR further stated that the sites were awarded through an open tender process, which ensures transparency and competitiveness. The rate discovered through open tender is considered the most accurate reflection of the true market value of the property.

MoR's reply is not acceptable as some consultants provided supporting documents for market rates while some did not. Thus, inconsistent approaches were being adopted by the consultants despite clear terms of reference in this regard, which was not addressed by RLDA. Furthermore, the objective of determining the reserve price is to arrive at a reasonably accurate valuation of the project, however, in the absence of authenticated documents, such valuation could not be properly verified by audit.

[102] **Jhansi.**

4.1.1.6 Wide variation in estimates of construction cost of commercial sites

Estimation of construction cost is one of the crucial aspects in valuation of sites. Construction cost is used for calculating the residual value[103] of proposed development which is subtracted from the value of land to arrive at the reserve price. RLDA's Joint General Manager (JGM) Committee in its report (December 2014) for valuation of sites recommended that unit cost of construction may be checked from the Railways and CPWD.

Audit examination of valuation data of 21 selected commercial sites showed that in 19 sites evaluated by consultants, the basis of cost of construction was given as market trends and on-site costs in 16 sites while no basis was given in three sites. In two sites valuated by the Spot Committee of RLDA, basis of cost of construction was given as local enquiry and market trend. Thus, in all the 21 sites, the Spot Committee/consultant had not referred to CPWD/Indian Railway rates and specifications for estimating the construction costs.

Audit compared the construction costs of the 21 sites to analyse the variation among different sites. Since the sites were evaluated at different times, construction costs of all the sites were enhanced up to 1 April 2023 by applying CPWD building cost indices. The details are given in the following **Table 4.5**:

Table 4.5: Variation in construction costs across different types of projects

Category[104] of city	Types of construction	Range of cost of construction as on March 2023 (After enhancing as per CPWD indices) (₹ per sqft)		Variation (*in per cent*)
		From	To	
X	Residential	2,496	3,404	36.4
	Commercial	1,843	3,195	73.4
	Facilities, Hospitalities, School	2,837	3,300	16.3
Y	Residential	1,379	1,574	14.1
	Commercial	1,533	2,200	43.5
	Mixed	1,926	3,102	61.1
	Hotel	--	3,300	--
Z	Residential	--	1,980	--
	Commercial	1,352	3,072	127.2
	Hotel	3,300	4,055	22.87

From the above table, it can be seen that there was wide variation in cost of the same type of constructions (residential, commercial, mixed, hotel *etc.*) within the same category of cities (X, Y, Z).

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[103] **The cost of the building at the end of lease period.**

[104] **X category, Y category, and Z category as per Govt. of India's order dated 21 July 2015.**

Audit observed that there was no objective mechanism (either CPWD schedule or any own schedule of rate) at RLDA to compare the estimated construction costs that were being applied by consultants/ Spot Committee across various sites as shown above in **Table 4.5.**

Thus, RLDA neither followed CPWD schedule of rates/DSR nor devised their own schedule of rates based on appropriate specification for different types of developments across cities.

MoR replied (July 2025) that construction cost for the product mix in the valuation has been derived based on CPWD plinth area rates (PAR), ensuring standardised and government cost benchmarks.

MoR's reply is not acceptable as the basis of cost of construction was cited as market trends and on-site costs in selected sites. Further, MoR did not provide any documents to show that CPWD plinth area rates (PAR) were considered. Therefore, the fact remains that RLDA did not standardise the construction cost used in deriving the reserve price of sites.

4.1.2 Irregularities in application of discounts in valuation of commercial sites

For realistic assessment of the value of a site, RLDA considers various types of discounts like leasehold, plot shape factor, plot size factor *etc.* for computation of guidance value of the site.

For valuation by the Spot Committee, the criteria for discounts are predefined, such as plot location factor, plot shape factor, FAR factor, leasehold discount, utilities factor *etc.*

In addition to the above discounts, for sites where consultants were engaged for valuation, certain other discounts such as plot size discount, listing discounts, negotiation discount, large inventory discount, accessibility discount, *etc.* have also been considered.

Audit examined the records of 21 sites[105] out of the selected 26 sites to assess the various discounts that were applied during valuation to compute guidance value and reserve price of the sites. Audit findings related to application of discounts are discussed in the following paragraphs.

4.1.2.1 Irregularities in application of leasehold discount in valuation of commercial sites

Freehold lands grant complete and perpetual ownership of land and building while leasehold land grants rights to use the land and building for a specific

[105] **Out of 26 sites included in Audit sample, 21 sites were valuated at RLDA. Valuation in respect of remaining five sites had not been finalised as on date of audit.**

period. Instead of freehold rights of land, RLDA leases out the sites for development and provides leasehold discounts. As per para 8 of RLDA's Spot Committee format[106] for valuation of sites with potential up to ₹ 10 crore, leasehold discount factor is considered on the basis of ratio of construction cost of building and market value of land. Consultants have referred to the Spot Committee format as well as their own justification for application of leasehold discounts.

Deficiencies in application of leasehold discount

RLDA has devised a format for valuation of commercial sites by the Spot Committee for guidance value of upto ₹ 10 crore having lease period of 45 years with the leasehold discount factor ranging between 0.50 and 0.80. Audit examined the basis for prescribing the leasehold discount factor by RLDA. It was observed that the discount factor was derived from RICS[107] 'Graph of Relativity'. As per the graph, the discount factor between 0.65 and 0.80 was for residential property in the United Kingdom for a lease period of 45 years.

Audit observed that out of 21 sites valuated, in seven sites, leasehold discount was not given on the basis of RICS methodology but was given based on grounds such as leasehold nature of property, leasehold concept not popular, government norms for conversion charges from leasehold to freehold *etc.* In the remaining 14 sites, RLDA had applied the format based on RICS methodology and allowed a discount of ₹ 135.76 crore.

However, it was noticed that application of leasehold factor derived from the RICS Graph of Relativity was fundamentally flawed as deliberated below:

(i). 'Relativity' (Leasehold factor) in the RICS graph was calculated by taking the ratio of leasehold value of land (NPV terms) to the market rate of the property. However, RLDA used construction cost instead of leasehold value of land to derive the leasehold discount factor to be applied to a particular property.

(ii). RICS Graph of Relativity was for residential properties, but RLDA applied it for commercial sites also.

(iii). RICS-Graph provided a range of leasehold factors between 0.65 to 0.80, however RLDA further reduced the factor to a range between 0.50 and 0.80, without giving any justification. This increased the maximum discount from 35 *per cent* to 50 *per cent*.

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[106] **Spot Committee at RLDA valuates the sites with potential up to ₹ 10 crore using Spot Committee format.**

[107] **RICS stands for the 'Royal Institution of Chartered Surveyors', an organisation founded on 15 June 1868 and incorporated by UK charter on 26 August 1881. RICS Graph of Relativity describes the leasehold discount based on lease period.**

(iv). The referred graph was for residential properties in United Kingdom. Audit noted that before applying the RICS methodology for Indian real estate market, RLDA did not examine the factors which impacted the values of data points of the graph and how they would differ in Indian conditions. This was essential because the real estate market is sensitive to the socio-economic conditions of a country, and these conditions are vastly different in India when compared with the United Kingdom.

Thus, the leasehold discount factor applied in 14 selected sites involving a discount of ₹ 135.76 crore was applied without considering the impact of the RICS methodology in Indian conditions and after changing the valuation methods without any documentation. The justification for application of a methodology of a foreign nation for leasehold property of the Government of India without considering its impact in Indian conditions was not available on record.

Leasehold discount given in excess of the Spot Committee norms

As per RLDA Spot Committee norms, five *per cent* leasehold discount was allowed on sites with 99 years period.

Out of 21 sampled sites, lease period of 99 years was given in 10 sites[108] out of which leasehold discount of zero to five *per cent* was given in six sites and 10 *per cent* leasehold discount was given in four sites[109].

Audit observed that leasehold discount in excess of the Spot Committee norms (five *per cent*) of RLDA was given in four sites with reasons such as leasehold property not being popular in one site, nature of leasehold property in one site while no reasons were given in remaining two sites. This had resulted in undervaluation of guidance value by ₹ 38.25 crore.

MoR in its reply stated (3 July 2025) that the RLDA Committee, after taking into account the prevailing conditions of the Indian real estate market, recommended the adoption of the RICS Graph Methodology with appropriate modifications to suit local market dynamics.

MoR's reply is not acceptable as the GM Committee of RLDA in its report highlighted that no evidence was made available to committee of RLDA for calculating/ adopting the factor for evaluation of the sites. Further, no records were made available to audit which showed that RICS graph methodology was appropriately modified to suit local market dynamics.

[108] **Ambari, Guwahati; Ashok Vihar, New Delhi; Gwaltoli, Kanpur; Mettuguda, Hyderabad; Salt Golah, Howrah; Shahamatganj, Bareilly; ITDC, Aurangabad; Bagdogra; PF Road, Bengaluru; Johnsganj, Ajmer.**

[109] **Ambari, Guwahati; ITDC, Aurangabad; Bagdogra; Johnsganj, Ajmer.**

4.1.2.2 Inconsistency in application of shape factor discount for valuation of commercial sites

As per para 5.2.1.3 of the Income Tax guidelines for Valuation of Immovable Properties 2009, a plot of rectangular shape fetches more value than a plot of irregular shape. An adjustment factor (+) / (-) 5 *per cent* can be applied depending upon the irregularity in shape and frontage of the plot that affects the layout of the building and general architectural planning.

Based on the above guidelines, RLDA has specified shape factor discount in the Spot Committee format ranging between zero *per cent* to five *per cent*. In 21 sampled commercial sites evaluated, RLDA allowed shape factor discount in 10 sites while no such discount was considered in the remaining 11 sites due to the fact that these sites had a good frontage, regular shape etc.

Out of 10 sites, shape factor discount given was upto five *per cent* in five sites while in the remaining five sites[110], 10 *per cent* to 15 *per cent* shape factor discount was given as shown in ***Annexure 4.1.***

Audit observed that the discount rates applied by the consultants for the above sites were neither as per given criteria given by Income Tax guidelines/Spot Committee nor was any justification for allowing discounts over and above the rates of five *per cent* available on record. It is pertinent to highlight that in the above five sites, consultants had used the Spot Committee format of RLDA but did not apply the Spot Committee norms of maximum five *per cent* shape factor discount. This had resulted in reducing the guidance value of sites by ₹ 3.05 crore.

MoR in its reply stated (3 July 2025) that Valuation Committee ensures assessment based on prevailing market trends and site-specific factors such as shape, size, location, and accessibility. Due to uniqueness of each property and varying market conditions, uniform approach is not feasible. Each site is assessed individually to determine justified and market-aligned value.

Audit acknowledges the view of MoR that shape, size location, accessibility etc., varies from site to site but the fact remains that RLDA had given discounts beyond the prescribed norms.

4.1.2.3 Inconsistency in application of plot size discount for valuation of commercial sites

RLDA has not specified any criteria for plot size discount. On a case-to-case basis, plot size discount factor was proposed by the consultant and approved by RLDA after considering area of the site to be developed *vis-à-vis* area (size) of a

[110] Bandra East II Small Awarded, Mumbai; Gwaltoli, Kanpur; Station Road, Raxaul; GRP Thana, Sawai Madhopur; Rana Partap Nagar, Udaipur.

comparable plot/land. If the area of the site is comparable to the area of the site to be developed, then no discount may be allowed. If the area of comparable site is smaller than the site to be developed, then plot size discount may be allowed because the rate of a small size plot is generally higher than that of a larger size plot.

Out of 21 sampled commercial sites valuated, rates of comparable sites were considered in 10 sites and plot size discount was given in eight sites. To analyse the discount, Audit arranged the comparable area of these 10 sites in increasing order as shown in **Table 4.6**:

Table 4.6: Details of plot size discount considered by RLDA across sites

S. No.	Site Name	Type of project	Area of site (sqm)	Area of comparable site (sqm)	Area of comparable site (*per cent*) in increasing trend	Discount allowed (*per cent*)
1	Plot-A, Bengaluru Cantt. (Bengaluru)	Commercial	34,856.63	458.28	1.31	20
2	Johns Ganj, Ajmer	Residential	8,526	133	1.56	25
3	Bagdogra (West Bengal)	Mix development	22,182	401.49	1.81	20
4	Salt Golah, (Howrah)	Mix development	70,456	1,416	2.01	10
5	Mettuguda, Hyderabad	Residential	9,302	500	5.3	30
6	Station Road, Raxual	Commercial	9,271	808.25	8.72	10
7	Gwaltoli, Kanpur	Residential	14,836	2,000	13.48	15
8	Ayanawaram Plot C, Chennai (Peer Review)	Commercial	14,568.7	4,182.16	28.71	0
9	Ayanawaram Plot C, Chennai (F & M)	Commercial	14,568.7	24,281	166.67	2
10	Ambari, Guwahati	Mix development	9,488.2	16,564	174.57	0

From the above table, it can be seen that the area of comparable sites are on an increasing trend but discounts allowed were not on a decreasing trend.

Audit observed that there was an inconsistency in the principle followed by RLDA on plot size discount as discounts at varying rates were allowed.

MoR furnished (July 2025) the similar reply as for Para 4.1.2.2.

MoR's reply is not acceptable as there were inconsistencies in application of plot size discounts.

4.1.2.4 Application of other unjustified discounts in valuation of commercial sites

In addition to the above discounts, several other discounts proposed by the consultants were allowed by RLDA like accessibility discount, negotiation discount, listing discount, large inventory discount *etc.,* in four out of the 21 sampled sites.

(i) Allowing exceptional discount in one site: Audit noticed that out of the 21 sampled sites valuated, 10 sites were evaluated for 99 years lease period for residential development out of which only in Ashok Vihar, New Delhi site, total of 40 *per cent* discount of exceptional nature like catchment discount, support service discount, listing discount and discount for large inventory at the rate of 10 *per cent* each was allowed.

In other sites[111] having similar types of development, such discounts were not considered by the other consultants/RLDA. RLDA had not ascertained the reasons for allowing such discount amounting to ₹113.41 crore in Ashok Vihar site.

> Large inventory discount (10 *per cent*) for valuation of Ashok Vihar site was allowed by F&M consultant on account of unsold inventory of housing stock in Delhi NCR. Audit noticed that in para 2.2.3 of the F&M Consultant Report, the consultant stated that due to rapid increase in urban development, population and economic activity has largely increased the demand for housing habitation and civic amenities in the city and the demand supply gap is widening by the day. Further, in para 5.2 of the same report, the consultant stated that there is an acute shortage of housing supply in India and Delhi NCR in particular. Thus, there was clear contradiction in the factors considered by the consultant for valuation of the site in general and in application of discount in particular.

(ii) No justification for giving negotiation discount: Out of the sampled 21 sites valuated, negotiation discount was considered only in three sites (Ashok Vihar, New Delhi (five *per cent)*; Bengaluru Cantt. Plot-A, Bengaluru (20 *per cent)* and Salt Golah, Howrah (five *per cent)*) but reasons (discount on listed price) for considering the discount were recorded only in respect of Bengaluru Cantt. Plot A, Bengaluru site. In the remaining 18 sites, no negotiation discount was considered. This indicated inconsistencies in allowing negotiation discount.

[111] **Gwaltoli, Kanpur; Mettuguda, Hyderabad; PF Road, Bengaluru and Johnsganj, Ajmer.**

RLDA, while accepting the audit findings (August 2024), stated that the issues raised by Audit are considered important and will be brought to the attention of the concerned officials so that they can be addressed properly in future.

MoR did not furnish (July 2025) any remarks in this regard.

4.1.2.5 Additional discounts of ₹ 41.77 crore in a commercial site in addendum report by consultant without recording minutes

As per Terms of Reference (TOR)[112] of RFP for consultancy of commercial site, draft reports shall be reviewed by RLDA and be discussed in formal meetings at RLDA office with the consultant and observations shall be forwarded to the consultant subsequently. The consultant shall comply with these observations and revise/modify the reports as may be required from time to time to the satisfaction of RLDA.

Out of 19 sampled sites evaluated by consultants, Audit noted that in one site i.e., Ashok Vihar, New Delhi, the F&M consultant submitted (December 2017) its draft report to RLDA. A meeting with the consultant was convened (December 2017) to discuss the draft report. Audit observed that neither the minutes of the meeting were recorded nor were the observations of RLDA communicated to the consultant. In absence of minutes, the modifications suggested by RLDA could not be ascertained. The Addendum Report, submitted (December 2017) by the consultant to RLDA, stated that the valuation model and report have been modified based on the discussions with RLDA.

In the addendum report (December 2017), Audit noticed that the consultant[113] had proposed additional discounts of 20 *per cent* for 'catchment being pure residential' and 'restriction on type of use being support services' on commercial portion (7,290 sqm). The difference in valuation due to changes in discounts is elaborated in the following **Table 4.7**.

Table 4.7: Details showing the difference in valuation due to change in discounts (in ₹)

Particulars	Discount in Draft Report	Discount in Addendum Report	Value in Draft Report	Value in Addendum Report	Difference (₹/sqm)
1	2	3	4	5	6=(4-5)
Discount for Split Nature of Plot	5%	0%	22,469	0	22,469
Discount for restriction on type of use being support services	0%	10%	0	44,938	(-) 44,938
Discount on account of catchment being pure residential	0%	10%	0	44,938	(-) 44,938
Difference in Discount	-	-	-	-	(-) 67,407

[112] Para 5.2 in Bengaluru Cantt. Plot-A Bengaluru site.

[113] M/s Innovest Advisory Service Pvt. Ltd.

Particulars	Discount in Draft Report	Discount in Addendum Report	Value in Draft Report	Value in Addendum Report	Difference (₹/sqm)
1	2	3	4	5	6=*(4-5)*
Deduction for land development & Other preliminary cost @ 15 *per cent*	-	-	-	-	10,111
Net Discount	-	-	-	-	(-) 57,296
Total difference in Discount (7,290x57,296)	-	-	-	-	41,76,87,840 Say ₹41.77 crore

The additional discounts resulted in reduction in valuation of the commercial portion in market rate method by ₹ 41.77 crore. Thus, additional discounts were given without adhering to the formal process as prescribed in the RFP.

MoR in its reply stated (3 July 2025) that the discount referred to was recommended in an earlier valuation report for the Ashok Vihar site. However, the valuation exercise for this site underwent multiple rounds of review and revision. The final valuation was concluded based on a peer review conducted by M/s Colliers, during which the discounts were revised and appropriately justified in accordance with prevailing market conditions and valuation principles.

MoR further stated that RLDA has established robust documentation and review protocols which are being further strengthened through digitisation of records and the adoption of latest technologies to enhance transparency, efficiency and traceability in operations.

MoR's reply is not acceptable as the discounts were given without adhering to the formal process as prescribed in RFP. The fact remains that proper documentation of deliberations with RLDA and decisions having high financial impact was not carried out which compromised transparency and accountability of the process.

4.1.3 Weightages assigned to valuation methods in valuation of commercial sites and MFC sites

The valuation of commercial/MFC sites is done by different valuation methods – Market Rate method, Circle Rate method, Residual method and DCF method. No single valuation method may capture the true value of the site and hence, weightages are assigned to the valuation methods by the committees at RLDA for that particular site to compute the final guidance value. However, RLDA has not prescribed any norms for assigning weightages to different valuation methods.

After arriving at the guidance value, different weightages are assigned to each method and the reserve price is arrived at by RLDA. If the weightages to each valuation method are changed,the change will have a huge impact on the reserve price as shown in the illustrative case of Salt Golah commercial site below. This illustrates the importance of choosing the right weightages to derive optimal reserve price for the site.

Table 4.8 : Illustration showing effect of weightages on reserve price (₹ in crore)

RP as per actual report of Salt Golah commercial site				Illustration showing effect of change of weightages on the reserve price(₹ in crore)			
Valuation method	**Guidance value**	**Weightage**	**Reserve price**	**Valuation method**	**Guidance value**	**Weightage**	**Reserve price**
Circle rate	255	20	51.0	Circle rate	255	60	153.0
Residual method	295	0	0.0	Residual method	295	0	0.0
Market rate	372	20	74.4	Market rate	372	20	74.4
DCF	411	60	246.6	DCF	411	20	82.2

The audit findings related to weightages assigned to different valuation methods in commercial sites and MFC sites are discussed in the following paragraphs.

4.1.3.1 Inconsistences in assigning weightages to valuation methods in commercial sites

Audit analysed data of weightages assigned to different valuation methods in 21 out of 26 sampled commercial sites (***Annexure 4.2***). The audit findings are discussed in the following paragraphs.

Inconsistencies in weightages assigned to same type of projects across same class of cities under the same valuation method

In order to analyse the manner in which weightages were given to different valuation methods, data was examined by Audit by categorising the sites on the basis of class of cities[114] in which they were located and types[115] of projects proposed to be developed on the sites as shown in **Table 4.9**:

Table 4.9: Statement showing weightages given to valuation methods

Class of city	Type of projects	Range of weightage (in *per cent*)			
		Circle Rate Method	**Market Rate Method**	**Residual Method**	**DCF Method**
X	Residential	0-32.5	10-70	10	30-50
	Commercial	0-30	0-70	0-25	25-100
	Mix	20-25	0-20	0-25	50-60
Y	Residential	0	50-70	0-50	0-30
	Commercial*	33	33	33	0
	Mix	0-15	35-50	0-15	35-50
Z	Residential	No site in classification	No site in classification	No site in classification	No site in classification
	Commercial	30-40	30-60	0-33	30-33
	Mix*	20	40	10	30

**Only single site is in the class of city, hence, no range is given.*

[114] X category, Y category, and Z category as per Govt. of India's order dated 21 July 2015.

[115] Residential (R), Commercial (C), Mix (M).

From the above table, it can be seen that under circle rate method, there was wide variation (zero to 32.5 *per cent*) in weightages assigned to valuation of residential sites located in X class cities while variation in weightages assigned to valuation of commercial sites located in X class cities was 30 *per cent* (zero to 30 *per cent*). Similar variations were noticed in assigning weightages to each valuation method for same type of projects in same class of cities.

Thus, there were wide variations in weightages assigned to same valuation method for same type of projects in same class of cities, indicating inconsistencies in the principles being used for assigning weightages.

In two sites (Ashok Vihar, New Delhi and Ayanawaram Plot C, Chennai), valuation was carried out twice: first by the F&M consultant and then by the Peer Reviewer. The second valuation was done because the first bid failed due to bid value being lesser than reserve price for Ashok Vihar, New Delhi site and no bid received for Ayanawaram Plot C, Chennai site.

Audit compared the weightages to valuations for these two sites and observed that in Ashok Vihar, New Delhi site, weightage assigned by F&M Consultant to Circle Rate and Market rate method was zero and 30-35 *per cent* which was revised to 70 *per cent* and 10 *per cent* respectively by the Peer Reviewer without citing justification.

Similarly, in Ayanawaram Plot C, Chennai site, weightage assigned to Circle Rate and Market Rate method was revised from zero *per cent* to 10 *per cent* and zero *per cent* to 10 *per cent* respectively in peer review.

MoR in its reply stated (3 July 2025) that the valuation was carried out by the consultants/Spot Committee in accordance with RLDA guidelines issued from time to time. Weightages assigned to various methods Circle Rate, Market Rate, DCF and Residual, were based on the collective judgment of the committee, considering site-specific factors and context detailed in the valuation report. As there is no fixed formula for assigning weightages, such decisions are guided by prevailing market conditions and professional expertise.

MoR reply is silent on inconsistencies in application of weightages for a particular class of city and project type. Further, RLDA did not establish clear criteria or guidelines for ascertaining weightages for different valuation methods to ensure uniformity and accountability in valuation practices.

4.1.3.2 Inconsistencies in assigning weightages to different valuation methods in MFC sites

Audit analysed data of weightages assigned to different valuation methods in 17 sampled MFC sites to be developed by private developers (***Annexure 4.3***). The audit findings are discussed in the following paragraphs.

Inconsistencies in weightages assigned to same type of projects across same class of cities under the same valuation method

In order to analyse the manner in which weightages were given to different valuation methods, data was examined by Audit by categorising the sites on the basis of class of cities[116] in which they were located and types[117] of projects proposed to be developed on the sites as shown in **Table 4.10**:

Table 4.10: Statement showing weightages given to valuation methods

Class of city	Type of projects	Range of weightage (in *per cent*)			
		Circle Rate Method	Market Rate Method	Residual Method	DCF Method
X	Commercial	0	0-100	0	0-100
Y	Commercial	0-100	0-100	0-60	100
Z	Commercial	0-100	0-100	0-100	100

From the above table, it can be seen that under Market rate method, there was wide variation (zero to 100 *per cent*) in weightages assigned to valuation of MFC sites located in X, Y and Z class cities while under Residual method, variation in weightages assigned to valuation of MFC sites located in Y class cities was 60 *per cent* (zero to 60 *per cent*). Similar variations were noticed in assigning weightages to each valuation method for projects in same class of cities.

Thus, there were wide variations in weightages assigned to the same valuation method for same type of projects in same class of cities, indicating inconsistencies in the principles being used for assigning weightages. As explained above, the weightages assigned to valuation methods have a significant bearing on deciding the reserve price. However, RLDA did not frame any guidelines to assign weightages to different valuation methods.

MoR furnished (July 2025) the similar reply as for Para 4.1.3.1.

MoR reply is not acceptable as there were inconsistencies in application of weightages within the same class of city and same project type.

4.1.4 Inconsistencies in finalising reserve price of commercial sites

Reserve price is the final land value at which RLDA invites offers for leasing of sites. After factoring in various discounts as discussed in the previous paragraphs, weightages are given to values arrived by different valuation methods to finalise the guidance value. Further discounts are allowed by RLDA Authority on guidance value to finalise the reserve price of sites.

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[116] **X category, Y category, Z category as per Govt. of India's order dated 21 July 2015.**

[117] **Residential (R), Commercial (C), Mix (M).**

Out of 26 sites, reserve price of 21 sampled sites valuated was finalised at RLDA. The audit findings related to finalising the reserve price are given in the following paragraphs.

4.1.4.1 Unjustified discounts given on guidance value while finalising Reserve Price of commercial sites

RLDA Board in May 2019 decided[118] to declare[119] the reserve price in the bidding documents/NIT and to do away with the practice of consideration of tenders up to a limit of 5 *per cent* below the guidance value.

Out of 21 sampled sites evaluated, 13 sites were awarded out of which 11 sites were awarded after the decision of RLDA Board of May 2019. Out of these 11 sites, RLDA allowed further discounts on guidance value for finalising the reserve price in seven[120] (63.64 *per cent*) sites. In four out of these seven sites, justified reasons were given such as pandemic situation and to encourage more competition.

However, in three of these seven sites, the reasons for discounts given on reserve price by RLDA were not justified. Details of three sites are given in the following **Table 4.11**:

Table 4.11: Details of discount on guidance value

S. No	Site Name	No. of times RFP floated before allowing discount on guidance value	Guidance value (₹ in crore)	Discount on guidance value (₹ in crore) (*per cent*)	Offer (H1) received (₹ in crore)	Difference between offer received and guidance value (₹ in crore)	Reasons for allowing discount on guidance value
1	2	3	4	5	6	7=6-4	8
1	Mettuguda, Hyderabad	0	25.57	1.28 (5%)	32.40	6.81	As per past practice of RLDA of accepting bids 5% below RP.
2	Ambari, Guwahati	0	73.52	3.68 (5%)	81.31	7.79	Discount on GV acts as catalyst to generate competition & helps in achieving reasonable price and due to past practice of accepting bids below RP by up to 5%.
3	Bengaluru Cantt. Plot-A	0	248.88	12.44 (5%)	252.00	3.12	Undulating land had thick vegetation and rocky outcrops
	Total		**347.97**	**17.40**	**365.71**		

Source: Site records of RLDA

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[118] **34th RLDA Board Meeting held on 28 May 2019**

[119] **Prior to May 2019, RLDA accepted bid offers below reserve price by up to five *per cent* and it was the choice of RLDA to disclose or not disclose the reserve price in the RFP.**

[120] **Ambari, Guwahati; Ayanawaram Colony Plot C, Chennai; Bengaluru Cantt. Plot-A; Mettuguda, Hyderabad; Rana Partap Nagar, Udaipur; Salt Golah, Howrah; Shahamatganj, Bareilly.**

From the above table, it can be seen that the reason for giving a further discount on guidance value based on past practice of accepting bids up to five *per cent* below reserve price in the above two sites- Mettuguda and Ambari – was against the spirit of RLDA Board's decision of May 2019.

Further, in Bengaluru Cantt. Plot-A site, the consultant had not given any discount for location factor, while GM Committee had given 10 *per cent* location discount before finalising guidance value stating that the site was surrounded by medium development and was having uneven terrain. However, further discount of five *per cent* on guidance value for finalising reserve price was allowed by the Competent Authority for similar reasons. Thus, discount was given twice for the same reasons.

Audit compared the guidance value and H1 offer received for these three sites and observed that H1 offers received were more than the guidance value in all the three sites by ₹ 3.12 crore to ₹ 7.79 crore. Thus, discount given on guidance value was not justified.

Audit further observed that in all the above three sites, before the first RFP, discounts were factored into guidance value to arrive at reserve price and there was no additional input which suggested that market conditions were such that reduction in proposed guidance value was required without testing the market.

Thus, additional discounts were given by RLDA in the guidance value to arrive at reserve price before floating of RFP without adequate and strong inputs from the market and against the spirit of decisions taken in RLDA's Board meeting. This resulted in undervaluation of reserve price amounting to ₹ 17.40 crore in the three sites.

MoR in its reply stated (July 2025) that the real estate valuation is not an exact science and yields a value range rather than a fixed figure. However, for bidding purposes, a single value is declared as the Minimum Reserve Price to serve as the base. The market determines the actual value, either validating or challenging the reserve price. In cases of no bid participation, the reserve price is reviewed and suitably reduced before the next bidding round.

MoR has accepted that market ultimately determines the true value of the asset, which has also been pointed out by Audit while stating that reduction in guidance value through additional discounts was done without testing the market. Further, MoR is silent on the audit observation that reserve price was reduced by allowing additional discounts in contravention to RLDA Board decisions.

4.1.4.2 Non-consideration of the highest offer of previous bid for revaluation of commercial site

Out of 13 awarded sampled sites, one site at Bhusawal (5,270 sqm) was awarded (May 2021) to the developer for ₹ 25.20 crore for commercial development, for a lease period of 45 years. The developer informed (June 2021) RLDA that out of 5,270 sqm land, an area of 3,000 sqm of land had been reserved for parking (Reservation no.90) by Bhusawal Municipal Council. Local Town Planning department confirmed that they can permit 2,270 sqm land only by keeping their reservation intact. Accordingly, the developer requested RLDA for issue of amended LOA for 2,270 sqm.

The developer requested RLDA three times[121] to provide a clean land parcel of 2,270 sqm and issue a revised LOA amounting to ₹ 10.85 crore[122] on *pro-rata* basis with timelines for payment of instalments. However, the request of the developer was not considered, and the LOA was cancelled (December 2021) due to non-payment of first instalment of lease premium by the developer. RLDA invited a fresh RFP (August 2022) with a reserve price of ₹ 7 crore and the site was awarded (October 2022) to another developer for ₹ 9.16 crore for reduced area of 2,270 sqm land.

Audit observed that the Consultant Monitoring Committee (CMC) met (28 March 2022) for re-valuation of the site having reduced area of 2,270 sqm.and arrived at the reserve price by considering the average price quoted by the H-2, H-3 and H-4 bidders but ignored the rates of H-1 bidder of the previous bid for the reserve price. Subsequently, the reduced site of 2,270 sqm having proportionate value of ₹ 10.85 crore ((₹ 25.20/5270*2270)) as per the previous bid was awarded at ₹ 9.16 crore which was lower than the previous bid by ₹ 1.69 crore.

Thus, RLDA neither agreed to the offer of the previous H-1 bidder nor considered the price of previous bid while finalising the reserve price for the fresh bid. RLDA finalised fresh offer at a reduced rate by ₹ 1.69 crore (₹ 10.85- ₹ 9.16 crore).

RLDA in its reply stated (August 2024) that the Committee decides reserve price in each case judiciously considering various factors of real estate valuation. Further, all biddings in RLDA are done through a transparent e-bidding system and market determines the best price.

RLDA gave a general reply and did not address the audit observation that the same area of the site had been awarded at a lower rate. It was noticed that RLDA had not considered H-1 bid for calculating reserve price which led to reduced reserve price for 2,270 sqm site. Further, deficiency in calculation of reserve price

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[121] 2 July 2021, 30 September 2021 and 22 October 2021.

[122] On *pro-rata* basis *i.e*. (2270 m^2/5270 m^2 X ₹ 25.20 crore = ₹ 10.85 crore).

would undermine the objective of maximising the non-fare revenue irrespective of the fact that bidding is done through a transparent e-bidding process.

MoR did not furnish (July 2025) any remarks in this regard.

4.1.4.3 Under estimation of reserve price of commercial site

Ashok Vihar, New Delhi commercial site was awarded (2020) to Godrej Properties Private Limited primarily for residential development. As per Consultancy Report (August 2019) of the Peer Reviewer, average sale price of freehold residential apartments of Ashok Vihar site at the time of site valuation (planning) was ₹ 13,250 per sqft. After considering five *per cent* escalation as considered by the consultant, the sale price of freehold residential apartment for Ashok Vihar for August 2024 worked out to ₹ 16,910/- per sqft., by Audit.

In order to understand the relevance and applicability of the sale price used by the consultant, Audit examined the sale price of a residential project[123] being developed by the same developer in the same city.

Audit compared the sale price of apartments of RLDA's Ashok Vihar site leased to the developer[124] for residential development with sale price of ready-to-move/under construction residential apartments of the same developer at Okhla, New Delhi.

Audit observed that as per Peer Review estimates of Ashok Vihar site, the expected land value of residential and utility portion was ₹ 1,899.11 crore. It was observed that at the current rates of Okhla South Delhi residential sites for ready to move in apartments, the value of the Ashok Vihar site was ₹ 2,673.65 crore which was in excess of the estimates for Ashok Vihar site by ₹ 774.54 crore. Considering weightage of 10 *per cent* assigned by RLDA to market rate method, the net excess comes out to ₹ 77.45 crore.

RLDA in its reply stated (August 2024) that the rate mentioned by Audit are for ready-to-move apartments in Okhla, South Delhi, and is not directly comparable to the potential rate for the Ashok Vihar site. The asking price for residential flats depends upon location, local demand, plot size, building specifications, land rate, lease status, and the demand-supply balance. The Ashok Vihar site also faces delays due to the need for forest and environmental clearances, with the process pending for over four years despite the developer efforts. Additionally, RLDA's leasehold land policy restricts developers to sub-leasing only the built-up area, and the land was allocated through a transparent e-bidding process.

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[123] **Godrej Properties Ltd. has been developing another residential site in Okhla (Delhi) where ready to move-in as well as under construction residential apartments are available.**

[124] **Godrej Properties Pvt. Ltd.**

RLDA's reply is not acceptable to the extent that the rate for ready to move-in apartments (₹ 23,656/sqft) in Okhla project is less than the under-construction apartments (₹ 28,928/sqft) of the same Okhla project. Further, Ashok Vihar circle rate is ₹ 1,27,680/sqm., in D category[125] while Okhla circle rate is ₹ 46,200/sqm., in G category. Hence, Audit has been conservative in comparing of the rate with Ashok Vihar, Delhi project of RLDA. As per under construction apartment rates of Okhla, the net excess comes out to ₹ 137.98 crore as compared to the ready-to-move-in apartments (₹ 77.45 crore).

MoR did not furnish (July 2025) any remarks in this regard.

4.2 Conclusion

The audit revealed various instances of irregularities in the valuation process of commercial sites. In three selected sites, residential circle rate was used for valuation of commercial portion of commercial land which resulted in undervaluation of ₹ 287.71 crore in these sites. Audit also observed absence of authenticated documents to support the guidance values amounting to ₹ 5,923.83 crore.

RLDA did not have any mechanism, such as CPWD schedules or a defined internal schedule, to standardise construction cost used in deriving the reserve price of sites across different cities.

In one instance, Audit observed miscalculation of land area and the floor area ratio (FAR). In this case, the consultant considered a reduced land area of 7,291 *sqm* instead of the actual 9,271 *sqm* available for development and also incorrectly applied FAR. This led to undervaluation of the site and consequently reserve price was set well below the fair market value.

In 14 sites, RLDA had applied a format for allowing leasehold discount based on RICS methodology and allowed a discount of ₹ 135.76 crore. However, the RICS leasehold discount methodology, originally developed for the residential real estate market in the United Kingdom was applied without critically assessing its relevance or adapting it to the Indian socio-economic context. This oversight is significant because real estate valuations are highly sensitive to local market conditions, which differ vastly between India and the UK.

Audit also observed instances where discounts exceeded Spot Committee norms without adequate explanation. Wide inconsistencies in assigning weightages to valuation methods for similar projects across cities pointed to an absence of clear guidelines, leading to arbitrary and non-uniform site evaluation. Moreover, in some cases, contrary to RLDA Board decisions, additional discounts on guidance

[125] **Category of area in Delhi for which for circle rates have been notified by the Government of Delhi, Revenue Department in September 2014.**

value were granted to arrive at reserve price before floating requests for proposals.

Collectively, these irregularities highlight significant gaps in governance, transparency, and compliance in RLDA's valuation processes.

4.3 Recommendations

- *Audit observed inappropriate application of residential circle rates instead of the correct commercial circle rates in some cases. Therefore, RLDA should strictly enforce the use of approved commercial circle rates for valuation of commercial land portions and avoid any substitution with residential rates to prevent undervaluation.*
- *In one instance, of the selected sample sites, the consultant used a reduced land area and wrong Floor Area Ratio (FAR) for valuation. Therefore, RLDA should ensure accurate land measurements and correct FAR in all valuations before approval.*
- *Neither the Spot Committee/consultants provided the authenticated documents, nor did RLDA at various successive levels question the absence of authenticated documents for guidance value of ₹ 5,923.83 crore. Hence, RLDA should ensure that the consultants submit complete and authenticated documents supporting market and rental rates. These documents should be verified by RLDA before acceptance of the valuation to maintain transparency and credibility.*
- *Spot Committee/consultant had not referred to CPWD/Indian Railway rates and specifications for estimating the construction costs indicating weaknesses in the valuation methodology. RLDA should establish standardised guidelines and schedules including CPWD/IRUSSOR (Indian Railways Unified Standard Schedule of Rates) construction costs and clear weightages for valuation methods, to ensure consistency and uniformity across all projects and cities.*
- *RLDA applied the RICS leasehold discount methodology, originally developed for the residential real estate market in the United Kingdom and applied leasehold discount of ₹ 135.76 crore without critically assessing its relevance or adapting it to the Indian socio-economic context. RLDA should conduct a comprehensive review before adopting any foreign valuation methodology, ensuring they are suitably adapted to the Indian real estate market and socio-economic conditions and is well documented and justified. Discounts deviating from Spot Committee norms should also be justified with proper documentation and approval of competent authority.*

- *RLDA should enhance monitoring mechanisms to ensure adherence to valuation guidelines, minimise arbitrary discounts, and ensure decisions align with Board directives, thereby safeguarding public assets and enhancing valuation accuracy.*

Chapter V

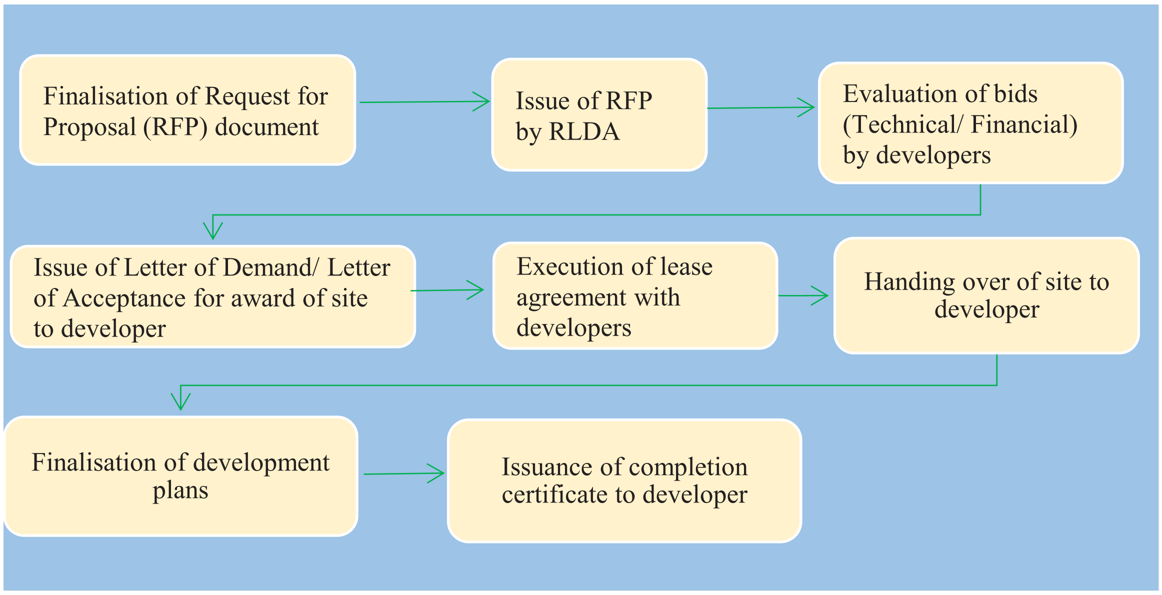
Selection of the developer, MoU and execution of lease agreement

Chapter V

Selection of the developer, MoU and execution of lease agreement

In case of PSUs, an MoU is signed between RLDA and the PSU. After signing of the MoU, a lease agreement is executed for the development of MFC project. Further, in the case of private developers, after finalisation of reserve price of the site, various activities for leasing of the site for development are performed by RLDA as shown in **Chart 5.1**:

Chart 5.1: Process for leasing sites for development



The audit sample comprised of 26 commercial sites and 17 awarded MFC sites to private developers which were at various stages as shown in **Table 5.1**:

Stages	Commercial sites	MFC sites
RFP invited	20	17
Total awarded sites	13	17
Execution of agreement	7	17
Site handed over	7	16

The audit findings related to finalisation of RFP, inviting RFPs, execution of lease agreements and site handing over to developers are given in the following paragraphs.

5.1 Finalisation of RFP document for leasing of commercial sites and MFC sites

RLDA finalises RFP document for selection of a developer and leasing of site. The RFP includes details such as lease period, reserve price, FAR, technical and financial eligibility, construction period *etc.*

Audit findings related to RFP document for leasing of site to the developer are given in the following paragraphs:

5.1.1 Non-inclusion of approved terms and conditions in the RFP for leasing commercial sites

RLDA floated RFPs in 10 commercial sites for a lease period of 45-60 years and 10 residential sites for a lease period of 99 years. Out of these 20 sites, RLDA had leased out two sites for mixed development (55 *per cent* residential and 45 *per cent* commercial) with an option of lease period of 99 years.

In one site *viz*., Ambari Guwahati, the GM committee of RLDA while evaluating (May 2021) this bid for mixed development, proposed that if the developer uses more than 50 *per cent* of the site for commercial purpose, fresh approval of lease period from the competent authority (Vice Chairman) was to be obtained. This proposal of the GM Committee was approved by the competent authority, and the site was awarded (November 2021) to the developer.

Audit observed that the provision of fresh approval of lease period, as approved by the competent authority, was not included in the terms and conditions of RFP. Consequently, if the developer uses commercial portion beyond 50 *per cent*, then RLDA would not be in a position to review the lease period due to non-inclusion of the approved clause in the RFP.

Similarly, in the other site *viz*., Bagdogra where the same product mix (55 *per cent* residential and 45 *per cent* commercial use) was approved in December 2022 by the Executive Director with provision for an increase in the lease premium if the commercial use exceeded 45 *per cent*, the developer was given the option of commercial use of the site upto 100 *per cent* for 99 years' lease period.

Thus, non-inclusion of a clause in RFP regarding review of lease period when the developer increases the commercial beyond 50 *per cent* may result in undue benefit to the developer.

RLDA in its reply (August 2024) admitted the facts and stated that being a policy matter, suitable action is being taken on a case-to-case basis.

The reply is not acceptable as the terms and conditions for the use of more than 50 *per cent* commercial development were already approved by the competent authority but this approved clause was not included in the RFP documents.

MoR did not furnish (July 2025) any remarks in this regard.

5.1.2 Non-consideration of Minimum Guaranteed Annual Payments clause in RFP while awarding MFC sites to private developers

As per clause 19 of RLDA Regulations of January 2012, the selected developer or lessee or sub-lessee shall make payments to the Authority which may involve one or more among the following as may be specified in the tender documents:

a) Upfront lease premium;

b) Annual lease rent;

c) Percentage revenue share;

d) Any other form of payment (which includes Minimum Guaranteed Annual Payment).

RLDA entered (July 2013) into a lease agreement with IRCON Infrastructure & Services Limited (IISL – a wholly owned subsidiary of IRCON) for the development of MFCs. As per clause 4.1 of the lease agreement, IISL agreed to pay RLDA an annual lease rent equivalent to a fixed percentage share from the project revenues of each MFC subject to a Minimum Guaranteed Annual Payment[126] (MGAP).

Audit scrutiny of the records of the selected 17 MFC projects being developed by private developers for 45 years' lease period showed that there was no provision of MGAP in the RFPs issued to the private developers. The RFPs included provision for payment of Upfront Lease Premium (ULP) and Annual Lease Rent (ALR) only. Therefore, the successful bidders were awarded the MFC sites on payment terms of ULP & ALR.

Audit conducted a comparison between expected earnings of RLDA from the sites through MGAP at the rate of six *per cent* of land value and the estimated earnings from the same sites through upfront lease charges and annual lease charges in 16 selected MFC private developer sites[127]. Audit observed that in seven out of 16 MFCs, estimated earnings from private developers were less than the MGAP threshold as shown in the following **Table 5.2:**

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[126] **MGAP shall not be less than an amount equal to six *per cent per annum* of the current land value determined as per the prevailing circle rate and subject to such increase as specified in the agreement.**

[127] **Valuation of one MFC Jhansi was not provided to Audit.**

Table 5.2: Comparison between expected earnings of RLDA from sites through MGAP and ULP & ALR **(₹ in crore)**

S. No	MFC	Area (sqm)	Circle rate[128] (₹/sqm)	Expected RLDA earnings from MGAP @ 6 *per cent*	MGAP in NPV @ 15 *per cent* (#)	ULP from private developer	ALR from private developer	Earnings from Pvt. Developer (ULP+ALR) *(7+8)*	Earnings from private developers ($) in NPV	Diff. in MGAP and ULP+ALR (5- 9)	Diff. in NPV (6- 10)
1	2	3	4	5	6	7	8	9	10	11	12
1	Katihar	1,025.5	18,53	32.5	1.29	0.36	6.42	6.78	0.73	25.72	0.56
2	Bhagalpur	1,482.8	86,505	219.47	8.85	4.51	7.15	11.66	4.46	207.81	4.39
3	Sasaram	2,000	34,600	118.3	4.69	2.75	1.67	4.42	2.52	113.88	2.17
4	Nanded	1,500	62,000	158.99	6.31	2.60	32.20	34.8	4.69	124.19	1.61
5	Raxaul	2,000	26,445.87	90.42	3.58	1.32	3.04	4.36	1.38	86.06	2.20
6	Yeshwan tpur	2,000	32,292	110.68	4.61	2.49	1.82	4.31	2.30	106.37	2.31
7	Ratlam	1,350	58,850	135.85	5.42	2.21	33.57	35.78	4.46	100.07	0.96
	Total			**866.21**	**34.75**	**16.24**	**85.87**	**102.11**	**20.54**	**764.10**	**14.20**

Source: Records at RLDA

Note: (#) Net Present value of MGAP (Col. No. 6) has been worked out on the basis of 15 per cent which is used by RLDA for calculating NPV of ALR. ($) Net Present Value of Upfront Lease Premium for one-year and NPV for Annual Lease Rent for the entire lease period of 45 years has been worked out on the basis of 15 per cent.

It was seen that in these seven MFC sites, the value of ULP and ALR was ₹ 102.11 crore (₹ 20.54 crore in terms of Net Present Value) whereas the value of MGAP during the same period was ₹ 866.21 crore (₹ 34.75 crore in terms of Net Present Value). In the remaining nine sites ULP and ALR were more than MGAP. Audit noticed that RLDA had not explored MGAP mode of payment by the private developers during finalisation and floating of RFPs.

MoR in its reply (July 2025) stated that there is no provision in the RFP for payment of MGAP @six *per cent* of land value in the case of private developers. Instead, private developers are liable to pay only the ULP and ALR, as determined based on the reserve price in accordance with RLDA's prevailing policy. A major portion of the quoted price is collected upfront in the form of Lease Premium, ensuring substantial initial revenue realisation. Furthermore, as per Clause 5.3.2 of the LDHB: Part-II, the Annual Lease Rent is subject to an upward revision of

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[128] **Circle rates have been taken from the valuation reports of Spot Committee for the concerned site. However, the dates of the circle rates have not been stated in the valuation reports. The valuation reports pertain to different dates in 2016 & 2017.**

15 *per cent* every three years, thereby ensuring periodic escalation in revenue over the lease term.

MoR reply is not acceptable as the RLDA regulations provided for MGAP as an option for payment by the developers.

However, RLDA did not explore MGAP mode of payment by the private developers during finalisation and floating of RFPs.

5.2 Delay in execution of lease agreement with the developers (Commercial/MFC sites)

As per clause 26 of General Condition of Lease Agreement (GCLA) Part-I, the bidder whose bid is accepted shall be required to appear in person at the RLDA office and execute the lease agreement within 120 days of issue of LOA by RLDA after fulfilling the required conditions within 105 days. Further, there was a provision for completion of different activities like payment of first instalment, submission of performance guarantee *etc.*, before execution of lease agreement.

Para 26.2 of GCLA Part-I provides *inter alia* that if the extension of the period of signing of lease agreement is granted on account of delay on the part of the bidder, the term of the lease will be reduced to the extent of such period of extension.

1. Commercial sites

Out of 26 sampled sites, 13 sites were awarded after successful bids. Audit noticed that in eight[129] awarded commercial sites, there was an average delay of 118 days in execution of agreement by RLDA (***Annexure 5.1***) and average delay of 348 days by the developers. In Bhusawal site, RLDA executed the lease agreement after a delay of three days only but in Mettuguda site, the lease agreement was executed after a delay of more than two years (delay on part of the developer was 206 days and delay on part of RLDA was 731 days). In Raxaul site, the lease agreement was executed after a delay of about three years by the developer.

Due to delay in execution of the lease agreement on the part of the developer, the lease period was reduced to the extent of delay. This had resulted in non-monetisation to the extent of ₹ 22.49 lakh due to reduced lease period.

RLDA in its reply stated (August 2024) that the lease agreement is executed after fulfillment of condition precedent by the successful bidder.

[129] **Ashok Vihar, Delhi; Bandra East II, Mumbai; Gwaltoli, Kanpur; Station Approach Road, Raxaul; Daba Garden, Vishakhapatnam; Bhusawal; Mettuguda, Hyderabad; Salt Golah, Howrah.**

The reply was silent on the delay caused by RLDA in execution of lease agreements. As the Board of RLDA in its meeting (September 2022) had agreed to pay liquidated damages of ₹ 55 lakh for delay in executing lease agreement for Hazaribagh, Ajmer commercial site, similar penalty on RLDA due to delay in executing lease agreements cannot be ruled out.

2. MFC sites

Lease agreements had been executed in all 17 MFC sites and it was seen that there was a delay in execution of agreement in 14 MFC[130] sites, ranging between one month and seven years & four months. In the remaining three sites, no delays were observed. Delay on the part of RLDA only was seen in four MFC sites – Lokmanya Tilak [131] (six years), Jhansi[132] (One year & three months) Ajmer[133] (48 days) Dehradun[134] (138 days) and in the remaining 10 sites, delay was both on the part of RLDA and the developers.

Due to delay in execution of the lease agreement on the part of the developer, the lease period was reduced to the extent of delay. This had resulted in non-monetisation to the extent of ₹ 3.27 crore due to reduced lease period.

MoR in its reply stated (3 July 2025) that the lease agreement is executed only after the successful bidder has fulfilled all conditions as specified in the bid documents. In cases where delays in fulfilling these conditions are attributable to the developer, the lease period is proportionately reduced to account for the delay. However, the full upfront lease premium is required to be deposited by the developer, irrespective of the delay.

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130 **Lokmanya Tilak Terminus; Jhansi; Sawai Madhopur Jn; Ajmer; Vijayawada; Miraj Junction; Bhagalpur; Hazur Sahib (Nanded); Dehradun; Sambalpur; Tata Nagar; Yeshwantpur; Raxaul; Katihar.**

131 **In LTT, LOA was issued (6 February 2015) but there was delay of more than six years in execution of lease agreement. Audit noticed that the site was de-entrusted (28 August 2017) and there after RB again entrusted (16 March 2018) the same site to RLDA. The delays were due to integration of MFC development with LTT station redevelopment. The site was finally decided (28 September 2021) for MFC development.**

132 **In Jhansi MFC site, there was delay of 15 months due to time taken for finalisation of lease policy by Government of India. As per RB letter dated 30 March 2011, it was decided that specific approval of cabinet shall be sought in each case of long-term leasing of Railway land. Further leasing of land by RLDA without the cabinet approval was relaxed on 30 July 2012, which was informed by RB to RLDA on 17 August 2012.**

133 **RLDA took 48 days for lease agreement after completion of all activities by developer.**

134 **RLDA took 165 days for lease agreement after completion of all activities by developer.**

Audit acknowledges the MoR reply that lease agreement is executed only after the successful bidder meets all conditions outlined in the bid documents. However, the reply of the MoR is silent regarding non-monetisation of annual lease rent (ALR) to the extent of reduced lease period in commercial sites.

5.3 Delay in handing over MFC sites to developer after signing of lease agreement

As per Article 14.2.3 of GCLA Part-II, in case of delay in providing right of way[135] to the site, RLDA shall be liable to pay the lessee liquidated damages equivalent to 0.1 *per cent* of the amount of lease premium till the occurrence of delay for each week subject to a maximum limit of 5 *per cent* of the amount of lease premium already paid by the lessee to RLDA till the occurrence of delay. As per Special Clause Lease Agreement, the right of way to the site shall be given by RLDA within 30 days of the effective date[136] in MFC sites.

Out of 17 sampled MFC sites, 16 sites had been handed over to the developers. Audit noticed that there was delay in handing over of sites to the developers in eight out of the selected 16 MFC sites, averaging 135 days. The delays in four sites ranged between one to three weeks, but the delays in the remaining four sites ranged between 130 days to around one year. Thus, RLDA was liable to pay liquidated damages of ₹ 41.73 lakh for delay in handing over of four[137] sites as shown in **Table 5.3**:

[135] **After fulfillment by the lessee of all the conditions precedent, RLDA shall provide to the lessee right of way to the site free from all encumbrances and the parties shall execute a handing over note in this regard, setting out in detail the site inventory as on the date of such handing over of the right of way.**

[136] **Effective date shall mean the date of signing of the lease agreement or the schedule for the respective sites, whichever is later**

[137] **There was delay in eight sites, however, in four sites – Bhagalpur; Sasaram; Katihar and Sambalpur, there was a delay of one to three weeks in site handing over which was not considered for LD calculation.**

Table 5.3: Liability for LD due to delay in handing over the site to the developer

S. No.	Site name	Date of Lease agreement	Due date of handing over of site to the developer	Actual date of handing over	Delay in handing over the site to developer (in days)	Liability of RLDA for LD @ 0.1 *per cent per week*	Reasons for delay in handing over of site
1.	Ajmer	31/03/2015	30/04/2015	29/02/2016	305	24,33,715	Finalising actual site area
2.	Vijayawada	09/05/2016	08/06/2016	23/06/2017	380	9,68,760	Finalising location & deferment of site etc.
3.	Hazur Sahib (Nanded)	22/01/2021	21/02/2021	27/09/2021	218	3,22,400	Not on record
4.	Yeshwantpur	17/05/2018	16/06/2018	24/10/2018	130	4,48,200	Non-shifting of occupants by Zonal Railway
Total						**41,73,075**	

Source: Records at RLDA

MoR in its reply (July 2025) stated that action is being taken in accordance with the provisions of the lease agreement. As per the agreement, liquidated damages at the rate of 0.1 *per cent* of the lease premium amount per week or part thereof are to be levied for the period of delay in achieving project milestones, prior to the issuance of the completion certificate for the subject sites.

MoR has accepted the audit findings and stated that action is being taken accordingly.

5.4 Other issues on execution of lease agreements

The audit findings related to administration of MoU and lease agreement with PSUs are discussed in the following paragraphs.

5.4.1 Non-execution of lease agreement by RLDA with RITES and RVNL

According to para 7 of Chapter III of RLDA Regulations, 2012 the usage of Railway land under the regulation is permitted only after a written agreement is executed. As per clause 1.2 of the MoU with RITES and RVNL, RLDA *inter alia* shall lease the project site to RITES/RVNL/Wholly Owned Subsidiaries of PSUs (WOS) through a lease agreement.

Audit noticed that RLDA had entered (4 July 2013) into a lease agreement with IISL (Subsidiary of IRCON International Limited) for planning, designing, development, operation and maintenance of 24 MFCs out of 40 MFCs assigned to RLDA. However, in contravention of RLDA Regulations, 2012 and MoU with

RITES and RVNL, RLDA had not executed any lease agreement with RITES and RVNL which had developed 14 and 2 projects respectively as of March 2023.

In absence of the lease agreements, disputes arising in future would be left open to interpretation and could lead to litigation.

MoR in its reply (July 2025) stated that a total of 14 sites of RITES and two sites of RVNL were transferred back to the respective Zonal Railways on a no-cost basis due to the non- viability of the projects.

The reply of MoR is not acceptable as para 1.2 of the MoU specified that RLDA shall lease the sites through lease agreement. However, RVNL and RITES were allowed to construct projects without execution of lease agreement.

5.4.2 Undefined lease period /non-finalisation of financial model

(i) Undefined lease period in lease agreement: According to clause 4.11 of the MoU between IRCON and RLDA, MFCs being developed by IRCON shall be for lease period of 35 to 45 years depending on financial viability. For this purpose, a single lease agreement was executed (July 2013) between RLDA and IRCON Infrastructural Services Limited (wholly owned subsidiary of IRCON) for the development of 24 MFC projects.

For proper administration of the lease agreement, a clearly defined lease period is crucial, but it was observed that the lease period was not defined in the lease agreement in contravention of the above-mentioned terms and conditions of MoU.

RLDA, while accepting the reply, stated (August 2024) that the lease period had not been mentioned in the agreement executed with IISL but was included in the MoU. Moreover, the site shall revert to RLDA at the end of the lease period.

RLDA's failure to include defined lease period indicate lack of due diligence and shortcomings in RLDA's internal control system.

The reply that the site shall revert to RLDA at the end of the lease period was not tenable because the lease period was not mentioned in the agreement executed with IISL.

MoR did not furnish (July 2025) any remarks in this regard.

(ii) Non-finalisation of financial model between IISL and RLDA

According to Clause 3.4 of the MoU, IISL shall prepare a project report/financial model for each MFC in consultation with RLDA. For this purpose, a suitable person shall be nominated by RLDA and IRCON.

As per para 4.2 of the agreement executed between RLDA and IISL, a fixed percentage share from the project revenue shall be based on mutually agreed financial model for each MFC structured so as to achieve a minimum Internal Rate of Return[138] (IRR).

Audit examination showed that information regarding nomination of a suitable person by RLDA for preparation of a project report/financial model by IISL for each MFC, in consultation with RLDA, was not available on record.

Out of the 24 projects completed by IISL, six projects were included in the audit sample. Financial models of these six selected sites were neither available in the records of RLDA nor were made available to Audit. In absence of the financial models, Audit could not ascertain whether RLDA had received the best payment terms from IISL.

RLDA, while accepting the audit observation, stated (August 2024 that IISL had submitted (January 2023) financial model of only Madurai MFC which was examined by RLDA and approved in May 2023. Further, RLDA had advised IISL to submit financial models of all MFCs.

MoR did not furnish (July 2025) any remarks in this regard.

5.5 Other issues

A) Non-revalidation of expired performance guarantee

As per the general conditions of Lease Agreement, Part-II of RLDA and clause 6.2.1 of Land Development Hand Book (LDHB) (amended on 26 March 2014), the lessee shall keep the performance guarantee (PG) valid and effective in full force up to six months beyond the date on which the last of the obligations are completed. Clause 6.2.4 further states that in the event the lessee fails to extend the PG, RLDA shall be entitled to encash the same.

Audit observed that out of the sampled 17 MFC sites, completion certificates had not been issued in 14 MFC sites. In six (42 *per cent*) out of these 14 sites, valid PG existed. For one site *viz*., MFC Raxaul, the documents related to PG were not on record. The details of the PG for the remaining seven sites are given in the following **Table 5.4**:

[138] **IRR equal to cost of borrowing plus five *per cent* subject to a minimum of 15 *per cent* project IRR (post tax) and minimum return on equity of 25 *per cent*.**

Table 5.4: Validity of performance guarantee submitted by developers

S. No.	Name of the site	Performance guarantee details			
		Date of submission of PG	Amount (₹)	Valid up to	Period since expiry (in months) as on 31/3/2023
1	Jhansi	17/01/2013	39,15,000	27/01/2019	50
2	Ajmer	13/02/2015	22,62,800	22/06/2017	70
3	Vijayawada	22/04/2016	32,29,200	02/02/2022	14
4	Miraj Jn	20/04/2016	22,95,675	02/02/2022	14
5	Dehradun	01/09/2017	12,00,000	31/08/2019	43
6	Yeshwantpur	24/08/2018	12,45,000	24/04/2019	47
7	Sambalpur	23/05/2018	47,500	23/05/2020	34
Total			**1,41,95,175**		

Source: Records at RLDA

Audit observed that the PGs submitted by the developers of these seven MFC sites amounting to ₹ 1.42 crore had expired on or before 31 March 2023 ranging from one year & two months to five years & 10 months.

Thus, RLDA did not enforce the lease agreement conditions and did not exercise its rights related to PG encashment.

MoR in its reply (July 2025) stated that the process of obtaining renewed Performance Bank Guarantees (PBGs) from the concerned developers is a continuous and ongoing exercise. Letters have already been issued to the respective developers in this regard. Further action will be taken in accordance with the provisions of the lease agreement. MoR also stated that the process for upkeep and management of Bank Guarantees (BGs) has been thoroughly reviewed. A standardised procedural order has been issued and implemented to ensure that all BGs remain valid and current at all times. Additionally, a month-wise monitoring system has been established to track the status of BGs systematically and proactively address any lapses.

Though a system in this regard has been recently implemented (August 2024), the fact remains that RLDA had not taken any action either to encash the performance guarantees or their renewal before expiry as pointed out by Audit.

B) Non-receipt of security deposit towards annual lease rent

As per Part-IV, Special Conditions of Lease Agreement, the lessee agrees and undertakes to provide security deposit (SD) of an amount equal to two times the amount of annual lease rent as security deposit against any default in timely payment of annual lease rent or breach of any other obligation. In case the lessee defaults in timely payment of annual lease rent, RLDA shall have the right to forfeit the security deposit.

Audit observed that in 11 MFC sites (73 *per cent*) out of the selected 17 MFCs, SD amounting to ₹ 6.29 crore (***Annexure 5.2***) was not deposited by the developers. In two sites (Lokmanya Tilak Terminus[139] and Tatanagar[140]), SD was not due as on 31 March 2023. In the remaining four sites, SD had been deposited by the developers.

RLDA in its reply (August 2024) agreed to the audit findings and stated that action is being taken to recover security deposit of ALR.

MoR did not furnish (July 2025) any remarks in this regard.

5.5.1 Non-consideration of 30 years' lease period for private developers of MFC sites by RLDA as adopted by IRCON

A Memorandum of Understanding (MoU) was executed (August 2009) between IRCON (a Railway PSU) & RLDA for development of MFCs for a lease period of 35-45 years depending on financial viability.

Subsequently, a lease agreement was executed (July 2013) between RLDA and IRCON Infrastructural and Services Limited (IISL- a wholly owned subsidiary of IRCON). As per para 4.1 of the lease agreement, Minimum Guaranteed Annual Payment (MGAP) shall not be less than the amount equal to six *per cent per annum* of the current land value determined as per the circle rate. Further, as per para 4.6, MGAP shall be increased by seven *per cent* every year.

Audit noticed that IISL has completed development of 24 MFC sites and sub-leased these MFCs for a period of 30 years. Out of these, six MFCs were part of the audit sample. Audit computed the expected earnings of RLDA based on MGAP for 30 years and also their Net Present Value (NPV[141]) considering discount rate[142] of 15 *per cent*[143] as detailed in ***Annexure 5.3***.

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[139] **Due date of ALR is 30 September 2024.**

[140] **Lease agreement was not executed till March 2023, hence, ALR was not due. Lease agreement executed on 3 May 2023 and the payment of SD was made in advance in February 2022.**

[141] **NPV is the result of calculation that finds the current value of a future stream of payments using the proper discount rate.**

[142] **Discount rate is the rate of return used to discount future cash flows back to their present value.**

[143] **RLDA has prescribed 15 *per cent* discount rate for calculating NPV. Further, consultants at RLDA use 15 *per cent* discount rate for valuation of sites.**

It can be seen that:

- NPV of earnings of IISL in case of four MFCs (except Digha & Madurai) was positive, indicating that the development of MFCs was financially viable for IISL over the 30 years lease period.
- Further, IISL and RLDA's expected earnings data indicate that for 30 years' lease period, IISL will earn ₹ 149 crore more than RLDA in absolute terms and ₹ 5.32 crore (22.15 *per cent)* in NPV terms.

Therefore, RLDA could have explored the option of leasing MFC sites to the private developers for a period of 30 years instead of 45 years.

RLDA in its reply stated (August 2024) that lease period has been considered as per guidelines issued by RB from time to time to fetch maximum value to RLDA. However, RLDA has not specifically replied to the audit observation that IISL was earning more in a shorter lease period of 30 years.

MoR did not furnish (July 2025) any remarks in this regard.

5.5.2 Outstanding payments from the developers/PSUs to RLDA

Audit findings related to various payments to be made to RLDA are discussed in the following paragraphs:

5.5.2.1 Outstanding payment from the developers of commercial sites

As per form 12 of the bid document, Part-III invited for development of commercial sites, the developer has to pay Upfront Lease Payment (ULP) and Annual Lease Rent (ALR). As per bid form 12, along with instalment, the lessee shall have to pay interest at the rate of 12 *per cent* on outstanding lease premium. As per clause 14.4 of Land Development Handbook (LDHB) Part-II, the lessee must make these payments not later than the dates specified in the agreement failing which it shall be construed as a payment default on behalf of the lessee and the lessee has to pay three per cent higher than the rate of interest specified in the schedule of payment for the actual delay (in number of days) in making the payment.

Out of 26 selected commercial sites, 13 sites were awarded by RLDA to the developers. Scrutiny of records showed that out of 13 awarded sites, in four sites, there was an outstanding amount of ULP as given in **Table 5.5**

Table 5.5: Outstanding upfront lease premium from the developers (₹ in crore)

S. No.	Name of site (Commercial)	Date of LOA	Offered value (Lease Premium)	Instalment due date (instalment number)	Outstanding ULP as on 31/3/2023
1	Ashok Vihar, New Delhi	28/02/2020	1,359	23/07/2022 (3)	67.95
2	Ambari, Guwahati	02/11/2021	81.31	27/12/2022 (2)	20.32
3	Gwaltoli, Kanpur	21/01/2020	66.70	11/11/2022 (3)	15.00
4	Rana Pratap Nagar, Udaipur	15/12/2022	9.54	13/02/2023 (1)	2.38
Total					**105.65**

Source: Records of respective sites of RLDA

Audit observed that there was an outstanding ULP amounting to ₹ 105.65 crore as per payment schedule in the bid as of March 2023. This did not include interest of 12 *per cent per annum* payable on the balanced amount of ULP and additional interest of three *per cent per annum* on damages. Out of this outstanding ULP, ₹ 15.85 crore was to be retained by RLDA as margin money and ₹ 89.80 crore was to be transferred to Railways.

MoR accepted (July 2025) the audit findings as a matter of record and stated that efforts are ongoing to secure due payments from the concerned developers.

5.5.2.2 Outstanding payments from the private developers of MFCs

In the RFPs of MFCs sites to be developed by private developers prior to 17 October 2018, ALR was to be paid every year in advance and the first ALR was payable from the day after the second/third anniversary date of payment of the first instalment of the lease premium. In RFPs floated after 17 October 2018, payment of first ALR shall commence from the day after the execution of the lease agreement and shall continue to be paid every year in advance at the beginning of each financial year (not later than 10th April).

In 12 out of 17 selected MFC sites awarded to private developers, there was an outstanding ULP /ALR amounting to ₹ 12.11 crore as detailed in **Table 5.6**:

Table 5.6: Outstanding ULP and ALR from MFC developers

S. No.	Name of site	Date of LOA	Offered Value (₹ in crore)	Outstanding ULP against instalment due (₹ in crore) as on 31/3/2023	Outstanding ALR against instalment due (₹ in crore) as on 31/3/2023
1	Ajmer	22/10/2014	9.00	0.08	1.70
2	Vijayawada	21/03/2014	7.49	0.21	1.46
3	Salem	01/09/2014	2.45	0.26	0.90
4	Huzur Sahib, Nanded	22/05/2018	4.72	0.41	0.65
5	Miraj	20/02/2014	8.00	0	3.44
6	Jhansi	20/01/2011	10.60	0	2.22
7	Sawai Madhopur	30/01/2015	10.53	0	0.18
8	Ratlam	25/08/2014	4.42	0	0.64
9	Dehradun	31/05/2017	4.56	0	0.79
10	Yeshwantpur	30/11/2017	2.61	0	0.04
11	Sasaram	02/11/2021	2.75	0	0.01
12	Bhagalpur	30/01/2018	2.54	0	0.08
Total			**69.65**	**0.96**	**12.11**

Source: Records of respective sites

Audit observed that there was an outstanding amount of ₹ 13.05 crore on account of ULP and ALR as on March 2023 (₹ 0.96 crore on account of ULP in four MFCs and ALR of ₹ 12.11 crore in respect of 12 MFCs). The outstanding amount excluded the interest of 15 *per cent*[144] *per annum* on balance amount of ULP and ALR and additional interest of three *per cent per annum* on damages. Out of this amount ₹ 1.96 crore was retainable by RLDA as margin money and ₹ 11.09 crore was to be transferred to Railways.

Further, there was delay in payment of ULP and ALR for more than 180 days *i.e.* beyond the maximum extension of payment time in two MFCs: Miraj & Vijayawada and more than one year *i.e.* beyond the maximum extension of time of payment in four MFCs: Salem; Hazur Sahib, Nanded; Ratlam and Bhagalpur. However, RLDA has not initiated any penal action against the above-mentioned MFCs.

[144]In case of Sasaram MFC, interest rate is 10.5 *per cent.*

MoR accepted (July 2025) the audit findings as a matter of record and stated that efforts are ongoing to secure due payments from the concerned developers.

5.5.2.3 Outstanding payments from IRCON against MFC sites

An MoU with IRCON was signed (August 2009) and IISL being a subsidiary of IRCON for developing MFCs, a lease agreement between RLDA and IISL was executed in July 2013.

As per clause 4.7 of the lease agreement, if the lessee fails to pay/defaults in the payment of full amount of any instalment, it shall be construed as payment default on behalf of IISL and IISL shall be liable to pay interest at the rate of 15 *per cent per annum* on the outstanding amount of the payment from the respective due date till such amount is fully paid.

As per para 4.2 of the agreement executed between RLDA and IISL, a fixed percentage share from the project revenue shall be based on mutually agreed financial model for each MFC structured to achieve a minimum Internal Rate of Return[145] (IRR).

Out of 24 MFCs developed by IRCON, six MFCs were selected for review. Audit calculated the Minimum Guaranteed Annual Payment[146] (MGAP) of these six MFCs as shown in **Table 5.7**:

Table 5.7: Minimum Assured Guarantee Payment outstanding from MFCs

(₹ in crore)

S. No.	MFC name	Total MGAP[147] up to 2022-23	MGAP paid by the developer	Outstanding MGAP (*4-3*)
1	2	3	4	5
1	Raipur	4.76	2.55	2.21
2	Digha	0.53	0.26	0.27
3	Madurai	13.99	2.47	11.51
4	Gwalior	7.08	2.34	4.75
5	Indore	1.90	1.02	0.88
6	Jammu Tawi	1.88	0.81	1.07
	Total	30.14	9.45	20.69

Source: Records of relevant sites

[145] **IRR equal to cost of borrowing plus five *per cent* subject to a minimum of 15 *per cent* project IRR (post tax) and minimum return on equity of 25 *per cent.***

[146] **MGAP is the minimum return on a project which is to be paid to RLDA by IRCON (ISL) irrespective of whether the Lessee earns the minimum return on the project or not.**

[147] **For the first year of lease period, MGAP has been calculated at the rate of six *per cent* of land value as per circle rate. For remaining years of lease period, it is calculated by enhancing it by seven *per cent* annually.**

Audit observed that out of the total MGAP dues of ₹ 30.14 crore, only ₹ 9.45 crore was paid by IISL and ₹ 20.69 crore was outstanding till 2022-23. This excluded interest of 15 *per cent per annum* payable on the balance amount of MGAP. Out of this outstanding MGAP, ₹ 3.11 crore was to be retained by RLDA as margin money and ₹ 17.58 crore was transferable to Railways.

MoR accepted (July 2025) the audit findings as a matter of record and stated that efforts are ongoing to secure due payments from the concerned developers.

5.6 Conclusion

The audit of RLDA's management of mixed-use development and Multi-Functional Complex (MFC) projects highlights a range of critical deficiencies in project structuring, regulatory compliance, contract execution, and financial oversight, which collectively undermined the authority's ability to safeguard public land assets and optimise revenue generation.

At the project planning and bidding stage, RLDA failed to incorporate approved provision to review lease periods when commercial usage exceeded the permissible threshold in its RFPs, to safeguard their interest. The omission of such clause weakened RLDA's ability to review the lease period after the permissible threshold, allowing developers to gain undue financial benefits.

Moreover, RLDA did not adequately explore or implement more remunerative payment models such as the Minimum Guaranteed Annual Payment (MGAP) with private developers, despite provisions in the RLDA Regulations and financial advantage in similar projects. Audit findings revealed that in several MFC sites, expected earnings under MGAP would have surpassed those realised through the upfront lease premium and annual lease rent structure.

In the execution phase, the audit identified extensive delays in finalising lease agreements and handing over project sites. These delays, often spanning months to years, resulted in the reduction of effective lease periods, delayed project monetisation, and in some cases, led to liquidated damages being payable by RLDA. For example, delays on the part of developers led to revenue loss through shortened lease durations amounting to ₹ 3.50 crore, while RLDA's own delay in handing over sites made it liable for liquidated damages of ₹ 41.73 lakh. These inefficiencies not only disrupted project timelines but also had direct financial consequences.

Further, there was widespread non-compliance with contractual and regulatory requirements. RLDA failed to execute lease agreements with RITES and RVNL for MFC projects, in contravention of MoUs. Additionally, the lease agreement with IISL, covering 24 MFC sites, did not specify the lease tenure, contrary to the MoU provisions. RLDA's failure to include defined lease period indicate lack of due diligence and shortcomings in RLDA's internal control system.

Analysis of sub-leasing arrangements under the IISL model indicated that IISL was projected to earn ₹ 149 crore more than RLDA in absolute terms, over a 30-year lease period. RLDA could have explored the option of leasing MFC sites to the private developers for a period of 30 years instead of 45 years.

RLDA failed to enforce recovery of expired performance guarantees worth ₹ 1.42 crore and did not collect security deposits amounting to ₹ 6.29 crore.

Moreover, dues worth over ₹ 33 crore, comprising upfront lease premium (ULP), annual lease rent (ALR) and MGAP, remained outstanding as of March 2023. No penal action was initiated against the defaulters despite the extended non-payment periods.

5.7 Recommendations

- *RLDA failed to incorporate approved provisions in Request for Proposals (RFPs) to review lease periods when commercial usage exceeded the permissible threshold which may result in undue benefit to the developer. Therefore, RLDA should ensure including essential clauses approved by the competent authority in all future RFPs.*
- *RLDA did not adequately explore or implement more remunerative payment models such as the Minimum Guaranteed Annual Payment (MGAP) with private developers, despite provisions in the RLDA Regulations and having financial advantage. RLDA should invariably evaluate and explore MGAP model in all its future projects.*
- *Audit identified extensive delays spanning months to years in finalising lease agreements and handing over project sites which resulted in the reduction of effective lease periods, delayed project monetisation and payment of liquidated damages by RLDA. To prevent loss of lease tenure and delays in monetisation, RLDA should strictly enforce prescribed timelines for execution of lease agreements and timely handover of project sites.*

- *RLDA failed to execute lease agreements with RITES and RVNL for MFC projects and did not specify the lease tenure in the agreement with IISL. RLDA should ensure compliance with MoU and regulatory requirements, including execution of lease agreements with all parties and clear mention of lease tenure in all contracts and finalisation of financial model to ascertain best payment terms.*

New Delhi
Dated: 01 December 2025

(PRAVIR PANDEY)
Addl. Deputy Comptroller and Auditor General

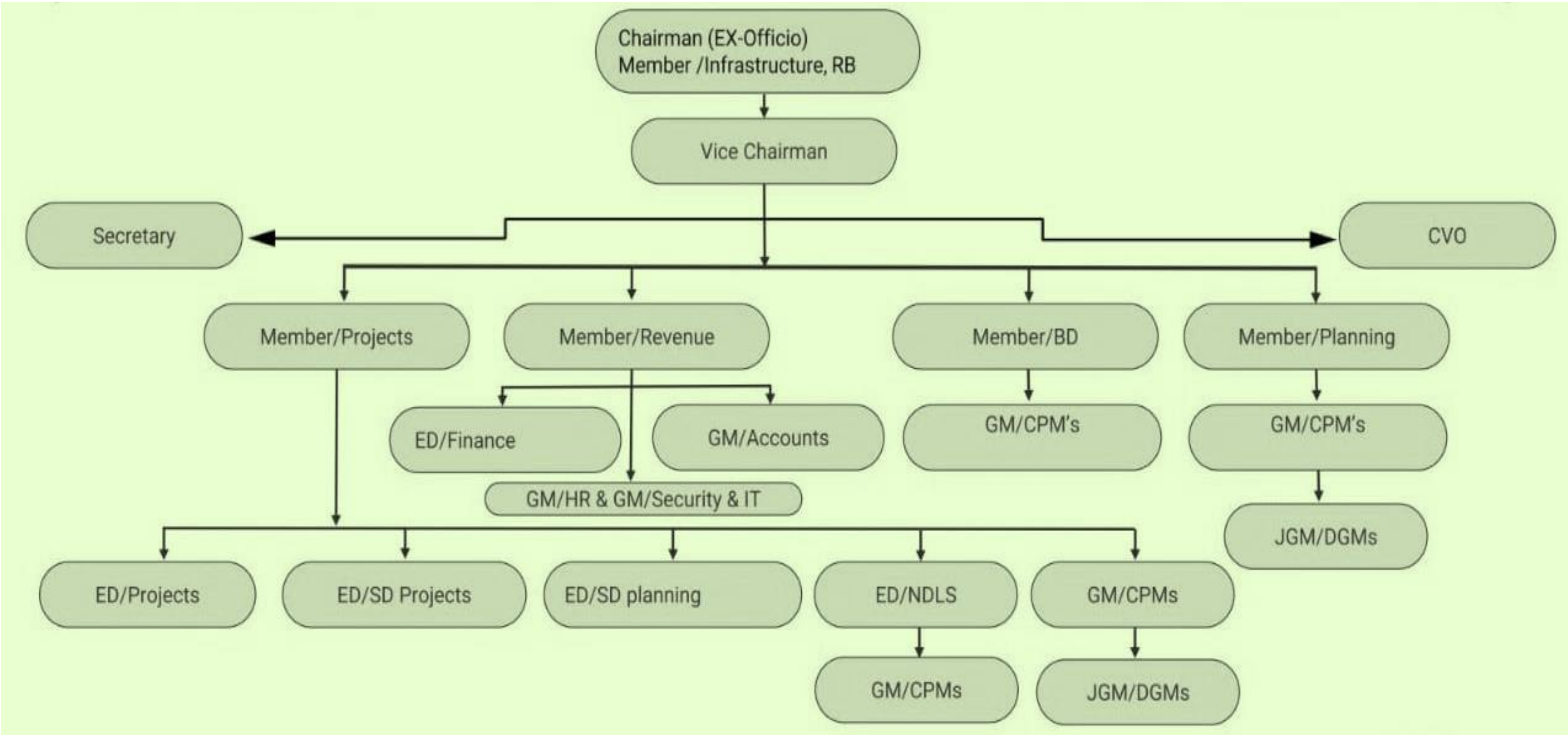
Countersigned

New Delhi
Dated: 03 December 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

Annexure

Annexure 1.1
Organisational Structure of RLDA (as on March 2023)
(Reference paragraph: 1.4)



Annexure 1.2
Statement showing details of sample selection
(Reference paragraph number: 1.8)

A. Commercial sites

S. No.	Description of sites	Awarded/ offered value of the site*	Percentage of selection	No. of Sites	No. of sites selected for Audit
(a)	Sites where contract awarded. (All sites awarded through open bidding)	Above ₹ 40 crore	50% subject to a minimum 1 site	11	6
		Between ₹ 40 crore to ₹ 20 crore	25% subject to a minimum 1 site	5	2
		Below ₹ 20 crore		19	5
	Total			**35**	**13**
(b)	Sites where the contract is yet to be finalised	Without financial consideration	One site from each zone (wherever exists preferably in tier I / tier II cities)	90	13
Total Commercial Sites				**125**	**26**

Annexure 1.2
Statement showing details of sample selection
(Reference paragraph number: 1.8)

B. Multifunctional Complex (MFC)

S. No	Agency for Development		Criteria for Audit: Awarded/ offered value of the site*	Criteria for Audit: Percentage of selection	No. of Sites	No. of sites selected for Audit
(a)	**Private developers**		Above ₹ 5 crore	50% subject to a minimum 1 site	11	6
			Between ₹ 2 crore to ₹ 5 crore	25% subject to a minimum 1 site	23	8
			Below ₹ 2 crore		19	3
	Total Private Developers				**53**	**17**
(b)	**PSU**	IRCON	25% of the sites having maximum financial value subject to a minimum 2 sites		24	6
		RITES			14	4
		RVNL			2	2
	Total PSUs				**40**	**12**
Total MFCs (Pvt. Developer + PSUs)					**93**	**29**

Annexure- 2.1

Statement showing the actual earnings from selected commercial sites

(Reference Paragraph: 2.3.4)

(₹ in crore)

S. No	Site Name	Revenue Potential	Expected Earnings during FYP	Reserve Price (ULP +ALR)	Actual Earning (including ALR) during FYP
1	**2**	**3**	**4**	**5**	**6**
1	Shahamatganj, Bareilly	45	24	68.17	22.27
2	Gwaltoli, Kanpur	20	20	62.09	13.34
3	Ashok Vihar, New Delhi	1500	1372	1280.14	271.81
4	Daba Garden, Vishakhapatnam	10	10	11.19	11.16
5	Station Road, Raxaul	6	6	3.66	6.97
6	Bandra East (small) II, Mumbai	10	10	4.77	7.24
7	Ayanawaram, Chennai	700	300	75.29	0
8	Rana Pratap Nagar, Udaipur	35	35	9.22	0
9	Bangalore Cantt. Plot A	100	50	236.16	0
	Total (Sr. No.1 to 9 excluding S. No. 7)	**1726**	**1527**	**1675.40**	**332.79**
10	Johnsganj, Ajmer	10-15	10	8.80	0
11	Sawai Madhopur	10-15	9	8.94	0
12	Aurangabad ITDC	70	70	87.17	0
13	Shimla	65	75.32	2.92	0
14	PF Road, Bangalore	27	0	90.13	0
15	Bandra East IRCON), Mumbai	2500-3000	950	0	0
16	Nirala Nagar, Kanpur	700	640	0	0
	Total (Sr. No. 10 to 16)	**3637**	**1754.32**	**197.96**	**0**
	Grand Total	**5363**	**3281.32**	**1873.36**	**332.79**

Annexure 2.2
Details of earnings transferred to MoR
(Reference paragraph number: 2.4.1)

(₹ in crore)

Year	Commercial earnings after refund[148]	Margin money to be retained by RLDA (15% of Col.2)	Amount. retained by RLDA	Excess retention (4- 3)	Money to be transferred to MoR (85% of Col. 2)	Amount transferred to MoR	Short transfer (6-7)	Interest on term deposit	Outstanding to be transferred to MoR as per the accounts of RLDA[149] (OB+2+9)-(4+7)
1	2	3	4	5	6	7	8	9	10
Opening balance (OB) as on 2018-19									17.4
2018-19	81.61	12.24	13.04	0.80	69.37	73.87	-4.5	0.01	12.16
2019-20	899.18	134.88	134.37	-0.51	764.3	761.55	2.75	0.01	15.43
2020-21	340.10	51.01	51.39	0.38	289.08	231.66	57.42	0.01	72.49
2021-22	377.59	56.64	57.44	0.8	320.95	201.14	119.81	0.01	191.51[#]
OB as on 1/4/2022									197.65
2022-23	439.58	65.94	68.39	2.45	373.65	315.69	57.96	9.45	**262.60***
Total	**2,138.06**	**320.71**	**324.63**	**3.92**	**1,817.35**	**1,583.91**	**233.44**	**9.49**	

Source: Audited annual accounts of RLDA for the years from 2018-19 to 2022-23

(#) There was a difference of ₹ 6.15 crore between the Closing Balance (2021-22) and Opening Balance of (2022-23). RLDA stated that the difference was due to re-calculation of interest. Opening Balance of (2022-23) was taken as ₹ 197.65 crore instead of ₹ 191.50 crore. **(*)** Outstanding Balance as on 31 March 2023

[148] **Refund to developer after termination of award of site.**

[149] **RLDA Accounts and Report 2022-23.**

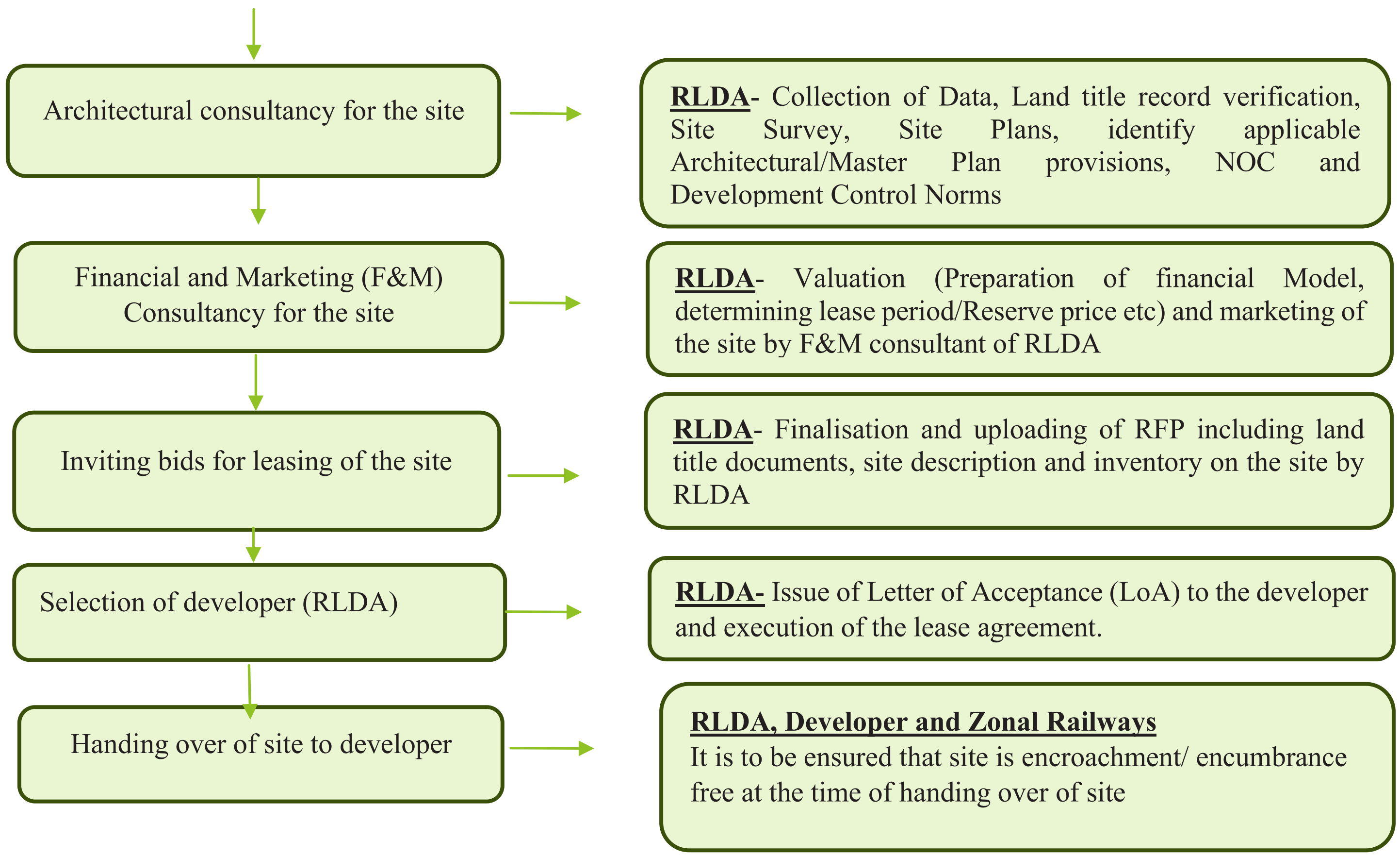
Annexure 3.1

Flow Chart showing checks at various level from forwarding of proposals of sites to handing over of the site to the developer

(Reference paragraph: 3.1.5)

Stages	Responsible Agency and the checks
Forwarding proposals of identified sites by Zonal Railways to Railway Board (RB) with requisite certificates	**Zonal Railways** submits certificates for the following: • Land is free from encroachment and encumbrances. • Land title/ mutation exists in favour of Railways. • Land is not required by Railways for operational purpose in the near future.
Preliminary inspection by RLDA to ascertain suitability of site for commercial development	Before forwarding proposal to RLDA, **Railway Board** checks for requisite certificates from Zonal Railways
Submission of preliminary inspection report/ suitability of site for commercial development by RLDA to Railway Board	**RLDA** conducts preliminary inspection of site as per proforma specified and identifies land encroachment/ encumbrance issues
Entrustment of site by RB to RLDA for commercial development	**Railway Board** checks the inspection report submitted by RLDA

Contd...


Architectural consultancy for the site
RLDA- Collection of Data, Land title record verification, Site Survey, Site Plans, identify applicable Architectural/Master Plan provisions, NOC and Development Control Norms
Financial and Marketing (F&M) Consultancy for the site
RLDA- Valuation (Preparation of financial Model, determining lease period/Reserve price etc) and marketing of the site by F&M consultant of RLDA
Inviting bids for leasing of the site
RLDA- Finalisation and uploading of RFP including land title documents, site description and inventory on the site by RLDA
Selection of developer (RLDA)
RLDA- Issue of Letter of Acceptance (LoA) to the developer and execution of the lease agreement.
Handing over of site to developer
RLDA, Developer and Zonal Railways
It is to be ensured that site is encroachment/ encumbrance free at the time of handing over of site

Annexure- 4.1
Statement showing excess shape factor discount considered in valuation of sites
(Reference Paragraph: 4.1.2.2)

S. No.	Project	Valuation Method	Valuation (₹ in crore)	Discount Considered (*per cent*)	Excess Discount (*per cent*)	Amount of Discount (₹ in crore)	Weightage (*per cent*)	Discount with weightage (₹ in crore)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	Bandra (East)-II, Mumbai	Market rate	5.65	10	5	0.28	25	0.07
		Circle rate	6.65			0.33	25	0.08
2	Gwaltoli, Kanpur	Market rate	51.59	10	5	2.58	70	1.81
		Circle rate	56.35			2.82	0	0
3	Station Road, Raxual	Market rate	2.68	10	5	0.13	25	0.03
		Circle rate	3.26			0.16	25	0.04
4	GRP Thana, Sawai Madhopur	Market rate	8.55	10	5	0.43	100	0.43
		Circle rate	8.00			0.40	0	0
5	Rana Pratap Nagar, Udaipur	Market rate	11.03	15	10	1.1	30	0.33
		Circle rate	8.78			0.88	30	0.26
					Total	**9.11**		**3.05**

Annexure 4.2
Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites
(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
1	Ambari, Guwahati	55%- residential, 45% - commercial	Y	1	GC- M/s E & Y LLP	C=19.12 R=64.02 M= 73.81 DCF= 74.63	0%	50%	0%	50%	NAP	No reason provided
2	Ashok Vihar, Delhi	Residential	X	1	M/s Innovest	C= 1367.55 R= not evaluated M= 1623.3 D= 1448.6	0%	70%	NAP	30%	NAP	No reason provided.
2.1	Ashok Vihar, Delhi	Residential	X	2	Peer Review Consultant	C= 1236.45 R= not evaluated M=1828.63 D= 1340.1	30-35%	10%	Not calculated	30-35%	20-30%	Market rate method not based on direct sale/lease comparable for similar land parcels, doesn't take into account the time value of money and therefore, didn't present the real picture of land value.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
3	Ayanawaram, Chennai	Commercial	X	1	M/s Cushman and Wakefield	C= 23.3 R= 34.59 M= 34.6 D= 28	0%	0%	0%	100%	NAP	Value by circle rate was much lower. There was no close comparable for the subject site in micro market. Hence, market value method and residual value method was not appropriate for subject site. GM committee after deliberation felt that circle rate, market rate, and residual methods were not appropriate for the site. The DCF method recommended by consultant was found satisfactory.
3.1	Ayanawaram, Chennai	Commercial	X	2	GC-Earnst and Young LLP (latest)	C= 21.6 R= 31.2 M= 26.4 D= 30.1	10%	10%	0%	80%	0%	DCF method captures real value of land, hence maximum weightage. Residual method did not capture real values, hence nil weightage given.

Annexure 4.2
Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites
(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
4	Bandra East (small) Awarded	Commercial	X	1	M/s PDMAG	C= 6.65 R=6.05 M= 5.65 DCF= 6.25	25%	25%	25%	25%	NAP	JGM Committee fixed the reserve price by stating that in the range of ₹5.65 crore to ₹6.65 crore, such average around ₹ 6.0 crore.
5	Bengaluru Cantt. Plot A	Commercial	X	1	M/s. Knight Frank Pvt. Ltd.	C= 227 R= 63.37 M= 396.75/317.8 1 D= 292.75	10%	40%	0%	50%	NAP	DCF method capture real value of land, hence maximum weightage given. Residual method did not capture real values, hence nil weightage given.
6	Bhusawal	Commercial	Z	1	Spot Committee	C= 3.38 R= Not calculated M= 5.66 DCF= Not calculated	40%	60%	0%	0%	0%	The site (5,270 sqm.) was awarded at a cost of ₹ 25.20 crore and terminated on payment default by RLDA. As the developer did not deposit money due to reservations on the sites. Hence, second RFP was invited for 2,270 sqm by leaving reservation area, the highest bid price was not determined by RLDA by taking the average of H2 to H4.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
7	Gwaltoli	Residential	Y	1	M/s PDMAG	C=56.35 R=53.41 M= 51.59 D=32.9	0%	70%	0%	30%	NAP	Circle rate method is primarily for small plot and cannot reflect true value of small plots, hence not considered. Residual method assumes all revenues and cost on a static basis without considering any time value of money, hence not considered.
8	Mettuguda, Hyderabad	Residential	X	1	M/s. Cushman and Wakefield	C= 16.53 R= 8.28 M= 38.68 D= 23	10%	30%	10%	50%	NAP	Circle rate is not giving real picture of value of plot. Residual is based on total inflow, outflow and builders profit, method doesn't account of time value of money. DCF work out realistic reference value existing in present market scenario.
9	Rana Partap Nagar, Udaipur	Commercial	Z	1	Spot Committee	C= 10.62 R= 9.39 M=12.03 D=Not calculated	33%	33%	33%	NAP	NAP	No reasons.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
9.1	Rana Partap Nagar, Udaipur	Commercial	Z	2	GC	C= 8.78 R= 15.60 M=11.03 D=5.90	30%	30%	10%	30%	NAP	Circle rate obtained from revenue department, hence 30 *per cent* weightage. In DCF method, values worked out with realistic reference values, hence 30 *per cent*. In residual, it doesn't take into account time value of money hence 10 *per cent*. Market rate compared with e-auction rate carried out by Govt. agency, hence 30 *per cent* weightage given.
10	Raxaul	Commercial	Z	1	Consortium of PDMAG and Co and RSP Advisors	C= 3.26 R= 4.09 M= 2.68 D= 2.35	33.33%	33.33%	0%	33.33%	NAP	CMC ignored Residual method as it ignored time value of money

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
11	Salt Golah, Howrah	Mix development	X	1	M/s Anarock	C=255 R=295 M=372 D=411	20%	20%	0%	60%	NAP	The consultant in his valuation had considered all the relevant factors and had made an objective assessment dealing with vide variations in circle rate of different adjoining areas. It appeared prudent to consider the circle rate method as well. Market rate was in comparison to plot of smaller size. 10 % plot size discount considered by consultant was inadequate. Market rate method may not give a true picture of the land. Residual method does not take into account the time value of money and may not be relevant for project of this size.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
12	Shahamatganj, Bareilly	Mix Development	Y	only one valuation done	PDMAG	C=93.59 R=65.40 M=70.04 D=61.25	15%	35%	15%	35%	NAP	Valuation by market rate method is based upon transactions collected by consultant from local real estate agents. Circle rate gives a basic guidance value of land parcel. Residual method does not capture time value and does not give true picture. DCF analysis captures time value of money and takes into account cash inflow and cash outflows.
13	Daba Gardens, Vishakhapatnam	Commercial	Y	2	Consortium of M/s PDMAG and Co and RSP Advisors	C= 9.5 R= 10.2 M= 10.9 D= 8.1	33%	33%	33%	0%	0%	DCF method was not considered being on lower side and equal weightage given to other three methods.
14	Aurangabad- Part of old ITDC Hotel	Not Awarded	Y	1	Consortium of M/s PDMAG and Co and RSP Advisors	C=121.74 R= 133.25 M=103.39 D=101.90	25%	25%	25%	25%	NAP	GM committee recommended guidance value of ₹ 104 crore to 127 crore after considering the weightage value of ₹ 114.80 crore by taking +/- 10% of the value.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
14.1	Aurangabad-Part of old ITDC Hotel	Not Awarded	Y	2	GC (M/s. EY)	C=90.0 R=90.0 M=93.0 D=85.0	10%	40%	10%	40%	NAP	No reasons provided.
15	Air Space Puri	Not Awarded	Y	1	M/s EY (GC)	C=0.47 R=36.20 M=12.44 D=21	0%	10%	10%	80%	NAP	No reason provided.
16	Bagdogra	Mixed use	Z	1	M/s. Ernst & Young	C=105.71 M=70.96 R = 85.84 DCF= 52	20%	40%	10%	30%	NAP	No reason provided.
17	Bandra East (Ircon)	Not Awarded	X	-	-	-	-	-	-	-	-	MoU between IRCON and RLDA was signed on March 2018, MoU expired on February 2021. The site was to be taken back by RLDA on mutual consent.
18	Sawai Madhopur	Commercial	Z	-	-	-	NAP	NAP	NAP	NAP	NAP	GV arrived using *pro-rata* basis of Sawai Madhopur MFC GV.

Annexure 4.2

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites

(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
19	Platform Road Bangalore	95% Residential and 5% commercial	X	1	M/s Knight Frank	C=107 R=103 M=0 D=63	25%	0%	25%	50%	NAP	Not available.
20	CLW-Site near Gate No. 1. Chittaranjan	Not awarded	Z	-	-	-	-	-	-	-	-	Valuation not done.
21	Railway Junior Institute near Durgabadi, Gorakhpur	Not Awarded	Y	Not fixed	NAP	NAP	NAP	NAP	NAP	NAP	NAP	The site was sub-judice prior to entrustment of the site.
22	Johnsganj, Ajmer	Residential	Y	1	M/s PDMAG	C=2.91 R=8.71 M=9.70 D=5.37	0%	50%	50%	0%	NAP	There was huge difference in valuation by CMC by DCF methods and other two methods- Market rate and Residual methods. Hence, CPM recommended average of market rate and residual method.
23	Additional land Lokgram Kalyan	Not awarded	X	0	NAP	NAP	NAP	NAP	NAP	NAP	NAP	Valuation not done.

Annexure 4.2
Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-commercial sites
(Reference Paragraph: 4.1.3.1)

S. No.	Name of site	Type of development	Class of city	Sequence of valuation done	Name of Consultant	Value considered by last RLDA Committee (₹ in crore)	Weightage in *per cent* considered for arriving Guidance value					Reasons quoted by RLDA for different weightages
							Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
24	Nirala Nagar, Kanpur	Residential	Y	0	NAP	NAP	NAP	NAP	NAP	NAP	NAP	Valuation not done.
25	Shimla (Railway Godown below Winter Field)	Not awarded	Z	0	m/s Knight Frank	C=228.04 M=306.11 R=0 D=253.60	0%	50%	NAP	50%	NAP	CMC committee recommended to keep the reserve price in the range of ₹ 253.60 lakh to ₹ 306.11 lakh.
26	Waltax Road, Chennai	Commercial	X	1	Spot Committee	C= 1.46 R= (-) 2.17 M= 5.42 D= NAP	30%	70%	0%	NAP	-	Residual value calculated was negative. Initially GV of ₹ 4.10 crore was approved as per weightage of circle rate and market rate. Later, GV revised to ₹ 4.19 crore based on highest offer received.

Annexure 4.3

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites (Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
1	Lokmanya Tilak Terminus	X	Knight Frank	C=36960000 R=60506000 M=109793000 D=104800000	0%	100%	0%	0%	0%	The market rate gives the most appropriate value.
2	Jhansi	Y	NAP							Valuation not provided.
3	Sawai Madhopur Jn.	Z	Knight Frank	C=14990000 R=71487000 M=76290000 D=79294000	0%	0%	0%	100%	NA	DCF method is the detailed valuation technique and gives accurate estimation as compared to the other methods when market data for actual lease hold transaction is not available.

Annexure 4.3

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites

(Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
4	Ajmer	Y	Spot committee	C=49475261 R=42182838.83 M=56768213.5 D=NA	100%	0%	0%	NA	NA	Lease hold value based on circle rate would be most appropriate as there is no doubt regarding the data for the circle rate, whereas the data for other methods can vary substantially even with a small change in parameter.
5	Vijayawada	Y	NAP							Valuation not provided.
6	Miraj Jn	Y	Knight Frank	C=28529000 R=63910000 M=40586000 D=42677000	0%	0%	0%	100%	NA	DCF method is the detailed valuation technique and gives accurate estimation as compared to other methods when market data for leasehold transaction is not available.

Annexure 4.3

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites

(Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
7	Bhagalpur	Z	Spot committee	C=38331837 R=35727660 M=28321285 D=NA	0%	100%	0%	NAP	NAP	The value of circle rate method is higher than market rate method. The value by residual method is much higher than market rate method. Hence, the value of ₹ 284 lakh by market rate method is considered.
8	Sasaram	Z	Spot committee	C=20609792 R=-19542854 M=16839584 D=NA	100%	0%	0%	NAP	NAP	RLDA has not mentioned it. From the records it was seen that the highest value i.e., circle rate was taken.
9	Hazur Sahib (Nanded)	Y	Spot committee	C=43981245 R=36535531 M=59974425 D=NA	33%	33%	33%	NAP	NAP	Considering the previous guidance value (i.e. ₹3.57 crore) and response received (one).

Annexure 4.3
Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites
(Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
10	Dehradun	Y	Spot committee	C=26015000 R= (-)1224000 M=31594000 D=NA	0%	100%	0%	NAP	NAP	Valuation as per circle rate is lower than the market rate and valuation as per residual method is not considerable being out of proportion. The valuation as per market value is more appropriate and hence considered.
11	Ratlam	Z	Spot committee	C=59400000 R=24029123 M=69800000 (460.10 lakhs) D=NA	0%	100%	0%	NAP	NAP	The value by residual method is very low due to low rent rates, the market rate has been considered as there is no much different between circle rate and market rate. MFC will give better marketing opportunities, hence, the valuation given by market rates is considered most reliable. Updated value was 460.10 lakh February14.

Annexure 4.3
Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites
(Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
12	Tatanagar	Y	Spot committee	C=896498 R=21206208 M=10963676 D= NAP	20%	20%	60%	NAP	NAP	Not available
13	Yeshvantpur	X	Knight frank	C=63.14 R=Not available M=172.89 D=236.85	0%	0%	0%	100%	NAP	Circle rates are found to be generally not representative of actual value of land thus give very low figure. No transaction of free hold as well as lease hold value is available in the near vicinity.
14	Salem	Y	Spot committee	C=8800000 R=2800000 M=17600000 D=NA	0%	100%	0%	0%	NAP	The circle rate are old, the value based on residual method is low so the committee value based on market rate as the realistic value. 2. The updation of reserve price was made on April 2014 in which approved guidance value (market rate) was updated (₹ 121 lakh).

Annexure 4.3

Statement showing details of different weightage considered by RLDA for arriving at Guidance Value-MFC sites

(Reference Paragraph: 4.1.3.2)

S. No.	Name of site	Class of city	Name of consultant/Spot Committee	Valuation under different methods of valuation (Figures in ₹)	Weightage in *per cent* considered for arriving guidance value					Reasons quoted by RLDA for different weightages
					Circle rate method (C)	Market rate method (M)	Residual method (R)	DCF method (D)	Highest offer in previous bid	
15	Raxaul Jn	Z	Spot committee	C=10752459.17 R=12481437.3 M=12690164.57 D=NA	0%	100	0%	NAP	NAP	Not available
16	Katihar	Z	Spot committee	C=4430751 R= (-4623840) M=2569077 D=NA	100%	0%	0%	NAP	NAP	Highest value recommended
17	Sambalpur	Z	Spot committee	C=76763 R=1311015 M=765937 D=NA	0%	0%	100%	NAP	NAP	Highest value from residual method

NAP- Not Applicable

Annexure 5.1
Statement showing details of commercial sites with delay in execution of lease agreement
(Reference Paragraph: 5.2)

S. No.	Name of site	Date of issue of LOA	Delay* in receipt of 1st instalment beyond 60 days	Delay in submission of BG beyond 105 days	Delay in submission of PG beyond 105 days	Delay in incorporation of SPC beyond 90 days	Delay in payment of Success fee beyond 105 days	Date of last activity done by developer	Stipulated date of lease agreement from 120 days of LOA	Lease agreement signing date	Delay on part of developer *(9-10)*	Delay on part of RLDA *(11-9)*
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
1	Ashok Vihar, New Delhi	28/2/2020	147	0	96	0	102	22/9/2020	27/6/2020	1/10/2020	87	9
2	Bandra (East)-II Small awarded, Mumbai	6/11/2017	392	0	346	0	345	1/2/2019	6/3/2018	29/4/2019	332	87
3	Bhusawal	31/10/2022	88	Not on record	Not on record	61	0	28/3/2023	28/2/2023	Not executed till 31/3/2023	28	3
4	Gwaltoli, Kanpur	21/1/2020	235	0	569	54	560	25/11/2021	20/5/2020	30/12/2021	554	35
5	Mettuguda, Hyderabad	8/5/2020	266	0	Not on record	29	221	30/3/2021	5/9/2020	Not executed till 31/3/2023	206	731
6	Station approach Road, Raxaul	27/9/2017	89	0	1114	227	68	28/1/2021	25/1/2018	15/2/2021	1099	18
7	Salt Golah, Howrah	14/10/2022	59	Not on record	Not on record	0	0	10/2/2023	11/2/2023	Not executed till 31/3/2023	1	49
8	Daba Garden Visakhapatnam	6/6/2019	86	0	496	0	41	27/1/2021	3/10/2019	13/2/2021	481	17

** Delay counted from date of Letter of Acceptance (LoA)*

Source: RLDA records related to sites

Annexure 5.2
Security deposit against ALR of MFC sites
(Reference Paragraph: 5.5)

(Figures in ₹)

S. No.	Name of the site	Due date of first ALR	Amount of first ALR	Updated amount of ALR (as on 31/3/2023)	Amount of SD to be deposited (as on 31/3/2023)	Delay as on 31/3/2023 (in months)
1	2	3	4	5	6	7
1	Jhansi	3/11/2016	50,00,000	57,50,000	1,15,00,000	77
2	Sawai Madhopur Jn.	2/6/2017	9,00,000	10,35,000	20,70,000	70
3	Ajmer	21/12/2016	64,51,000	74,18,650	1,48,37,300	76
4	Vijayawada	5/5/2018	28,78,380	33,10,137	66,20,274	59
5	Miraj Jn	23/4/2017	55,09,620	63,36,063	1,26,72,126	72
6	Hazur Sahib (Nanded)	18/10/2020	26,66,158	26,66,158	53,32,316	29
7	Dehradun	20/8/2019	27,00,000	27,00,000	54,00,000	43
8	Yeshvantpur	2/3/2020	1,50,000	1,50,000	3,00,000	37
9	Salem	12/12/2016	15,30,000	17,59,500	35,19,000	76
10	Raxaul Jn	19/5/2017	2,50,000	2,87,500	5,75,000	71
11	Sambalpur	22/2/2020	50,000	50,000	1,00,000	37
	Total		**2,80,85,158**	**3,14,63,008**	**6,29,26,016**	

Annexure 5.3

Statement showing comparison of MGAP to be received from IRCON and actual earning of IRCON

(Reference Paragraph: 5.5.1)

(₹ in crore)

S. No	Name of MFC	Area	Date of sublease agreement	Lease period in years	Circle rate/sqm	Earnings of RLDA as MAGP @ 6% of land value(in crore)	NPV of MGAP @10%	Const. cost	One time Lease premium by sub-lessee to IRCON	Total Lease rent to be realised by IRCON	Total earnings of IRCON (9+10)	NPV of total earning of IRCON	Net earnings of IRCON (11-8)	NPV of Net earnings of IRCON	Difference in earnings of RLDA and IRCON (13-6)	Difference in NPV (Col 16-9)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Raipur	1325.17	3/9/2014	30	44140	39.68	4.65	6.49	2.99	86.32	89.31	14.84	82.82	9.2	43.14	4.55
2	Digha	2600	20/7/2017	30	1500	2.21	0.26	13.35	3.40	35.16	38.56	7.5	25.21	-4.11	23.00	-4.37
3	Madurai	2728.85	3/2/2016	30	86115	67.86	10.24	10.63	4.91	73.10	78.01	14.47	67.38	5.22	-0.48	-5.02
4	Gwalior	1550	26/11/2014	30	56175	49.35	5.78	5.10	2.28	71.92	74.20	12.2	69.10	7.76	19.75	1.98
5	Indore	1000	3/2/2016	30	23364	13.24	1.55	6.03	2.44	54.89	57.33	9.87	51.30	4.63	38.06	3.08
6	Jammu Tawi	1457.7	3/9/2014	30	15887	13.13	1.54	1.10	2.85	36.91	39.76	7.6	38.66	6.64	25.53	5.10
	Total					**185.47**	**24.02**	**42.70**	**18.87**	**358.30**	**377.17**	**66.48**	**334.47**	**29.34**	**149.00**	**5.32**

List of Abbreviations

Abbreviations

Abbreviation	Full Form
Act	Railway Act 1989
ALR	Annual Lease Rent
AOP	Association of Persons
BG	Bank Guarantee
BUA	Built Up Area
CESTAT	Customs Excise and Service Tax Appellate Tribunal
CLW	Chittaranjan Locomotive Works
CMC	Consultant Monitoring Committee
CPWD	Central Public Works Department
CR	Central Railway
CTS	City Title Survey
CVO	Chief Vigilance Officer
DCF	Discounted Cash Flow
DCR	Developmental Control Regulations
DDA	Delhi Development Authority
DGM	Deputy General Manager
D & G	Direction and General
DIPAM	Department of Investment and Public Assets Management
DP	Development Plan
DRM	Divisional Railway Manager
DRP/SRA	Dharavi Rehabilitation Project/ Slum Rehabilitation Authority
DSR	Delhi Schedule of Rates
ED	Executive Director
ER	Eastern Railway
F & M Consultant	Financial and Marketing Consultant
FAR	Floor Area Ratio
FSI	Floor Space Index
FYP	Five-year Plan
GB	General Body
GCLA	General Conditions of Lease Agreement
GM	General Manager
GST	Goods and Service Tax
GV	Guidance Value
IHCL	Indian Hotels Company Ltd
IISL	IRCON Infrastructure & Services Limited
IRCON	Indian Railway Construction Company Limited

Abbreviation	Full Form
IRR	Internal Rate of Return
ITDC	India Tourism Development Corporation
JGM	Joint General Manager
JPO	Joint Procedure Order
JV	Joint Venture
L&A Directorate	Land Management and Amenities
LD	Liquidated damgaes
LDHB	Land Development Hand Book
LOA	Letter Of Acceptance
LTT	Lokmanya Tilak Terminus
MGAP	Minimum Guaranteed Annual Payment
MFC	Multi-Functional Complex
MoR	Ministry of Railways
MoU	Memorandum of Understanding
NAV	Not Available
NCR	National Capital Region
NDMC	New Delhi Municipal Council
NFR	Non-Fare Revenue
NGT	National Green Tribunal
NIT	Notice Inviting Tender
NOC	No Objection Certificate
NR	Northern Railway
PA	Performance Audit
PAN	Permanent Account Number
PCDO	Periodic Confidential Demi-Official
PG	Performance Guarantee
PSU	Public Sector Undertaking
RB	Railway Board
RCM	Reverse Charge Mechanism
RFP	Request for Proposal
RICS	Royal Institution of Chartered Surveyors
RITES	Rail India Technical and Economic Services
RLDA	Rail Land Development Authority
RP	Reserve Price
RVNL	Rail Vikas Nigam Limited
SCR	South Central Railway
SD	Security Deposit
SPC	Special Purpose Company
SR	Southern Railway

Abbreviation	Full Form
TDS	Tax Deducted at Source
ULP	Upfront Lease Premium
VC	Vice-Chairman
WR	Western Railway
ZR	Zonal Railways

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