An aerial photograph of a winding asphalt road that curves through a dense, green forest. The road is light grey and contrasts with the dark green trees. The forest appears to be on a hillside, with some rocky patches visible. The overall scene is serene and natural.

C&AG's Performance Audit Report on Functioning of the Noida Authority - Issues and lessons

by R B Sinha

9th June 2022

TABLE OF CONTENTS

01

NOIDA

Primary Functions of Noida Authority

02

Group Housing

Allotment of Plots, Processes, Eligibility Criteria, Bid rigging, key members exit after allotment of plots, sub-division of plots, Relaxations, Undue benefits, etc

03

Commercial

Allotment of Plots, Logix Group, Three C Group, Wave Group, ineligible bidders, key members exit after allotment of plots, sub-division of plots, Relaxations, Undue benefits etc

04

Sports City Plots

Allotment of Plots, ineligible bidders, Misuse of Consortium process, Incomplete Projects, Significant incentives to builders of no avail

05

Institutional & Industrial

Arbitrary Allotment of Farmhouse Plots to Rich and Powerful, Deregistered Festival City Phase 1 project, Misuse of Industrial Plots for Commercial Purposes

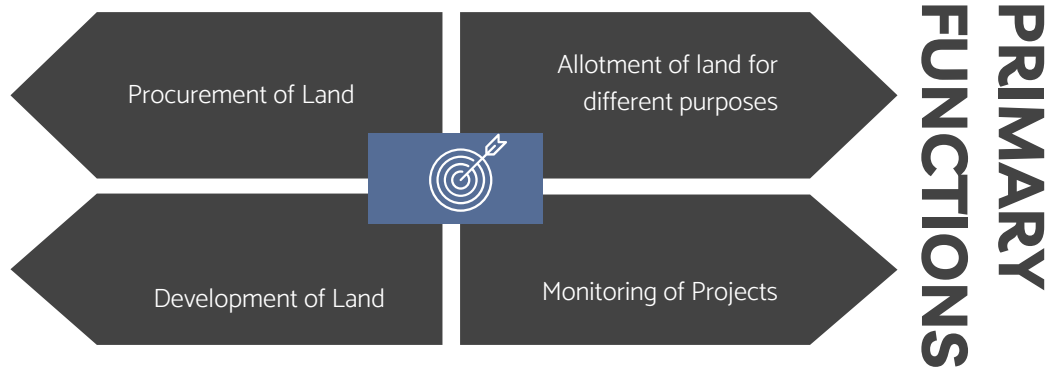
06

Issues & Lessons

Discussion and Scope for Future Functioning

New Okhala Industrial Development Authority

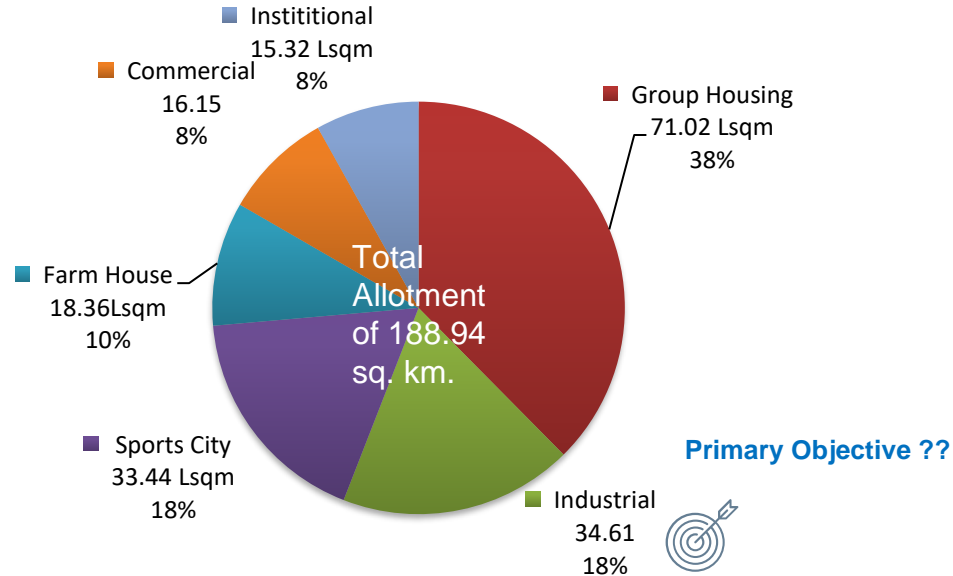
wherein the Authority develops the city inclusive of group housing, commercial, institutional & industrial areas.



Procurement of Land

- ❑ Land Acquisition Act 1894 : Agricultural land is acquired from farmers on a standard justification of industrial development for invoking the urgency clause, which enabled the Collector to dispense with the rights of landowners in respect of hearing on objections to proposed land acquisition.
Approximately 80 per cent of land was acquired by using this provision.
- ❑ Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013 Act (2013 Act), which came into force from 1 January 2014.

Allotment of Plots



The highest allotment in terms of area was done in the year 2010-11 with an allotment of 48.61 lakh sqm which was 25.81 per cent of the total allotments during the period 2005-06 to 2017-18.

Allotment of Plots (2005-18)

Time Period	Total	Group housing	Industrial	Sports City	Farm House	Commercial	Institutional
2005-06							
2006-07							
2007-08		98% by 2010 -11	70% in 3 years				
2008-09							
2009-10	Highest Allotment 89.54 Lakh sq. km. (47% in 2 years)				150 allotments in 2 years		
2010-11							
2011-12							
2012-13							
2013-14							
2014-15					7 allotments in 1 year		
2015-16							
2016-17							
2017-18							

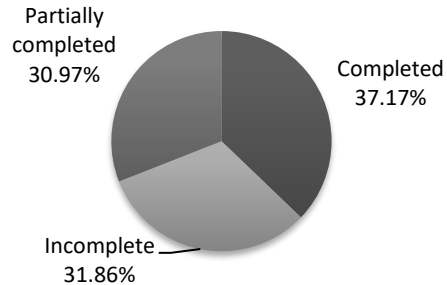


Group Housing

Allotment of GH Plots

In 24 schemes, 67 plots (area 71.03 lakh sqm) were allotted for premium of Rs 14,050.73 crore. The allottees, in turn, sub-divided these plots into 113 properties with the approval of NOIDA against which the dues of NOIDA pending for receipt as on 31 March 2020 were Rs 18,633.21 crore for 96 plots.

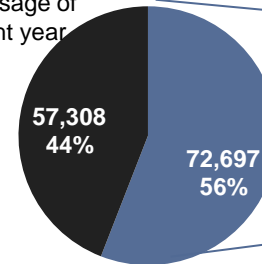
Projects



As of 31 March 2020

1,30,005 total flats sanctioned

In spite of majority of allotments being done upto 2010-11, flats pending completion even after passage of more than eight year



OC issued by NOIDA upto 31st Mar 20 (Builders completed these flats)

Outstanding dues of the builders



Permission for sub-lease granted

Processes in Allotment of Plots

- ✓Two-stage bidding - with submission of technical and financial bid.

- ✓The technical bid consisted of technical eligibility criteria requiring work experience in terms of completion of number and size of projects executed and financial eligibility criteria specified requirement in terms of minimum net worth, solvency and turnover.

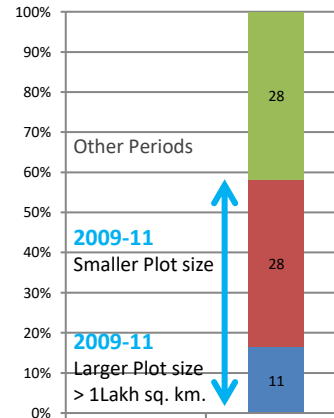
- ✓The bids were then evaluated by UPICO followed by the Plot Allotment Committee (PAC).

- ✓The brochure provided that the financial bids of only technically qualified bidders shall be opened.

1. NOIDA Authority fixed the financial eligibility criteria (Net Worth, Solvency and Turnover) upto 2008-09 on the basis of the size of the plot allotted. Thereafter, during 2009-11, the financial criteria were made static, irrespective of the size of the plot. NOIDA thus watered down the criteria for larger plots i.e. plots of >50000 sqm.

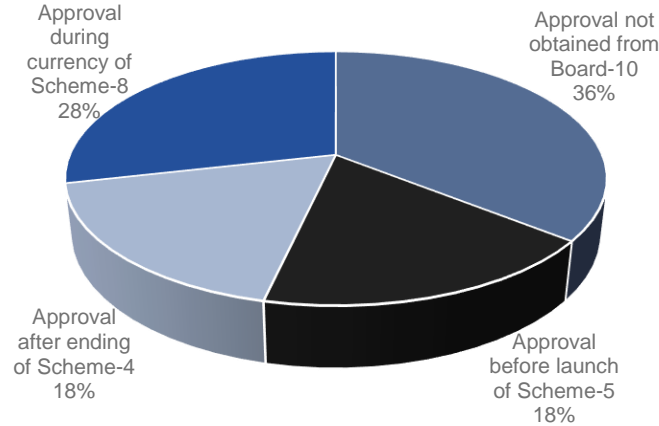
3. During the period 2009-10 and 2010-11, through 12 schemes, 39 plots of total area of 40.27 lakh sqm (58.21% of total allotments) for a total premium of Rs 8,528.24 crore

2. In doing so, NOIDA has put at stake its own interests and also of the ultimate buyers as builders could now garner larger plots involving bigger projects without having commensurate net worth. Since the criterion had been delinked from plot size, a plot valuing Rs 496.31 crore was available for allotment to a consortium/builder with net worth of Rs 75 crore.



4. Out of these 39 allotments, 11 allotments were of plot sizes larger than one lakh sqm wherein the value of plot was more than Rs 200 crore and none of the 39 plots was allotted at a premium of less than Rs 102 crore, yet NOIDA Authority fixed qualification criteria of only Rs 75 crore for net worth, which was insufficient and not commensurate with the value of the plot sought for.

1. Non-approval of the terms and conditions by the Board before launch of the scheme- In 82 per cent of the schemes the Board was not kept apprised of the changes in terms and conditions of allotment before launching the scheme.

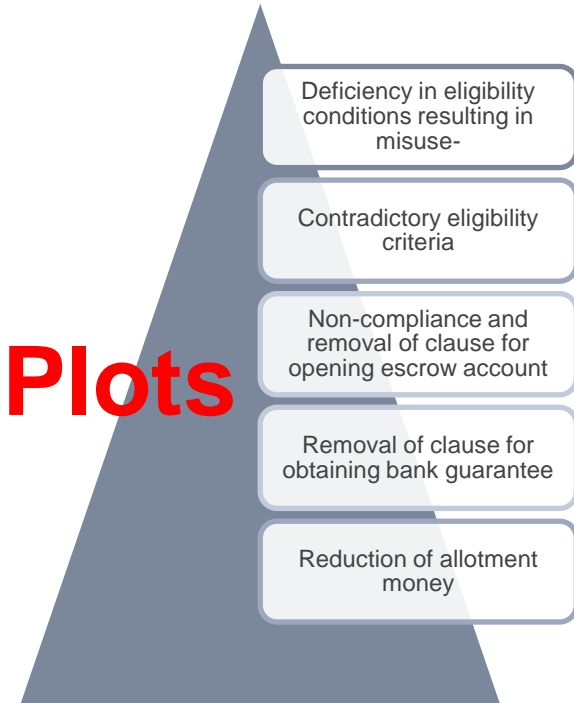


Issues in Allotment of Plots

2. NOIDA Authority allowed two or more entities to come together and bid as a consortium for allotment of plots. Under this system, the members were required to submit a MOU conveying their intent to jointly apply for the scheme and in case the plot is allotted to them, to form a SPC. Members of the consortium were to specify one Lead Member who alone shall be authorised to correspond with NOIDA.

3. During the period 2009-2011, when maximum allotments were made, NOIDA fixed the stipulated requirements as Rs 75 crore, Rs 10 crore and Rs 200 crore for minimum net worth, minimum solvency and minimum total turnover respectively for plots of all available sizes ranging from 50,008 sqm to 6,00,000 sqm.

Major Deficiencies in the Processing



By excluding the clause of escrow account, it could not be ensured that the builders applied the funds collected by them on the concerned projects. By failing to impose the requirement of escrow account, NOIDA has imperilled its own interests as well as those of home buyers

➤The C&AG has observed that allotment of two plots (GH 01 & 02, Sector-143) of more than two lakh sqm worth Rs 471.57 crore was made to Logix group of companies promoted by Shakti Nath in 2011, who failed to even qualify the eligibility criteria of a turnover of Rs 200 crore from real estate development and construction activities. The Authority also failed to examine whether Logix group consortium had the requisite aggregate Net Worth to qualify for allotment of multiple plots.

➤The Authority had already earlier been allotted 4 commercial builder's plots (A-1/124, C-03/105, CC-04/32 & BW/58-32) of 168250 sqm to ineligible Logix Group consortiums at the cost of Rs1926 crore a few months ago in 2010-2011 even when they had failed to meet the mandatory eligibility criterion of minimum turnover of Rs 200 crore from real estate development and construction activities and aggregated Net worth required for the plots.

➤In addition, the Authority allotted another bigger plot of sport city of 224 acre (907988 sqm) in Sector 150 in May 2011 to the ineligible Logix group consortium at the cost of Rs1094 crores, overlooking the mandatory technical eligibility criterion of minimum turnover of Rs 200 crores from real estate activities during the previous three years (2007-2010).

Allotment to entities that
did not meet even
technical eligibility
criteria

Rigging of Bids

49 out of 67 allotments (73 per cent) of GH plots were made during the period 2008-09 to 2010-11. In 42 out of 49 allotments, only two bids were received, of which in 15 pairs of applicants (for 15 plots valuing Rs 2611.36 crore), the participating bidders were the same or of the same group.

In nine of these cases, one allotment was made to each bidder while in the remaining cases the allotments were made to one bidder.

The C&AG has found that the bid prices in all cases were very close to the RP and in 12 cases, the winner had bid less than two percent higher than the RP fixed for the plots. Moreover, these allottees did not pay the premium timely and have the dues of Rs1625 crores after ten years of allotment.

The C&AG has further suspected Rigging of competition through use of group companies as competitors by Assotech Limited and Supertech Limited, for three plots (GH-93/137 of 51000sqm, GH-04/78 of 61430 sqm and GH-01/74 of 249410 sqm and felt that the sanctity of the tender process was vitiated and compromised in these cases and hence liable to be summarily rejected.

Allotment of plots to builders by using net worth individual case-wise

-leading to multiple allotments of plots



NOIDA Authority evaluated the net worth of the applicant companies individual case-wise, overlooking the fact that the **builders had been applying for many plots in different schemes during the audit period**. As a result, the Authority failed to determine requirement of the net worth in aggregate in case of multiple applications of an applicant company/builder.

Several allottees/companies obtained more than one allotment of plot by leveraging their net worth multiple times.



In a test check of GH plots, the C&AG found that 10 applicants were allowed to use their net worth more than once to garner 26 (sub-divided into 43 plots) allotments worth Rs 4,293.35 crore.

The beneficiaries were : Supertech Ltd and Gaursons Ltd obtained 4 plots each, Ultra Homes & Gulshan HomZ got 3 plots each, Prateek Buildtech, Amrapali Homes, Unitech Ltd, Ajnara India, Agrawal Associates & Bihariji Ispat two each.

Allotment of plots to builders by using net worth individual case-wise

-leading to multiple allotments of plots

Sl. No.	Name of Company	No. of plots allotted	Year of allotment	Premium (₹ in crore)	Year of which net worth taken	Net worth of the Company (₹ in crore)	Aggregate of net worth utilised in multiple allotments (₹ in crore)
1.	Gaursons India Limited	4	2009-10	462.21	2008-09	73.01	146.48
2.	Ultra Home Construction Pvt. Ltd.	3	2009-10	747.89	2008-09	68.89	157.72
3.	Supertech Ltd.	4	2009-10	497.75	2008-09	183.46	270.49
4.	Gulshan Homz Pvt. Ltd.	3	2009-10	357.40	2008-09	15.47	32.60
5.	Agarwal Associates (Promoters) Pvt. Ltd.	2	2009-10	300.49	2008-09	47.83	84.43

Sl. No.	Name of Company	No. of plots allotted	Year of allotment	Premium (₹ in crore)	Year of which net worth taken	Net worth of the Company (₹ in crore)	Aggregate of net worth utilised in multiple allotments (₹ in crore)
6.	Ajnara India Limited	2	2009-10	228.39	2008-09	55.90	111.80
7.	Prateek Buildtech (India) Pvt. Ltd.	2	2009-10	233.69	2008-09	5.39	10.78
8.	Bihari JI Ispat Udyog Limited	2	2009-10	274.45	2008-09	31.31	31.86
9.	Amrapali Homes Projects Pvt. Ltd.	2	2009-10	309.61	2008-09	16.26	32.52
10.	Unitech Limited	2	2007-08	881.47	2005-06	224.53	300.00
Total				4,293.35		722.05	1,178.68

To provide relief to the allottees/builders ostensibly to combat the 2008 recession/economic conditions.

1. Over the years, Noida Authority relaxed many important terms and conditions like financial qualifications criterion of net worth, solvency and total turnover, provisions of escrow account, bank guarantee etc.

2. The Authority also kept on reducing the payment of upfront allotment money from 40 per cent of the land premium in 2006-07 in phases to as low as 10 per cent in 2009-10..

3. In 2009, Noida Authority took further steps viz.

Reschedulment of eight-year repayment term with two-year moratorium,

Sub-division of plots (> 40,000 sqm)

Transfer of sub-plots

Deposit of 10 percent of lease premium till execution of lease deed etc

Repeated Relaxations to Builders of no avail

4. The Authority however continued these rebates/ relaxations indefinitely. As a result, the allottees were required to make the payment of lease premium/cost of the plots over a period of ten years from the date of allotment.

This reduction substantially reduced the financial commitment of the developers and enabled them to garner more or bigger plots and launch more and more projects without completing the existing ones.

5. These plots were sub-divided and illegally transferred/sold to third parties on premium through changes in the share-holding of the subsidiaries companies.

Net worth of the sub-lessees not commensurate with the value of the sub-divided Plots

1. The C&AG has found that in 12 cases the allotted plots had been sub-divided into 32 sub-plots. Of these sub-plots, in 24 cases the value of the sub-divided plot exceeded the net worth of the sub-lessee.
2. In these 24 cases the sub-lessee obtained plots ranging from 1.16 to 14 times of their net worth.
3. In eight of these cases, the net worth of the sub-lessee was less than Rupees one crore and yet they were permitted sub-lease of plots worth Rs 501.62 crore in aggregate.
4. It is thus, evident that NOIDA's decision to allow sub-division without any regulatory mechanism in place served effectively as a backdoor entry for transfer of valuable property into the hands of ineligible builders.

Year of Sub-lease	No. of plots	No. of sub-divisions	No. of cases where sub-lessee received plot valuing more than net worth	Percentage of plot value to net worth
2009-10	1	2	1	53-346
2010-11	9	25	19	29-1399
2011-12	2	5	4	42-794
Total	12	32	24	

Payment Schedule of Plots not kept in sync with Completion schedule of a Project

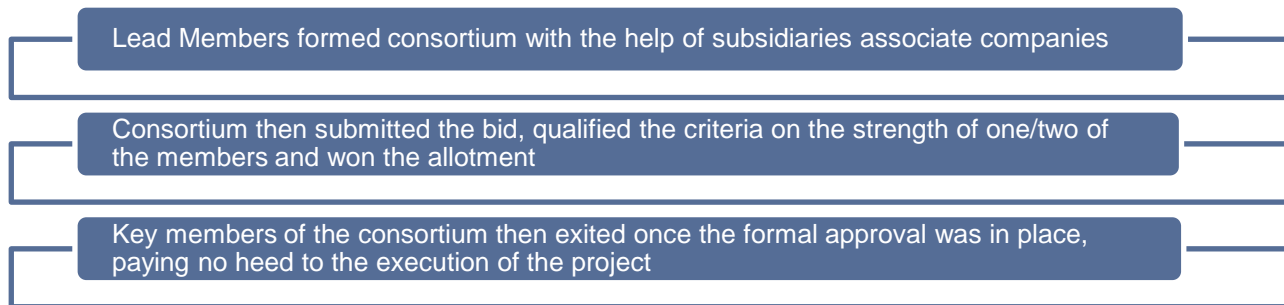
1. The decision of Noida Authority to increase the payment schedule of the plots to ten years from date of allotment was not in sync with the tenure of completion of the projects (3-5 yrs) by the promoters.
2. Resultantly, they diverted the funds elsewhere, leading to consequential delays in completion of the projects. The Builders in turn garnered more allotments as they enjoyed greater leverage to obtain bigger plots and to take loans from banks on the back of deposit of down-payment.
3. The Authority also **did not follow up the relaxations by having close monitoring of the progress of the projects on the allotted plots or payment of premium of the plots** by the allottees. Instead, the Authority kept on granting further reschedulements to the developers, which made the matter worse as **there was no incentive for timely payment of instalments**, causing havoc among the home-buyers.

Rebates and relaxations didn't help homebuyers

1. Small firms like Logix group, 3C group, Supertech etc took advantage of the relaxations and garnered multiple/bigger plots.
2. On one hand, the Authority kept on relaxing the terms and conditions of allotment of plots on the plea of severe economic crisis while on the other, they kept on increasing the size of plots from 50,000 sqm to 6,00,000 sqm and created a new class of neo-Zamindars.
3. These lessees in turn sub-divided those plots through their newly created subsidiaries & sold/ transferred them at high premium to third parties which had not participated in the bidding & didn't meet even technical eligibility criterion, through changes in shareholding pattern of the companies.

Undue Benefit to Builders by allowing exit of key members of consortium

1. In utter disregard of the terms and conditions, NOIDA Authority allowed exit of the key consortium members having substantial net worth which was considered for allotment of the plots/projects in 14 cases (Seven cases within one year of allotment), leaving the land/project to companies who by themselves were incapable of qualifying for allotment.
2. In 9 cases viz, Prateek Realtors, Megitech Infradevelopers, Perfect Propbuild, Panchsheel Exotica, AIMS Max Gardenia, Vistar Constructions, Madhavilata Granite, AIMS Sanya Developers, Logix Realtech, percentage of networth of exiting consortium member was more than 80 percent of the consortium whereas in the case of Logix Group (Three Cases), Magitech Infradevelopers, Sunshine Infrawell, Madhavilata Granite, AIMS Sanya Developers, Logix Realtech, and Imperial Housing, key consortium members exited within a year of allotment of plots.
3. In many cases none of the plots could be made functional even after lapse of more than eight years of allotment.



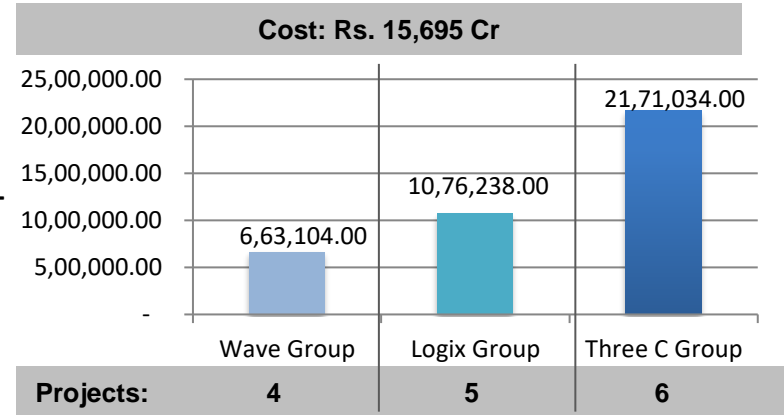
A nighttime photograph of a wide city street. On the left, a large, multi-story commercial building with many windows is illuminated. A pedestrian bridge with a glass railing runs along the sidewalk in front of it. Streetlights are visible along the left side. In the center, a median strip with a small bush and flowers separates the two directions of traffic. On the right, several cars are parked or moving along the street, their lights creating a blurred effect. Tall palm trees line the right sidewalk. In the background, more buildings and a hill are visible under a dark sky.

Commercial plots

Allotment of Commercial Plots

Commercial Plots incl. Sports City (Sqm)	(%)
39,10,376	79.8%
9,88,064	20.2%
48,98,440	100.0%

15 Projects



- NOIDA had not prescribed any criteria to assess the capability of the promoters of the allottee companies/group of companies to complete the projects within the prescribed time, while making multiple allotment of plots to the same group. As a result, 12 out of 15 allotted plots could not be completed so far (November 2020) despite lapse of the prescribed period.
- Against allotments of aforesaid plots for Rs 15,694.73 crore to these companies, the overdues of NOIDA against 14 plots stood at Rs 14,958.45 Cr as of 31 March 2020.

Particulars	Wave	Logix	Three C
Area Allotted (in sqm)	6,63,104	10,76,238	21,71,034
Builders Plots	6,63,104	1,68,250	1,38,286
Sports City Plots		9,07,988	20,32,748
Number of plots:			
Builders Plots	4	5	6
Sports City Plot	4	4	4
	--	1	2
Period of allotment	August 2008 to June 2010	March 2010 to March 2011	March 2010 to October 2014
Dues as on 31.3.2020			
Builders Plots	Rs 4,424.70 crore	Rs 5,839.96 crore	Rs 4,693.78 crore
Sports City Plots	Rs 4,424.70 crore	Rs 4,365.88 crore	Rs 2,879.96 crore
	-----	Rs 1,474.08 crore	Rs 1,813.82 crore

LOGIX GROUP

promoted by Shakti Nath, Meena Nath & Vikram Nath



The Lead member of each Logix Group consortium was a **software development company** namely Logix Soft Tel Pvt Ltd. It had the paid up capital of Rs 14 crores and **turnover of Rs 9.70 crores** in 2009-10.



The filings of Logix Soft Tel Pvt Ltd with MCA/GOI claimed that they became the holding company of 22 newly incorporated subsidiaries in 2010-2011.



The Consortiums led by Logix Soft Tel Pvt Ltd had 4-6 members- mostly software/IT development Companies viz

- VC Solutions Pvt Ltd.
- IT Infra Services Ltd.
- Noida Cyber Park Pvt. Ltd.



“ As per the Audit report, the **MODUS OPERANDI** followed of Logix group was to submit bids for each plot through a Consortium (of 4-10 subsidiary /associate companies) and after allotment of the plot, the key members of consortium would exit and plots would be divided into sub-plots and allotted to subsidiaries, who in turn would sell/transfer the sub-plots to third parties.”



Thus, the Authority allowed the Logix Group consortiums to grab seven large plots aggregating **more than 300 acres valuing Rs 3246 crores** in 2010-11.



Mr Shakti Nath had constituted more than 50 subsidiary companies during 2009-12 in which Meena Nath and/or Vikram Nath were also directors. Shakti Nath is presently director in 33 companies, Meena Nath in 43 companies and Vikram Nath in 16 companies.

LOGIX GROUP

promoted by Shakti Nath, Meena Nath & Vikram Nath

Types of Plot	Plot No/ Sector/ Area of the Plot in Sqm	Date of Allotment/ Cost of the Plot in Crores	Lead Member (LM)	Name & DOI of Allottee	Number of Participants** in Consortium
GH	GH-01/ 143	17.8.2011	Logix Soft Tel Pvt Ltd	Logix Infratech Pvt Ltd*	4
	100112	Rs 236 Cr		13.5.2010	
GH	GH-02/ 143	08.4.2011	Logix Soft Tel Pvt Ltd	Logix City Developers Pvt Ltd*	6
	100081	Rs 236 Cr		7.3.2011	
Coml	A-1/124	21.12.2010	Logix Soft Tel Pvt Ltd	Logix Realtech Pvt Ltd*	5
	64550	Rs 841 Cr		7.7.2010	
Coml	C-03/105	23.6.2010	Logix Soft Tel Pvt Ltd	Logix Estates Pvt Ltd*	5
	28720	Rs 283 Cr		17.5.2010	
Coml	BW/58-32		Logix Soft Tel Pvt Ltd	Logix Buildtech Pvt Ltd	
	25000	Rs. 245 Cr			
Coml	CC-04/32	28.3.2011	Logix Soft Tel Pvt Ltd	Logix Buildwel Pvt Ltd*	6
	50000	Rs 556 Cr		4.3.2011	
Sport City	SC-01/ 150	04.5.2011	Logix Soft Tel Pvt Ltd	Logix Infra Developers Pvt Ltd*	6
	907988	Rs 1094 Cr		7.3.2011	

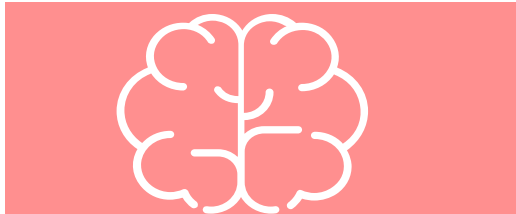
Three C Group

promoted by Vidur Bhardwaj, Supreet Singh Suri & Nirmal Singh



Three C (3C) group of companies on the strength of Three C Universal Developers Pvt Ltd, incorporated in March 2007, were allotted

- ❑ 4 GH plots of 3,84,295 sqm of Rs 860.66 crore
- ❑ 4 Commercial builder's plots of 138286 sqm at the cost of Rs 1548.27 Cr
- ❑ 2 Sport City plots of 20,32,747.72 sqm (502.29 acre) at the cost of Rs 3428.58 crore.



“The Directors- Vidur Bhardwaj, Supreet Singh Suri and Nirmal Singh had constituted large number of subsidiaries/associate companies during the period 2008-2012, **bid through consortiums led by different subsidiaries** and have since **resigned from most of them**. As per MCA records, Vidur Bharadwaj is presently a director in 4 active companies only but during the 2008-2012, he was director in more than 100 companies. Supreet Singh Suri and Nirmal Singh were also directors in more than 100 companies during this period.”



In all biddings, 3C Group used the parameters of Three C Universal Developers Pvt Ltd (DOI-7th March 2007, Turnover- Rs155.6 cr & Net-profit-Rs 8.92 cr in 2009-10) to meet the technical eligibility criterion to grab multiple plots. The 3C group of companies also followed the same route of bidding through consortium of subsidiaries companies in grabbing the plots.



If this was not enough, a national newspaper has reported that the directors of 3C group of companies and their family members- Nirmal Singh, Surpreet Singh Suri, Vidur Bhardwaj and wife Richa Bhardwaj were also allotted 8 farm houses plots of 10,000 sqm each in prime sectors of the Noida city at throw-away prices in 2010-11.

The 3C group had the outstanding dues of Rs 4694 crores as on 31st March 2020.

Three C Group

promoted by Vidur Bhardwaj, Supreet Singh Suri & Nirmal Singh

Types of Plots	Plot No/ Area (sqm)	Date of Allotment/ Cost in Crores	Name of the Lead Member	Name of the Allottee	No of Participants in the Consortium
GH	GH-03/100 1,20,000	25.12.2008 Rs 252.02	Three C Universal Developers Pvt Ltd	Red Fort Jehangir Properties Pvt Ltd	6
GH	GH-05/ 110 1,64,120	10.12.2009 Rs 372.55	Three C Universal Developers Pvt Ltd	Granite Gate Properties Pvt Ltd	6
GH	GH-1/B Sector-168 19998.78	17.08.2010 Rs 47.19	Opulent Buildcon Pvt Ltd	Opulent Infradevelopers Pvt Ltd	8 (6 Companies + 2 individuals)
GH	GH-03/143 1,00,166	8.6.2011 Rs 236.09	Silverado Estates Pvt Ltd	Three C Estates Pvt Ltd	6
Coml	C-01/44 42150	26.03.2010	Madhavalata Granite Pvt Ltd	Madhavalata Granite Pvt Ltd	2
Coml	98/C-001 22136	21.12.2010 Rs 219.78	Vistar Construction Pvt Ltd	Granite Hill Properties Pvt Ltd	4
Coml	16B/C-001 50,056	16.6.2010 Rs 658.25	Vistar Construction Pvt Ltd	Boulevard Projects Pvt Ltd	10 (4 Companies + 6 individuals)
Coml	98/H-010 24000	21.12.2010 Rs 242.40	Vistar Construction Pvt Ltd	Three C Properties Pvt Ltd	4
Sport City	SC-01/78-79 703002 sqm(174 acre)	04.05.2011	Xanadu Estates Pvt Ltd	Three C Green Developers Pvt Ltd	9
Sport City	SC-02/ 150 1329746 (329 acre)	10.9.2014	Lotus Greens Construction Pvt Ltd	Lotus Greens Construction. Pvt Ltd	7

Wave Group

promoted by Late Ponty Chadha



Late Ponty Chadha group companies -Wave Infratech Ltd and Flora & Fauna Land Development Pvt Ltd were also allotted prime commercial properties / builders plots of 6,63,104 sqm (42 percent Builder plots of all commercial allotments) at the cost of Rs 6570 crores **in Heart of Noida** (Sector 25A/32 sectors) in 2010-2011.



However, due to change in Government in March 2012 and death of Ponty Chadha in November 2012, most of these projects were not completed due to one or the other reasons. and they have either surrendered the land (454131.63 sqm) in December 2016 or the Authority has cancelled (108421.13 sqm) the allotment (February 2021) due to non-payment of the dues/installments.

Wave Group of Companies had the dues of Rs 4425 crore as of 31st March 2020.

”

Table 5.2.3: Details of entities that were ineligible due to lack of required minimum turnover from real estate activities

Sl. No.	Plot No., Allottee Name, Area, Date of Allotment	Premium (₹ in crore)	Name of Consortium Constituents	Turnover claimed in technical bid (₹ in crore)	Turnover (activity) as per balance sheets of bidders	Actual Turnover from real estate activities (₹ in crore)
1.	A-1/124, M/s Logix Realtech Private Limited (Consortium) 64,550 sqm. 21 December 2010	841.41	M/s IT Enfraseservices Private Limited (five per cent)	94.92	Rental receipts, other business receipts	0
			M/s V.C. Solutions Private Limited (25 per cent)	103.89	Fees and services, construction and supervision charges, sales	0
			M/s Logix Soft Tel Private Limited (40 per cent)	32	Rent, business receipts	0
			M/s NOIDA Cyber Park Private Ltd (five per cent)	40.82	Rental, service and maintenance charges and other income	0
			M/s Logix Buildcon Private Limited (25 per cent)	0	NIL	0

3.	CC-04/32, M/s Logix Buildwell Private Limited (Consortium), 50,000 sqm. 28 March 2011	556.25	IT Enfraseservices Private Limited (five per cent)	94.92	Rental receipts, other business receipts	0
			M/s V C Solutions Private Limited (25 per cent)	103.89	Fees and services, construction supervision charges, sales	0

Sl. No.	Plot No., Allottee Name, Area, Date of Allotment	Premium (₹ in crore)	Name of Consortium Constituents	Turnover claimed in technical bid (₹ in crore)	Turnover (activity) as per balance sheets of bidders	Actual Turnover from real estate activities (₹ in crore)
2.	C-03/105, M/s Logix Estate Private Limited (Consortium), 28,700 sqm. 23 June 2010	283.27	M/s IT Enfraseservices Private Limited (10 per cent)	94.92	Rental receipts, other business receipts	0
			M/s V.C. Solutions Private Limited (10 per cent)	107.02	Fees and services, construction and supervision charges, sales	0
			M/s Logix Soft Tel Private Limited (45 per cent)	32	Rent, business receipts	0
			M/s NOIDA Cyber Park Pvt. Ltd (10 per cent)	40.70	Rental, service and maintenance charges and other income	0
			M/s Logix Realtors Private Limited (25 per cent)	0	NIL	0

3.	CC-04/32, M/s Logix Buildwell Private Limited (Consortium), 50,000 sqm. 28 March 2011	556.25	Logix Soft Tel Private Limited (35 per cent)	32	Rent, business receipts	0
			Noida Cyber Park Private Limited (five per cent)	40.66	Rental, service and maintenance charges and other income	0
			Lakshmi Constructions (five per cent)	15.53	Contract receipts and scrap sales	0
			Logix Developers & Infrastructure Private Limited (25 per cent)	0	Not submitted	0

Source: Information compiled by Audit.

Table 5.2.4: Details of exit of relevant member after allotment

Sl. No.	Plot No. and Allottee	Date of allotment	Consortium Member	Share percentage of consortium members (per cent)	Criteria fulfilled by the consortium members	Eligibility criteria	Date of exit	Remark
1.	C-1/44, Madhavilata Granite (India) Ltd. (Consortium)	26.03.2010	Madhavilata Granite (India) Ltd.	90	Not claimed	Turnover of ₹ 200 crore from real estate activities	Not exited	
			Three C Universal Developers Private Limited	10	₹ 333.35 crore		31.03. 2010	Exited the project before execution of the lease deed.
2.	C-171/15, AIMS Sanya Developers (Consortium)	29.11.2011	AIMS Sanya Developers Private Limited	55	Not claimed	Turnover of ₹ 200 crore from real estate activities	Not exited	
			Seven R Hotels Private Limited	40	Not claimed		Not exited	
			ABA Builders Private Limited	5	₹ 399.05 crore		07.02 2012	Exited the project before execution of the lease deed.
Sl. No.	Plot No. and Allottee	Date of allotment	Consortium Member	Share percentage of consortium members (per cent)	Criteria fulfilled by the consortium members	Eligibility criteria	Date of exit	Remark
3.	A-1/124 Logix Realtech Private Limited (Consortium)	21.12.2010	IT Enfraservices Private Limited	5	₹ 0.06 crore sqft.	Aggregate construction of minimum 10 lakh sqft. from minimum 2 real estate projects.	11.04.2011	Exited the project before execution of the lease deed.
			V.C. solutions Private Limited	25	-		Not exited	
			Logix Soft Tel Private Limited	40	-		Not exited	
			NOIDA Cyber Park Pvt. Ltd	5	₹ 0.14 crore sqft.		11.04.2011	Exited the project before execution of the lease deed.
			Logix Buildcon Private Limited	25	-		Not exited	

Source: Information compiled by Audit.

Table 5.2.5: Status of exit of relevant member after allotment

Sl. No.	Plot No.	Name of the Allottee	Status of project	Area (in sqm)	Allotment premium (₹ in crore)	Outstanding dues (₹ in crore)
1	C-01/98	M/s Vistar constructions Private Limited	Map not sanctioned	22,136	219.70	572.62
2	C-1/44	Madhavilata Granite (India) Ltd.	Map not sanctioned	42,150	428.67	1,105.06
3	C-171/15	AIMS Sanya Developers	Map sanctioned in January 2019	25,300	382.03	404.27
4	A-1/124	Logix Realtech Private Limited	Map not sanctioned	64,550	841.41	1,658.85
Total				154,136	1871.81	3,740.80

Source: Information compiled by Audit.

Case study

Exit of member who helped to satisfy the criteria of net worth

In an allotment made (21 December 2010), under scheme no 2010-11 (commercial builders plot IV) to a consortium led by M/s Vistar Constructions Private Limited (Plot no C-01/98), as per the eligibility criteria laid down in the brochure, minimum net worth required for bidding for the plot was ₹ 80 crore. It was noticed that the net worth of the consortium constituents was as follows:

Name of Constituent	Share percentage	Net worth (₹ in crore)
M/s Vistar Constructions Private Limited	55	3.09
Three C Universal Developers Private Limited	25	14.90
M/s Advance e-Graphics Camp Logics Solution Private Limited	15	Not submitted
M/s Jakson Limited	5	251.84

Thus, the consortium qualified the criteria of net-worth predominantly on the basis of the credentials of M/s Jakson Ltd. However, it was observed that later M/s Jakson Limited exited (8 January 2012) the project within 13 months of the allotment and their shareholding was taken over by M/s Three C Universal Developers Private Limited. As such, the member who contributed most in fulfilling the allotment qualifications, exited the project once the allotment was finalised leaving the land/project to companies who by themselves were incapable of qualifying.



noida
AN AREA OF EXCELLENCE



SCHEME 2010-11 FOR DEVELOPMENT OF
SPORTS CITY IN NOIDA

Sports Cities

Sports Cities of Noida

Aim

To hold marquee sports events like Commonwealth games, Asiad games etc on the strength of international level sports infrastructure in Noida. The Authority allotted 4 Sports City plots admeasuring 33,44,193 sqm (826.34 acre) during May 2011-July 2015 at the lease premium of Rs 5597.92 cr.

Terms and Conditions

1. **70 per cent** land in each sport city was reserved for **recreation/integrated sports infrastructure** including nine holes golf courses, Tennis Centre, Cricket Academy, swimming pools and other sports/ institutional facilities and **30% for GH/Commercial** (inclusive of 2-4% for commercial) projects.
2. Lessees required to develop the residential/commercial component **in proportion** to the areas earmarked for development of sports infrastructure.
3. Required **completion** of all sports facilities **within 5 years** from the date of execution of lease deed.
4. In 3 schemes of the Sports Cities allotted in May 2011/September 2014, allottees were required to spend Rs 410 crores on development of integrated sports infrastructure in sport city.
5. In Sport City Plot SC-01/152 allotted to ATS Homes Pvt Ltd, there was a provision of an international level cricket stadium along with seating arrangement for 50,000 spectators, adequate parking facilities in 35 acres of land and other sports infrastructure/ institutional areas etc. However, no fixed sum to be spent on sports infrastructure was mentioned in the brochure/lease deed.

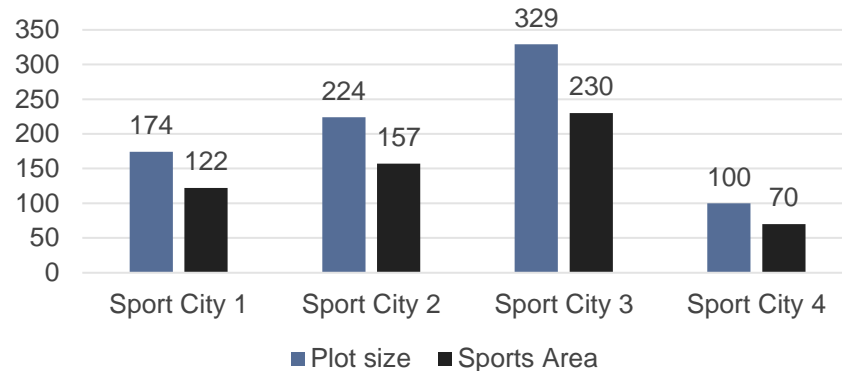
Plot No	Plot Size	# of members in consortium	Lead Member	Premium/Cost	Time of Allotment
SC-01/78&79	174 acres	9	Xanadu Estates Pvt Ltd	Rs 864 crores	May-11
SC-01/150	224 acres	6	Logix Soft Tel Pvt Ltd	Rs 1064 crores	May-11
SC-02/150	329 acres	7	Lotus Green Developers Pvt Ltd	Rs 2354 crores	Sep-14
SC-01/152	100 acres	10	ATS Homes Pvt Ltd	Rs 1050 crores	Jul-15

Earmarked areas for sports infrastructure

Annexure - 2

Facility	Area (in Acres)	Amount (in Crore)
Golf Course (9 Hole)	65.00	40.00
Multipurpose Playfield	7.50	10.00
Tennis Centre	2.00	35.00
Swimming Centre	1.25	50.00
Pro-shops/food and beverage	2.50	30.00
IT centre/Administration/Media Centre	1.25	65.00
Indoor Multipurpose Sports Hall including –	2.50	30.00
- Gymnastics		
- Badminton		
- Table Tennis		
- Squash		
- Basketball		
- Volley Ball		
- Rock climbing		
Cricket Academy	5.00	50.00
Internal Roads & parks	8.00	25.00
Hospital / Senior Living / Medicine Centre	5.00	60.00
Circulation Spaces, Carpeting, Utilities etc	5.00	15.00
Total 105.00	410.00	

Proposed Sports cities



Proposed investment plan mapped in Annex 2 of Brochure of first scheme of SC launched in Dec 2010
BUT

None of the Sports infrastructure has been completed rather the sports area has been sub-divided into sub-plots and sold/transferred to third parties.

In many cases, the plan/map has also not been approved even after passage of 10 years.

Plot No-SC-01/78-79 (May 2011)

Lead Member: Xanadu Estates Pvt Ltd-Seven out of nine consortium members including the lead member were newly incorporated companies with no turnover from real estate activities in last 3 years.

Qualification- On the strength of a holding company of a member;

Three C Universal Developer Pvt Ltd

Plot No-SC-02/150 (Sept.2014)

Lead Member- Lotus Green Developers Pvt Ltd- None of the seven members of the consortium had any turnover since its inception except for crest promoters.

Qualification- On the strength of a holding company of a member;

Three C Universal Developer Pvt Ltd

Plot No—SC-01/150 : (May 2011)

Lead Member-Logix Soft Tel Pvt Ltd- a software development company.

-None of the six consortium members had any experience in real estate construction and development activities.

Plot No-SC-01/152, (July 2015)

Lead Manager- ATS Homes Pvt Ltd

- Eight out ten members of Consortium did not have any turnover in last three years.

Qualification- On the strength of two subsidiaries of a member;
Claim of work experience not supported by accounts and accounts for the year 2013-14 showed a negative turnover.

Few members have shares in SPCs

Key members exit the the consortium

Issue of Allotment letter

Financial eligibility criterion

Technical eligibility criterion

..... sports infrastructure sub-divided into sub-plots

1. Though the terms and conditions prescribed in Brochures permitted sub-division of the plots meant for only residential and commercial use (30% of the sport city plots), the Authority approved sub-division of the entire plot (826 acres) of the 4 sport city projects into 81 sub-plots thereby destroying the entire concept of development of integrated Sport City.
2. Thus, against the eligibility of 30% plot for sub-division, **the entire area of 33,44,193 sqm was sub-divided into 81 parts in flagrant violation of the conditions of the scheme.**
3. The 578 acres of land earmarked for sport infrastructure in 4 sport cities was too sub-divided into 34 sub plots, thereby making the objectives of Integrated Sports infrastructure like nine hole golf course in three sport cities in sectors-78/79 and 150, international cricket stadium in Plot SC-02 in sector 150 etc unachievable.

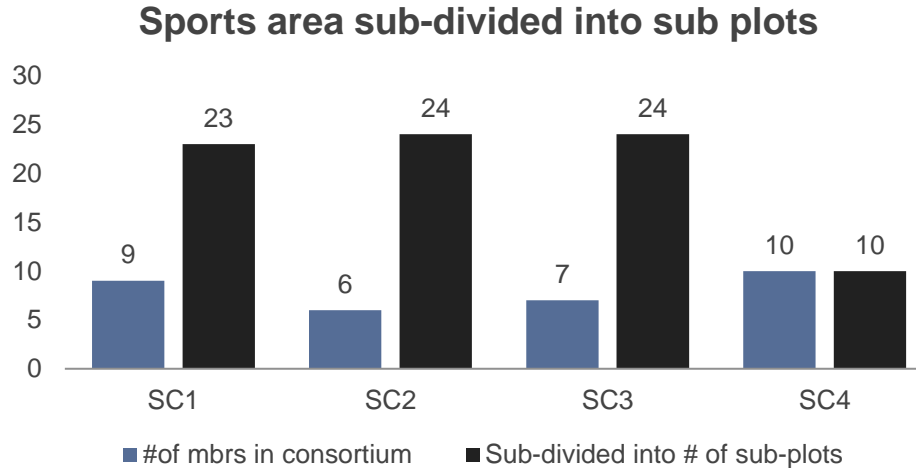


Table 5.2.21: Showing timelines for completion of the facilities in the Sports City

Plot No./Sector	Date of execution of first lease deed	Due date for completion of sports facilities	Due date for completion of residential and commercial	Present status of completion (January 2021)
SC-01/Sector 78/79	October 2011	October 2016	October 2018	Except one plot, not even maps for plots with sports facilities have been approved.
SC-01/Sector 150	January 2012	January 2017	January 2019	In 22 out of 24 subdivided plots, sports activities not commenced.
SC-02/Sector 150	December 2014	December 2019	December 2021	No work for sports activities commenced in 3 subdivided plots whose maps are approved. Even map for plot with golf course has not been approved.
SC-01/Sector 152	December 2015	December 2018	December 2022	The construction of International cricket Stadium has not even commenced.

Source: Information compiled by Audit

UP RERA failed to detect limitations/encumbrances on 70% of Sports City plot

GH/Com. Projects Registered without noting encumbrance

- UP RERA has registered several residential and commercial projects of the allottees/sub-allottees without noting the limitations on the use of 70 percent of plot of land for Integrated Sports infrastructure as per the lease agreement executed by the Authority.

Sports Infra still not built

- As none of the major Sport infra -9 hole golf courses, tennis centers, cricket academies and International Level Cricket Stadium are likely to be completed in near future, the homebuyers may face issues in getting their flats registered.

Approval of increased FAR in routine way

- The decision of the Noida Authority to conditionally approve the use of increased FAR of the entire sport city without ensuring the construction of sport infrastructure in Sport cities is injudicious and irregular.

Incentives of Rs 8,644 crore didn't yield results

1. **Significant Incentives to no avail:** The C&AG has determined that NOIDA Authority had given significant incentives of Rs 8,643.61 crore in terms of reduced pricing and allowance of extra FAR and GC to the 3 real estate developers for development of sporting infrastructure as against the payment of Rs 5598 crores made for 826 acres of land.
2. **Undue benefit of Rs 8644 crores:** Keeping in view the ongoing development of GH/commercial projects viz-a-viz little progress observed in development of sports infrastructure in 4 sport City Projects in last ten years, it would tantamount to providing undue benefit of Rs 8,643.61 crore to these three developers.
3. **Abdication of responsibility by NOIDA:** NOIDA Authority, while allowing the builders to pursue GH/Commercial projects, abdicated its total responsibility towards completion of envisioned sports infrastructure.

List of Registered Projects on plots of Sports Cities

YOO Noida Phase 1 of Brick Town Developers Pvt Ltd	Gaur Sportswood of Gaursons Sportswood Pvt Ltd,
Sethi Venice Phase 1 of Esthetic Buildtech Pvt Ltd,	Mahagun Mirabella of Golf Green Infra Pvt Ltd,
Max Antara Noida Phase 1 of Contend Builders Pvt Ltd,	Civitech Stadia of Golf Green Superstructures Pvt Ltd,
Antriksh Golf City Phase 1, 2, 3, 4, 5 and Antriksh Golf City Commercial of Contend Infrastructure Pvt Ltd,	Lords of Kindle Developers Pvt Ltd,
Antriksh Grand View of Consortium Infrastructure Pvt Ltd,	Sunshine Solaris of Golf Green Residency Pvt Ltd,
The Golf Address of Implex Infrastructure Pvt Ltd,	Lotus Arena of Arena Superstructures Pvt Ltd,
Rudra Uno of Apace Buildtech Pvt Ltd,	Sikka Kamantra Greens of Pinnacle Superstructures Pvt Ltd,
ATS Le Grandiose Phase 1 & 2 of Nobility Estates Pvt Ltd,	Lotus Arena 2 of Piyush IT Solution Pvt Ltd,
ATS Kingston Heath and ATS Pristine Golf Villas (Phase 1) of Celerity Infrastructure Pvt Ltd,	Belvedere Phase 1 & 2 of Sequel Buildcon Pvt Ltd,
Eminence Phase-1 of Abet Buildcon Pvt Ltd,	Hilston Phase 1 & 2 of Golf Green Buildcon Pvt Ltd,
The Resident Tower of Hale Realtors Pvt Ltd;	ATS kinghood Drive (Commercial) of ATS Homes Pvt Ltd,
Ace Starlit of Star Landcraft Pvt Ltd;	Eminence Phase 2 of Elicit Realtech Pvt Ltd,
Lotus Yardscape Phase-1 of Three C Green Developers Pvt Ltd;	Amazonia Phase-1 of Elate Realtors Pvt Ltd,
ATS Pictureshque Reprieves Phase-1 & 2 of ATS Home Pvt Ltd,	Samridhi Daksh Avenue of Samridhi Buildmart Pvt Ltd,
NeoWorld Phase 1 & 2 of Logix Infradevelopers Pvt Ltd,	Samridhi Luxuriya Avenue of Samridhi Infra Square Pvt Ltd,
Godrej Palm Retreat Phase I & II and Ace Parkway of Ace Infracity Developers Pvt Ltd,	Godrej Nest Phase 1 & 2 and Godrej Nurture Phase 1 of Brick Rise Developers Pvt Ltd,
Mahagun Meadows of Logix Heights Pvt Ltd,	Eldeco Live by the Greens Phase 1,2 & 3 of Wondrous Buildmart Pvt Ltd,
Ace Medley Avenues of Logix Builder & Promoters Pvt Ltd,	Artham (Formerly Broadwalk) of Wigtown Planners Pvt Ltd,
Elite Golf Greens of Golf Greens Mansions Pvt Ltd,	Tata Eureka Park Phase 1 & 2 of Landkart Builders Pvt Ltd,



Farm Houses

Farm Houses in Prime sectors at throw-away prices

1. **Arbitrary allotment at 20% of market rates:** During 2009-2011, Noida Authority allotted 157 plots for farm houses of 10,000 sqm each aggregating 18,37,340 sqm in prime sectors of Noida at one-fifth of market rates in an arbitrary manner to big business houses, large real estate developers/builders, prominent lawyers and their family members.
2. Several companies, their directors, family members etc garnered multiple plots at throwaway prices based on the recommendations of a Plot allotment committee (PAC) appointed by the Authority.
3. **No transparent bidding process** was followed. There was no objective criteria for selection of beneficiaries.

Extremely low fixation of price

1. The primary objective of the costing of the land by NOIDA is to recover all costs incurred and to be incurred on acquisition of land, the internal/external development costs, present and future maintenance costs, interest cost etc. By using this methodology, NOIDA Authority works out the basic per square meter rate for land of lowest residential category.
2. **Price fixed at Rs 3100 per sqm as against basic rate of Rs 14400 notified by NOIDA:** The basic rate notified by NOIDA for the year 2008-09 after considering land acquisition cost, interest cost, internal development cost, external development cost, maintenance cost and other costs was Rs 14,400 per sqm. However, in deviation of its own stated method, the Authority took into consideration the land acquisition cost of Rs1,100, external development cost of Rs 1,500 and other expenditures of Rs 500 and the allotment rate was fixed at Rs 3,100 per sqm for farm house plots.
3. **FH rates were decided without considering the external development cost, maintenance cost, interest expenses, contingency expenditure, administrative expenditure etc.**
4. **Undue favour to allottees to tune of Rs 2833 crores:** The classification of category of farm house without considering its end use, its location close to developed areas and realising a fraction of the basic rate was without justification and led to huge undue benefit to the affluent allottees and loss to NOIDA of Rs 2,833.18 crore.

Allotment of 11 Farm House Plots to the companies/ entities of the same group

1. Allotment of 11 plots was made on 30 March 2011 to the companies/entities of the same group (Anil Kumar and Company).
2. The applicant companies/entities of the group showed the same source of finance. Bank's certificate regarding balance of M/s Anil Kumar & Co. as on 26 August 2010 of Rs 24.82 crore was enclosed in all the allotment files against requirement of total project cost of Rs 73.90 crore.
3. The linking of records was however not done by the PAC before allotment. Net worth of the company was not verified and sources of funds of promoters were doubtful as most of the shareholders of the allottee companies of these plots were common. The combined net worth of applicants was Rs13.34 crore as per the financial statements submitted.
4. The sources of finance were deficient when compared to the total project cost of the plots allotted and even the date of allotment was the same. The PAC made the allotments despite sufficient evidence being available.

Multiple Plots allotted to the entities of the same promoters

1. Allotment of seven plots was made on 30 October 2009 to four companies of the same promoters (Sanjeev J Aeren and Sunita S Aeren). This verification was not done by the PAC before allotment.
2. Allotment of seven plots was made (two on 26 March 2010 and five on 30 October 2009) to three companies (Meadows Infradevelopers Pvt. Ltd., Glory Infrabuild Pvt. Ltd. and Handful Infra Developers Pvt.Ltd.) of same promoters (Ankur Chadha and Geetu Arora).
3. In two cases it was observed that four plots of sector 128 of two companies (Meadow Infradevelopers Pvt. Ltd and Snerea realtors Pvt. Ltd.) allotted on 30 October 2009 were transferred to the same individual, Smt. Vichitra Lata, on 28 September 2010.
4. Multiple allotments to applicants on a single date were given and front companies were used for allotment of plots through different applications but PAC as well as the Authority failed to detect the mischief.



Festival City

Festival City of Mist Sales Private Limited



- Plot of 1,00,980 sqm valued at ~Rs 50cr was allotted to M/s Anand Infoedge Private Limited for establishing IT/ITES projects in Sector 143 B Noida.
- Lease Deed signed: 21 Aug 2008 and Possession: 29 Aug 2008
- Incorporated on 27 September 2007, the company didn't have background in IT/ITES



After depositing 30 per cent as allotment money, the allottee did not pay any installment as per the terms of the lease deed. Subsequently, overdue amt. was rescheduled (August 2011) but the allottee never paid further installments. Its total dues stood at Rs 159.98 crore as on 30 September 2020



Project map was approved in Jan 2015 by the CEO with the direction to clear the dues within 3 months. However, the company didn't make any payments and NOIDA did not take any enforcement action against the allottee.

business.

UP RERA has registered 3 commercial projects of Festival City. Subsequently Phase #1 has been deregistered.



The project was launched as a commercial project namely Festival City & is promoted by Mist Sales Private Limited wherein 59% area was planned for commercial. Cross-verification of facts with data obtained from RoC revealed that the shareholding of the Company changed three times. But, Authority failed to impose CIS charges of Rs 35.96 crore.



The brochure allowed captive utilization of 25% space for residential, commercial & institutional purposes, but Mist Avenue Private Limited, incorporated in Oct 2012 & appointed marketing agent of the allottee after CIS, started collecting money from the public on the premise of providing villas & commercial spaces on the plot. Annual accounts **show that Rs 401.36 crore was collected as booking amt.** during 2012-13 to 2016-17.



Further, Rs 322.22 crore was subsequently transferred to other companies of the Director viz. Bhasin Infotech and Infrastructure Private Limited, Grand Venice Developers Private Limited, Capital Scooters Private Limited, Bhasin Motors Limited, Bhasin Scooters Private Limited, Bhasin Cars Private Limited, Mist Homes Private Limited etc as loans to related parties. **Thus, the intention of the allottee was very clear since the beginning as it never intended to establish IT/ITES business**

Undue Favour shown to the Promoter

The lease deed provided that as the lessee are availing the benefit of exemption from payment of stamp duty and registration charges in respect of this lease deed, **the lessee shall obtain approval of development plan within 18 months from the date of registration of the lease deed and complete construction of 40% of the total permissible covered area on the allotted plot within three years from the date of handing over of position and shall have to complete whole construction within five years from the date of handing over of possession.** It was also made clear that no extension of time for completion of the project was permissible under the order issued by the GoUP.

Further, the lessee agreed that in the event, lessee is unable to adhere to the schedule time and is desirous of extension, then in that event, they shall have to pay stamp duty and registration charges with interest at the rate of 18% per annum from the date of execution of lease deed till actual date of payment. Lessee was also required to pay extension charges @ 4 % on lease premium for every year delay.

The lease deed executed by the Noida Authority uploaded on the website by the Mist disclosed that they have paid back Stamp duty of Rs 3,18,62,250 and the interest of Rs 281,98,750 on 5.06.2013 for failing to complete the IT/ITES project in the stipulated time. However, there is no disclosure whether the Mist has paid **extension charges at the rate of 4% of the premium for each year of extension for until 2021.**

Further, no transfer charges were paid , though share-holding/ ownership of the company changed thrice in the last 12 years.

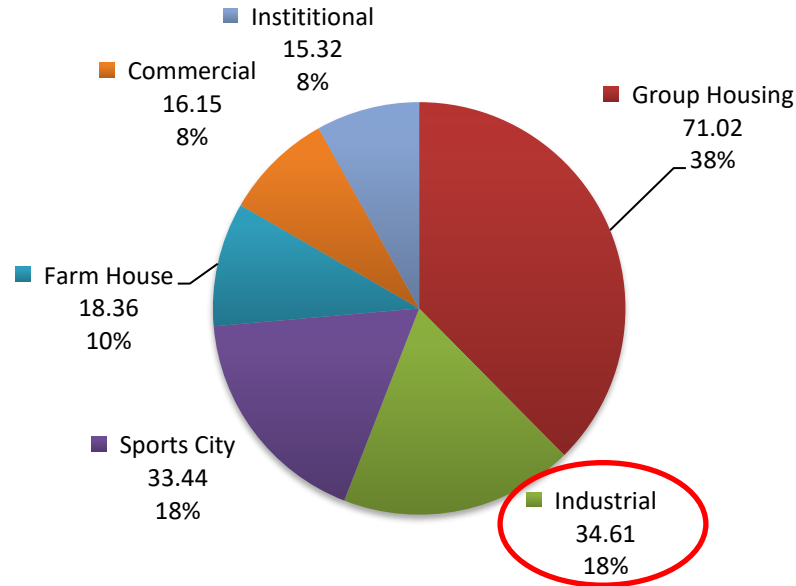
In the event of extension not been granted, cancellation may be effected and lease deed revoked. In such event, forfeiture of premium paid and lease rent paid may be effected in accordance with the policy in vogue on the date of cancellation.



Industrial Plots

Industrial Plots

1. **NOIDA** Authority has the **mandate to develop industrial development area**. Accordingly, priority should have been accorded to allocation of land for industrial purposes. However, development and allocation of land for industrial purposes **did not receive priority and only 23 per cent area was developed for industrial activities**; instead residential development has been the predominant activity with 52 per cent land allocation as of March 2020.
2. **During the audit period**, NOIDA Authority **allotted 18.36 per cent of land for industrial use, of which only 32.91 per cent area** could be made functional by March 2020. Thus, **the actual functional industrial area was only five per cent of the total area** which shows that NOIDA has **failed to achieve its main objective of industrialization**.
3. Allotments were made on basis of interviews of applicants by the PAC, which conferred a large amount of discretion on the PAC. No objective parameters were prescribed for the PAC for evaluating the applicants/ projects. **PAC adjudged the application as satisfactory or unsatisfactory, without detailing the basis of its judgement**. Thus, **cases of undue favors in allotment were noticed** and discretionary allotments were made.



Undue favour to CBS International



- Noida Authority allotted an industrial plot (No. 01/90) measuring 1,02,949 sqm on 03 September 2007 to **CBS International Projects Ltd** (CBSIPL) at a premium of Rs 52.77 crore for establishment of IT/ITES Park.



- The lease deed was executed on “as is where is” basis. Further, no change in constitution of lessee was permissible before completion of the project and if lessee is desirous of effecting change in constitution after completion of the project, lessee shall pay Transfer charges @ 10 % of prevailing rate of allotment as on the date of transfer.



“The C&AG has stated that the allottee misrepresented to be a consortium of three companies (Burchill VDM (BVDM), Carnoustie Management (CM) and RS Resource Management Consulting (RSRMC)) while they were actually owned by CM and RSRMC only on the date of the application (06 August 2007). Further, the name of BVDM, an overseas company was added to present a rosy picture of its financial health in order to qualify for allotment of the plot.”

The misrepresentation of facts was however not verified and was accepted by NOIDA Authority without any documentary evidence. This has resulted in allotment of a precious industrial plot worth Rs 52.77 crore to an ineligible applicant.

Misuse of Industrial plot for commercial purposes



Even when the misrepresentation of facts by the allottee to obtain the plot was brought to the attention of the Noida Authority, the lease has not been determined/terminated and entire money paid by the lessee forfeited under the clause (III a) of the lease agreement executed by the Authority.

UP RERA has however miserably failed to take note of the allotment of the industrial plot for IT/ITES Park only and instead registered four commercial and one residential projects namely Noida World One Phase I to IV (Commercial) and Noida World One Phase V (Residential) of the Promoter CBSIPL on the industrial plot of land.

Further, it is also observed that UP RERA has also registered four commercial projects (Alphathum Phase I-IV) of another promoter Bhutani Group on the said land. On investigation, it is found that the term “Bhutani Group” is a wordmark of the Company Parmesh Construction Company Limited whose directors are Ashish Bhutani, Inayat Bhutani and Prem Bhutani.

The Noida Authority has submitted that the project name Alphathum and the promoter Bhutani Group was not available on the records of the Authority.



Misuse of Industrial plot for commercial purposes

UP RERA failed to ensure compliance of the promoter to section 4 (2) (l) of the RERA Act 2016. Alternatively, Bhutani Group has given incorrect affidavit.

Govt of UP enjoins upon the promoters to register development agreements and provide the details to allottees in agreement for sale.

RERA has also failed to examine that Bhutani Group has given same sanctioned plan, CC etc for the project Alphathum which was given by CBSIPL for their projects- Noida World One.

ISSUES

ISSUE 2

Weak & inappropriate eligibility criterion fixed & that too, was not enforced, consortium's constitution and functioning left much to be desired;

ISSUE 4

Inept monitoring of progress of Projects on allotted plots/recovery of outstanding dues

ISSUE 6

Primary Objective largely not achieved

ISSUE 8

Approval of the Board /Govt not taken prior to launch of schemes;

ISSUE 1

Governance failure at every level.... Right from top to bottom....In framing of schemes/plans, enforcement of terms and conditions, lack of due diligence, misrepresentation and wilful concealment of facts, clear breach of public trust, in complete disregard to the interest of NOIDA/home buyers

ISSUE 3

Lack of Coordination between different wings of Authority, lack of transparency and accountability in the system

ISSUE 5

Lack of Coordination between UP RERA And Noida Authority

ISSUE 7

Frequent Changes at the top management (CEO/Chairman level)

RECOMMENDATIONS

The Govt. should immediately order for an investigation by a SIT including a senior official of C&AG, IT and MCA or CBI and punish all such officials who have colluded with developers or builders in illegal/ irregular transactions over the years, as pointed out by the C&AG of India.

All allotments of plots where full land premium/cost have not been paid and projects have not been completed even after three years of grace period, should forthwith be cancelled and the possession of the plots of land be taken back. Indemnity bonds of each allottee should be encashed.

All allotments of plots to private companies/firms should be done on competitive bidding basis in future. RERA should take immediate action to protect the interests of home-buyers of each residential projects being developed in 4 Sports City projects encompassing 826 acres of land in Sectors 78,79, 150 and 152. RERA should also take a considered view on registration of such residential project where there are specified condition on the use of land.

Discretionary Allotments of multiple Farm-houses at throwaway prices to affluent and influential persons or companies should be cancelled forthwith. In future, all such allotments should be done transparently at market rate after following objective criterion

The Board of the Authority should be mandated to monitor the progress of projects every quarter and to take corrective/remedial actions in time so that the prime objectives of the schemes are achieved.

Lessons for Future

Lessons for Government

Lessons for Authority

Lessons for Promoters / Allotees

Lessons for Homebuyers

Lessons for Civil Society, General Public ..

THANKS

Does anyone have any questions?

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