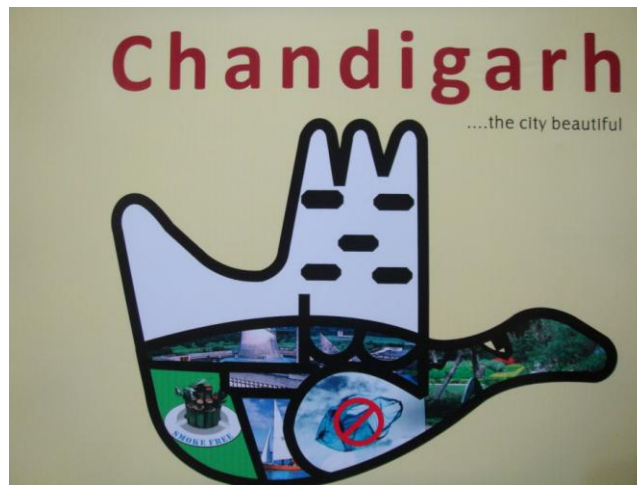




REPORT ON SPECIAL AUDIT OF CHANDIGARH
ADMINISTRATION CONDUCTED BETWEEN
25.05.2009 to 05.06.2009 &
15.06.09 to 22.06.09



ISSUED BY
DEPARTMENTAL AUDITING ORGANIZATION
MINISTRY OF HOME AFFAIRS,
NEW DELHI

*** * * ***

Abbreviations

AG	Accountant General
AEO.....	Asst. Estate Officer
CA.....	Chandigarh Administration
CHB.....	Chandigarh Housing Board
CFI	Consolidated Fund of India
Cos.....	Companies
CVC.....	Central Vigilance Commission
DAO.....	Departmental Accounting Organization
DA.....	Development Agreement
DIT.....	Department of Information Technology
DFPRs.....	Delegation of Financial Power Rules
E.O	Estate Office
FAR.....	Floor Area Ratio
GFRS.....	General Financial Rules
IAW.....	Internal Audit Wing
JVC.....	Joint Venture Company
LAA.....	Land Acquisition Act
LAO.....	Land Acquisition Officer
MHA	Ministry of Home Affairs
MFWEF Society.....	Manimajra Farmers Welfare & Environmental Protection Society

NRRP.....	National Rehabilitation & Resettlement Policy
PFC.....	Parliamentary Financial Control
PLR.....	Prime lending Rates
PAO.....	Pay & Accounts Office
RD.....	Rural Development
RGCTP.....	Rajiv Gandhi Chandigarh Technology Park
SBI.....	State Bank of India
SEZ.....	Special Economic Zone
UTC.....	Union Territory Chandigarh

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Executive Summary

As per the decision of Ministry of Home Affairs, the Internal Audit Wing (IAW) conducted a special audit of projects for which land was acquired by the UT Chandigarh Administration. Audit Team comprising of S/Shri M.L. Varma, Deputy Secretary, (ANL), MHA, Nalin Kumar Srivastava, Dy. Controller of Accounts (Hqrs), MHA, P.K. Gaur, Sr. AO (IAW), R.P. Sharma, AAO (IAW), Jasbir Singh, AAO (IAW) & Janardan, Acctt. (IAW) was constituted by CCA (H). The team worked under the overall supervision of Dr. Sanjeev Mishra, Chief Controller of Accounts. The basic terms of reference and the observation of the IAW based on test checks are as follows:-

1. Alleged inadequate compensation to farmers on land acquisition with reference to prevailing rules: It was observed in the audit that compensation was issued following broadly, the provisions of Land Acquisition Act. However, the compensation could be seen in the light of various Court judgments and National Rehabilitation & Resettlement Policy (NRRP) as well, in which case it could be substantially revised upwards. There are a number of cases in which notification was issued before the NRRP came into existence but the actual acquisition and the award of compensation was done after October 2007. Ministry may take a view on this issue that whether, the provisions of the policy should be applied in calculating the compensation in such cases.
2. Alleged sale of land at throwaway prices with reference to the prevailing rules: Several discrepancies have been noted in the process of sale of land by the Chandigarh Administration. There have been attempts to bypass the budgetary process and the Government receipts have been kept out of the government accounts. The Chandigarh Housing Board has been used as an instrument in bypassing the budgetary process of Union Government. Also, several cases of direct allotment at very low prices, violation of tender clauses, irregular appointment of Consultants to supervise the bidding process etc were noticed during the course of the audit which has been elaborated in the detailed audit observations.
3. Complaints about exemption violations where land was sold to private buyers or companies with reference to the prevailing rules: There were some cases of exemption violations noted in the course of audit which are detailed in the audit observations.
4. Direct allotment of land to IT Park Project: It was found in the audit that there were discrepancies in the allotment of land to various companies in the IT Park Project. The allotment seems to have been done arbitrarily and without following any uniform system. The price for allotment was also arbitrarily fixed and that too was changed without assigning any reason. The policy appeared to be lacking in consistency. The application of such a policy caused a loss to the exchequer.
5. Status about the three cases being investigated by the Central Vigilance Commission (CVC), namely Medicity Project, Film City Project and Theme-cum-Amusement Park Project: These cases are still under investigation and CVC has taken all the relevant documents from the Administration. The outcome of investigation is awaited.
6. Enquiry on whether a transparent and non-discriminatory process was followed in awarding Government property in consonance with rules applicable in this behalf: The policies for allotment were generally not very transparent and did look to be discriminatory and arbitrary. The land was allotted at will to various companies, in some cases by bidding while in others directly without following any procedure. Even in case of bidding, the processes were found wanting in various respects. In some cases tender conditions were subsequently changed.

7. What steps are proposed to be taken to check such situation in future? Whether effective mechanism is available for dealing with such problem in advance in future: There is a need to have an effective mechanism to ensure that codal provisions are being observed in future and no major violations occur in future. To prevent recurrence of such situation in future some policy recommendations are given below.
 - 7.1 The Chandigarh Administration should take immediate steps to initiate corrective actions in respect of all the aspects pointed out by the audit. The revenue received from the IT Habitat project should be deposited in the Government Account instead of putting it with the Chandigarh Housing Board. In the cases, where there has been revenue loss to the Government on account of policies of Chandigarh Administration, immediate recovery should be initiated as has been pointed by the audit and indicated in the tabular form in the audit report.
 - 7.2 The amount of Rs.398.83 Crores (Installment: Rs.304.68 Crores plus interest including penalty: Rs.94.15 Crores) is recoverable from M/s Parsvanath Developers Ltd.
 - 7.3 The extent of the delegation of financial and administrative powers from MHA to the U.T Govt. of Chandigarh needs to be reiterated.
 - 7.4 The Scheme beyond the delegated powers must be appraised by MHA for the approval of the Competent Authority, the system of pre-check and accounting needs to be strengthened and should ensure that codal provisions are followed with respect to budgetary process, Receipts & Payment Rules of Govt. of India etc.
 - 7.5 The compensation given to the citizens whose land has been acquired by the Chandigarh Administration could be examined in the light of NRRP policy and various Court judgments available in this regard.
 - 7.6 The system of Parliamentary Financial Control (PFC) must be strictly enforced on U.T, Chandigarh. The programme/Scheme/project of the U.T. Chandigarh has to conform to the well established Budget formulations, budget execution & Budget reporting process. Chandigarh Administration should have a sound financial advice and an independent pre check system to ensure that a good Financial Administration System functions in the Union Territory.
 - 7.7 UTs. should be included in the audit Universe of Internal Audit Wing of MHA which should have a dedicated team to look at the overall functioning of the UT and should keep UT Administration and MHA informed about the systematic weaknesses and suggest improvements.

PART-I

Chapter – 1

1 Introduction

UT Chandigarh came into existence w.e.f. 1st November, 1966 vide Govt. of India's notification No.13/1/66-Chd. The original Master Plan of Chandigarh was prepared by Mons. Le Corbusier, Architect. As confirmed by UT Chandigarh no approved/notified Master Plan in respect of phasing envisaged for land acquisition/bench Marks/Timings laid down for completion of each project, project-wise development is available. All development is done as per Capital Act and Rules/Schemes made there under.

The Administrator has been conferred with the powers of the Central Government. As per information supplied by UT/CHD the status of Acquisition of land in UT/CHD is as under:-

The Joint Punjab Government declared a new capital named "Chandigarh" in the year 1952 over the land measuring 114 square kilometers for the future extension of the Capital and to ensure healthy & planned development, and further, to prevent growth of slums and ramshackle construction on the land lying on the outer boundary of the land was declared as 'controlled area.'

In order to have legal authority to control and regulate the use of the land, the Punjab New Capital (Periphery) Control Act was enacted in 1952. The Capital of Punjab (Development & Regulation) Act, 1952 and the Punjab New Capital (Periphery) Control Act, 1952 (two Acts governing the planning and development of UT, Chandigarh) envisaged Chandigarh as urbanized town or capital city in which expansion of villages was antithetical to the very concept and planning of Chandigarh.

Initially, about 70 sq. kms of land falling between rivulets of Patiala-Ki-Choe and Sukhna Choe was acquired for the development of the new city as proposed in the Master Plan. Twenty-two village and about twenty-thousand persons were affected in the first-phase of acquisition. The Master Plan was prepared for five lakhs persons and it was designed on the grid sector concept. 1st phase comprised Sector 1 to 30 spread over the area of 43 sq kms and incorporated the Capital Complex, Sukhna Lake, University and the Central Business District (Sector 17). 2nd phase comprising Sectors 31st to 47 is spread over 27 sq. kms. The area of 8.2 sq. kms in the 3rd phase sectors comprising of Sectors 48 to 56 and part of Sector 61 and 63 was further acquired.

Apart from this, the Chandigarh Administration is not left with enough land for expansion of city. Since land is the primary and essential requirement, therefore, the Administration has to go for its acquisition. Although, there is no provision in the Land Acquisition Act, 1894 to rehabilitate the oustees, whose land is acquired, yet the Chandigarh Administration has been rehabilitating affected persons under various schemes from time to time whose land has been acquired.

The present status* of the land use in Union Territory of Chandigarh is detailed as under:-

Sr.No.	Details	Area
1.	Total Area	114 Sq. km
2.	Area under 1 st phase	43 Sq. km
3.	Area under 2 nd phase including industrial area	27 Sq. km
4.	Area under 3 rd phase	8.2 Sq. km
5.	Defence Area	6.45 Sq. km

6.	Area under Manimajra Township	3.9	Sq. km
7.	Existing Rehabilitation Colonies	1.81	Sq. km
8.	Area with the Railways	1.28	Sq. km
9.	Reserved Forest Area	11	Sq. km
10.	Water bodies	3.56	Sq. km
11.	Area under Abadi	2	Sq. km
12.	Area under proposed extension of Abadi	0.5	Sq. km

*Source-Estate Office, UT Chandigarh

The Chandigarh Administration acquires only agricultural land, which had been kept reserved for future expansion of the Capital strictly as per the provisions of the L.A. Act, 1894. Whatsoever, buildings become part of acquisition are in fact unauthorized structures in violation of the Punjab New Capital (Periphery) Control Act, 1952. Section 5 & 11 of the Act provides as under:-

“5. Restrictions in a controlled area – Except as provided hereinafter, no person shall erect any building or make or extend any excavation, or layout any means of access to a road, in the controlled area save in accordance with the plans and restrictions and with the previous permission of the Deputy Commissioner in writing.”

“11. Prohibition on use of land – (1) No land within a controlled area shall except with the permission of the State Government, be used for purposes other than those for which it was used on the date of notification under sub-section (2) of Section 3.”

Part - II

Chapter – 2

2 OBJECTIVES

- 2.1 As per directions of MHA, an Audit Team comprising of S/Shri M.L. Varma, Deputy Secretary, (ANL) Nalin Kumar Srivastava, Dy. Controller of Accounts (Hqrs), MHA, P.K. Gaur, Sr. AO (IAW), R.P. Sharma, AAO (IAW), Jasbir Singh, AAO (IAW) & Janardan, Acctt. (IAW) under the supervision of Dr. Sanjeev Mishra, Chief Controller of Accounts (MHA) were deputed to Union Territory of Chandigarh from 25.05.2009 to 05.06.2009 & 15.06.09 to 22.06.09 to conduct Special Audit of the projects for which land has been acquired by the UT Chandigarh Administration. The basic terms of reference given to the team were as follows:-
- Alleged inadequate compensation to farmers on land acquisition with reference to prevailing rules;
 - Alleged sale of land at throwaway prices with reference to the prevailing rules in this regard;
 - Complaints about exemption violations where land was sold to private buyers or companies with reference to the prevailing rules in this regard;
 - Direct allotment of land to IT Park Project;
 - Status about the three cases being investigated by the Central Vigilance Commission, namely Medicity Project, Film City Project and Theme & Amusement Park Project, and
 - The Special audit would also enquire whether a transparent and non-discriminatory process was followed in awarding Government property in consonance with rules applicable in this behalf.
 - What steps are proposed to be taken to check such situation in future? Whether effective mechanism is available for dealing with such problem in advance in future?
 - Any other point which would throw light on the issue.
- 2.2 The team discussed the various issues through several memos with different Departments of UT, Chandigarh Administrator, Home, Finance, Land Acquisition Officer of Chandigarh Housing Board & Estate Office, DIT, Chief Architect, Director Tourism as per the details given in Annexure-‘A’.
- 2.3 The UT Chandigarh officials provided the requisite details/notes etc. and these are explained in the report which contains various parts viz. complaints, policies, procedures & status on various matters etc.

Part - II

Chapter - 3

COMPLAINTS

3.1 Inadequate compensation to farmers on land acquisition with reference to prevailing rules

3.1.1 Methodology for determination of rates for compensation against land acquisition

As per information/documents supplied by the Land Acquisition Department of UT Chandigarh, Procedure for land acquisition in UT, Chandigarh is governed by Land Acquisition Act, 1894. When land is acquired in UT Chandigarh, recent transactions of land adjoining that area are taken into consideration. An average of these transactions of the last one year broadly reflect rates at which land have been purchased, or sold in the recent past in open market. Over and above, a 30% solatium and interest @ 12% per annum, since the date of notification under Section 4 of the Land Acquisition Act, is also paid. Apart from this, UT Chandigarh has no other mechanism for determination of the compensation of Land Acquisition by which the actual market rate of land can be assessed. Guiding factors for assessing the value of the land is Collector's rate. Determination of compensation is based on a very sound 'principle of average' as enunciated and upheld by Hon'ble Supreme Court in many judgments as a sound basis for calculating market value. As per directions of Apex Court – the application of principle of averages adopted in consonance with the settled principles of law. It has been repeatedly held that determination of fair market value of the acquired land on the date of notification under Section 4 should be computed on the principle of averages (*Annexure-B*). Besides above, UT Chandigarh has also quoted reference of **Punjab Financial Commissioner Standing Order No.28 (Land Acquisition No.28)** Sub Para 12 which describes the procedure how to work out the Collector's rate – “The rates of land per acre will be worked out by the District Collector after taking into account average rate per acre determined from the sale transactions in the Revenue Estate concerned for a period of one year preceding the date of notification under Section 4 of the Act.”

3.1.2 Observation of Audit:-

- a) The cases related with land acquisition were scrutinized and some minor discrepancies were noticed by the audit. Though the procedure was broadly followed for determination of compensation as per the provisions of **Land Acquisition Act of 1894**, in some cases certain overpayments were made with respect to the going Collector rates. To mention few cases, in **award No. 574** in Manimazra village compensation was paid at a rate of Rs. 10.50 lakhs per hectare, instead of the collector rate of 9.67 lakhs. Similarly, in another cases the procedure followed for working out No. of days in determination of additional market rates @12% was found to be faulty. The details of various awards examined and the comments are given in the **Annexure-B**. These aspects are not very pertinent as the complaint is regarding the compensation being given at a lower rate. However, it was found in the audit that most of the persons whose lands were acquired were not satisfied with the compensation and have gone for litigation as is the provision under the Land Acquisition Act. Also, it was noted that an auction in the area, done by the Municipal Corporation, of a 5 acre Plot fetched a price of Rs. 108 Crores.
- b) This aspect of the complaint is to be seen from the perspective of **National Rural Rehabilitation Policy** as well. The Government of India in the Ministry of Rural Development has formulated a **National Rehabilitation and Resettlement Policy, 2007**,

which came into force w.e.f. 31st October, 2007. The policy has come into force in the entire country w.e.f. that date, and all concerned including the State Governments, UT administration, Public Sector Undertakings or organizations and other acquiring bodies and project authorities are supposed to implement the provisions of this policy for rehabilitation & resettlement of the families affected by land acquisition or involuntarily displaced permanently due to any reason, irrespective of the number of persons involved and irrespective of cause. The policy provides for minimum provisions that must be met in all cases, while the concerned authorities would be free to offer benefit packages better than that prescribed by the Policy.

- c) Chandigarh Administration, in response to this formulated a scheme called “**The implementation of National Rehabilitation & Resettlement Scheme, 2009**” (Annexure H). The Chandigarh Administration decided to implement the policy, in letter and spirit, in respect of those cases of land acquisition in where notification u/s 4 of **Land Acquisition Act-1894** was issued on or after 31.10.07. The provisions of the Policy will strictly be followed in future cases of land acquisition. No Policy can be followed with retrospective effect. As specifically stated by UT Chandigarh, the policy has been made applicable for UT except in the following cases:-
- (i) Where the Section 4 Notification was issued before the date of notification of this policy.
 - (ii) Where the houses have been constructed in violation of the Periphery Control Act. No target was set, however, as and when need is felt for requirement of land for public purpose the acquisition is carried out.
- d) There are a number of cases in which notification was issued before the NRRP policy came into existence but the actual acquisition and the award of compensation was done after October 2007. **Ministry may take a view on this issue that whether, the provisions of the policy should be applied in calculating the compensation in such cases. This is because; the compensation would get drastically revised on application of this policy as the policy requires to base the compensation on the intended use of land and also requires administration to consider the prevailing market rates instead of collector’s rate.**
- e) **Further, there are several Judgments of High Court (Annexure-I) which require land acquisition to be done at the market rate. It requires administration to ascertain the Market Rate, i.e., what a willing buyer is ready to pay to a willing seller and so there is a need to look beyond the provisions of the Land Acquisition Act and try to put a mechanism in place to ensure that citizens are given a fair compensation for the land acquired as probably has been done in the State of Punjab. The approval in this regard may be obtained by the UT administration from the Ministry of Home Affairs. This is particularly significant in the light of the fact noted by the audit that an auction in the area, done by the Municipal Corporation, of a 5 acre Plot fetched a price of Rs. 108 Crores. So, it is felt that the Administration needs to revise all the cases of compensation and a Committee in this regard may be constituted to aid the administration in reviewing the compensation so that citizens of the place may get a fair compensation for the land acquired by the administration.**

3.2 Allotment of Land at Throw away Prices:

- 3.2.1 **RGCTP Habitat Project:** The project was undertaken to construct residential flats for the IT personnel who would be working in Rajiv Gandhi Chandigarh Technology Park. The project envisaged allotment of 123.79 Acres of Land for the construction of housing complex. In this, the

allotment of land was done through a bidding process in which various companies participated. There were several violations noted in the audit with respect to Government Rules and procedure which may not be specifically pointing to allotment of land at throw away prices but would be significant from administrative and financial perspective for Chandigarh Administration and the Union Government of India.

3.2.2 Audit Observations:

- 3.2.2.1 The Chandigarh Administration appointed SBI Caps as Consultant to help them in managing the bidding process. The total amount of payment made to the Consultants was 44.59 lakhs which would imply that an open tender for selecting the Consultant should have been followed instead of directly selecting one consultant who would have a great impact on short listing and selecting the company for the project.
- 3.2.2.2 **There appears to be a deliberate attempt by Chandigarh Administration to by pass the budgetary process of the Union of India by not crediting the receipt to the Government Account. The Receipt would have led to reduction in the budgetary support from the Union Government and would have helped in saving its resources. The Housing Board, since it is under the absolute control of Chandigarh Administration has been used as a medium to avoid the budgetary process.** The amount remitted by the Parsvanath Developer was kept in an account under the joint control of Chandigarh Administration and Housing Board and was exclusively utilized by the Chandigarh Administration. Chandigarh Administration transferred title of this land to Chandigarh Housing Board at an amount of Rs. 18.50 Crores and then directed the board to go through the bidding process. The amount received from the successful bidder was put in the account of Chandigarh Housing Board, but the Board was not allowed to use it for its own purpose.
- 3.2.2.3 Also, the amount received was not specifically utilized for this project but was used for other purposes of Chandigarh Administration which further implies that the receipt should have been credited to **Consolidated Fund of India (CFI)**.
- 3.2.2.4 The amount received by the Chandigarh Housing Board was not shown in their Balance Sheet as receipt. If they received the title of land by paying Rs. 18.50 Crores, the corresponding receipt should have also been shown in their Accounts.
- 3.2.2.5 **The Parsvanath Developer has not deposited the total amount indicated in his bid document and has defaulted on certain payment schedules* as indicated below:**

Installment No.	Amount (In Rs.)	Due Date	Amount Received (In Rs.)	Balance (In Rs.)	Date of Receipt
Pre-bid	100,00,00,000/-	06.10.2006	100,00,00,000/-	Nil	6.10.2006
Ist	134,83,91,665/-	04.01.2007	134,83,91,665/-	Nil	04.01.2007
IInd	134,83,91,665/-	04.04.2007	134,83,91,665/-	Nil	04.04.2007
IIIrd	134,83,91,665/-	02.07.2007	--	134,83,91,665/	Not received till 28.5.2009
IVth	134,83,91,665/-	30.09.2007	--	134,83,91,665/	Not received till 28.5.2009
Vth	90,92,77,275/-	29.12.2007	46,52,77,275/- 7,00,00,000/- 37,40,00,000/-	-- -- --	29.12.2007 02.01.2008 21.01.2008
VIth	90,92,77,275/-	28.03.2008	55,92,77,275/-	35,00,00,000/-	04.04.2008
G.Total	821,21,21,210/		516,53,37,880/	304,67,83,330	

*** Source – Records of Chandigarh Housing Board (Annexure-J)**

3.2.2.6 The amount of Rs.94.15 Crore is yet to be deposited by M/s Parsvanath Developers Ltd. for the delay from Schedule of payment of Bid money as per above payment schedule

Calculation of Interest for the delayed period is as under:-

Sr.No.	Installment No.	*Amount(Rs.)	*Due Date	Actual Date of Deposit	Delay Period	Interest @ 5%above PLR of SBI(Rs.)
1.	III	1,34,83,91,665	2.7.2007	Nil	700 days (upto 31.5.2009)	45,90,07,300
2.	IV	1,34,83,91,665	30.9.2007	Nil	610 days (upto 31.5.2009)	39,99,92.075
3.	V	90,92,77,275	29.12.2007	46,52,77,275 on 29.12.07 7,00,00,000 on 2.1.2008 37,40,00,000 on 21.1.08	Nil 4 days 23 days	Nil 1,36,164 41,83,164
4.	VI	90,92,77,275 35,00,00,000 55,92,77,275	28.03.2008 28.03.2008 28.03.2008	4.04.2008 Nil 04.04.2008	7 days 430 days (Upto 31.5.2009) 7 days	30,95,279 731,88,356 19,03,184
					Total	94,15,05,522

*Source – Records of CHB, Chandigarh (Annexure-J)

3.2.2.7 No proper account was maintained for recording the receipts of these transactions.

3.2.2.8 Since, the funds required for the implementation of the Prestigious Social Engg. Project could not be made available through the routine budget, it was decided to mobilize the funds through the Housing Project for which the land measuring 123.79 acre was allotted to CHB. **Also, it was decided by Chandigarh Administration that surplus generated from the IT Habitat project will be used by Chandigarh Housing Board for this Social Engineering Project (Annexure-J). The above concept of the UT Chandigarh Administration is in fully contravention to the principle of Govt. Accounting. Keeping the public money out of Consolidated Fund of India and undertaking a project without going through budgetary process and norms of project appraisal is a lapse on the part of UT Chandigarh Administration.**

3.2.2.9 Developer was required to ensure that the gross revenue (as defined in D.A.) received in r/o sale proceeds of Residential Units, other miscellaneous receipts related thereto and sale of membership of sports complex & residential club if any, for the lease period, to persons other than residential units owners and operation & maintenance fee, if any, collected in advance for more than one year in the form of D.A., was to be deposited directly in the Escrow Account. The money collected in the account was to be appropriated in the Account of the Developer & CHB in the ratio of 70% & 30% respectively. All costs and charges of the escrow agent work to be borne by the developer. The status of maintenance of escrow account is as under:-

- The operation of escrow account started on 15.7.2008.
- All entries in the cash book were posted directly from the bank statement of escrow account No.30184417088 on SBI at Section 12 CHD. Credit entries in the book statement were posted in the receipt side of the cash book and similarly debit entries have been posted on the payment side of the cash book.
- Money reached in the escrow was not received by CHB. It was received by the developer through Cheques/DDs against the advance booking of different categories of residential flats which were to be constructed by the developers as per the plan.

3.2.2.10 Balance in the escrow account as on 31st March, 2009 as per cash book & book statement was Rs.4,47,54,162/=. However, the Bank in its statement has not mentioned the application form no. and category of the scheme in any of the transactions. Also in the following cases* name of the applicants has not been mentioned in the bank statement. In some cases even the Cheque No. vide which the amount was deposited in the escrow account, has not been mentioned.

Date	Remarks	Amount
22.9.2007	Credit CLG	2,57,000/-
24.9.2007	Jammu	2,57,000/-
26.9.2008	Dep. Trf to 3018	5,90,000/-
1.10.2008	Ch No.516347	12,82,191/-
1.10.2008	Ch.No.558890	9,89,787.37
17.10.2007	Ch.No.847555	18,90,800/-
22.10.2007	Credit HV owc	10,95,250/-
31.10.2007	Ch.No.633826	31,500/-
2.11.2007	Jammu	2,57,000/-
23.11.2007	Dep. Trf	5,92,000/-
5.12.2007	Ch.No.094378	5,91,500/-
6.12.2007	Credit	11,71,450/-
10.12.2007	Credit	23,63,750/-
12.12.2007	Ch.No.929520	2,57,000/-
12.12.2007	Ch.No.929521	2,57,000/-
7.01.2008	Ch.No.897687	2,64,550/-
18.1.2008	Credit	10,71,450/-
18.1.2008	Credit	10,72,500/-
31.1.2008	Ch.No.801104	7,00,000/-
31.1.2008	Ch.No.002401	6,07,750/-
31.1.2008	Ch.No.13904	13,28,750/-

*** Source-Records of CHB, UT.CHD**

3.2.2.11 Separate account of 30% share of CHB has not been maintained in Cash Book/Ledger. In response of Finance Department order dated 1.12.2005 & 4.9.2008 Joint Escrow account in the name of JS Finance UT Chandigarh and CEO, CHB was required to be opened, but the Escrow account which is being operated is only in the name of CEO, CHB and is therefore in contravention to their own orders.

3.2.3 **Theme Cum Amusement Park:** Land measuring 73.65 acres for development of theme-cum-amusement Park was leased out to M/s Unitech Ltd. At village Sarangpur ,UT,Chandigarh on license basis for a period of 33 years for an annual license fee of Rs.5.5 crores plus 1.1 % of the annual gross revenue commencing from 06.12.2006. The firm has only deposited Ist installment of lease money amounting to Rs.5.50 Crores on 12.06.2007 (Annexure-F). **As confirmed by Estate office, UT, Chandigarh vide Memo No.15333/G-VI/1/2008-09/Audit dt.5.06.2009 (Annexure-J), no Land allotment letter has so far been issued & the land has been placed at the disposal of Tourism Deptt. of UT, Chandigarh.** Since the case is under investigation with CVC, no original records were available with the Tourism Deptt & the infrastructure has not yet been started.

3.2.4 Audit Observations:-

3.2.4.1 As per agreement, M/s Unitech Ltd. deposited first installment of license fee of Rs.5.50 crores for the period ending 5th December, 2006 but the second installment had not been deposited till the date of audit, which was due on 6th December, 2007 as per terms of the contract/agreement and

payment schedule IV of Development Agreement (DA) between the Chandigarh Administration & M/s Unitech Ltd. The firm has subsequently been asked to deposit the 2nd installment along with interest. **If the ‘Executor’ is not able to deposit the installment amount in the prescribed time period, the action for forfeiture of the deposited amount should have been taken. But, penalty clause was not found anywhere in the Development Agreement (DA) which implies that proper safeguards for protecting Government interest were not kept in Agreement.**

- 3.2.4.2 As per records provided by UT Chandigarh, it was found that agreement was signed on 6.12.2006, whereas the possession of the land was given on 3.3.2008. The firm represented that since the land was handed over to the firm on 3.3.2008, the date of commencement may be treated from 3rd March, 2008 and not from 6.12.2006. As per Tourism Dept., the project was required to be completed within 42 months starting from the signing of the DA i.e. 6.12.2006. **The dispute has not been sorted out till the date of audit. It is not understood when no Land Allotment letter has been issued in f/o the Firm then how the land was handed over to the Firm on 3.03.2008 (Annexure-J).**
- 3.2.4.3 A Development Agreement was executed on 6.12.2006 between the Chandigarh Administration (CA) & M/s Unitech Ltd, `The expression ‘Developer’’. Article 23.14 of DA provides that the Developer shall not assign its rights or interest in this agreement in favour of any person without prior written consent of CA. **As per Company Act (Ref. Sub Section 1(a) & (b) of Section 49 of the Companies (Amendment) Act,1988, it is mandatory for both CA & Developer to comply with the provisions contained in the DA. And in view of Audit, if in any case, a Developer transfers/would like to transfer his responsibilities, the entire process of calling of bids should be done again. However, it is seen from the records that M/S Unitech Ltd, the “Developer’ has sought permission for transferring the project in favour of independent company alleged to be 100% subsidiary of M/s Unitech Ltd., which is again in violation of the DA.**
- 3.2.5 **Multi Media Cum Film City: Rs 47.75 Crore deposited by M/s Parsavnath Developer on 23.8.2007.** It was found in the audit that after inviting sealed bids from short-listed companies M/s Parsvanath Developers, the highest financial bidder offered a bid amounting to Rs.191 crores for 30 acres of land against the reserve price of Rs.125 crores. As per the terms & conditions, the land was to be immediately handed over to them on receipt of their first installment amounting to Rs.47.75 crores. However, despite the fact that they deposited Rs.47.75 crores on 23.8.2007 land could not be physically handed over to them because of a court case, as well as issue of the demarcation of land. Since the land was not handed over to M/s Parsvnath for some time, they made a representation on this account, requesting that the balance money which they were to deposit, should only be got deposited from them once the possession and the demarcation plan is duly issued to them. This was duly approved at the level of Adviser to the Administrator. Consequently, the demarcation plan was given to them on 17.07.2008 and as per the approval they had to deposit money within 90 days from the date of issue of demarcation plan. On further enquiry, Estate Officer vide reference dated 5.6.2009 has stated that the case is under CVC investigation, no original record is available with the UT Chandigarh. **No land has so far been allotted to M/s Parsavanath so far & will not be allotted till further orders as per instructions issued vide letter dated 31/1/442/UTFI/4(2008)/357 dated 21.1.2009 by Finance Department UT/CHD. . Only a sum of Rs.47.75 crore has been deposited and the balance money has not been deposited by M/s Parsavnath Developer on 23.8.2007. Estate Office, UT, Chandigarh in response vide Memo No.15313/G-6/2009/audit Dated 5/6/2009, has stated that due to non issue of allotment letter no penalty regarding forfeiture of the deposited amount can be imposed. (Annexure-J).**

3.3 ***Undue exemption given to a firm in I.T. Park for non-payment of stamp duty/ Non-Execution of Deed of Conveyance for 10 years for 10 acres of land being allotted in the Rajiv Gandhi Chandigarh Technology Park (RGCTP) @ Rs.40 lakhs per acre.***

There was a complaint that a Firm was allotted 10 acres of land in IT Park @ Rs 40 Lakhs per Acres . The Co. was required to execute Deed of Conveyance after making the full payment of the sale price as per the rules but the same has been exempted for 10 years. The submission by Estate Office & Deptt. of IT, UT Chandigarh is as under-

- a) RGCTP has a huge chunk of area under SEZ (approximately 90 acres). As per the SEZ policy any land, which is allotted within the SEZ, has to be exempted from payment of stamp duty and registration fee. . UT Chandigarh is following SEZ Policy vide Notification NO.27/IT/2005/2122 dated 14th March, 2005. RGCTP has revised area of approximately 39 acres under SEZ as per notification issued by Ministry of Commerce Govt. of India.
- b) Initially, Chandigarh was never on the IT map and the Administration by aggressive marketing the RGCTP certain incentives were built in. In the above process, in those plots which are out of the SEZ, it was allowed, as a Policy, to defer the payment of stamp duty for the first allottees for 10 years. All the companies have been exempted from paying of stamp duty under Stamp Duty Act for a period of 10 years as per Notification dated 8.6.2004 issued by Home Department.
- c) **UT Chandigarh Administration Notification Dated 8.06.2004 granted exemptions in exercise of the powers conferred by clause (a) of sub-section (1) of Section 9 of the Indian Stamp Act, 1899 (2 of 1899) on the Administrator, UT Chandigarh that the duties chargeable under the Act ibid shall be remitted, with immediate effect for a period of ten years from the date of this order with regard to the following class of instruments executed by the class of persons described hereunder:-**
“An instruments purporting to convey, by way of sale or lease, any right, title or interest in land, building, or other immovable properly within the confines of the area notified as the Chandigarh Technology Park vide this Administration’s Notification No.31/1/290 /UTFI(4)/2002/9315 dated 20.11.2002, whether executed by or in favour of the Chandigarh Administration or its authorized representatives or by or in favour of the first transferee, lessee or holder or right, title or interest in such immovable property , to whom the Administration may have conveyed such right, title or interest.”
- d) 10 acres of land was allotted in RGCTP Phase II to M/s Tech Mahendra Ltd. @ 40 lac per acre on 26.5.2006 by direct allotment which is under construction. Deed of conveyance was got executed on 15.4.2009 as per records of Estate Officer, UT Chandigarh.

3.3.1 **Audit observations-**

- (i) During discussion with AEO, Estate Office& Deptt. of IT, UT Chandigarh it was stated that the above order 8TH June,2004 granting exemption for deferment of Stamp Duty for a period of ten years shall be applicable for all companies under RGCTP which are out of SEZ (Ref. AEO Memo No.15409/G-VI/Audit dated 5.6.2009) (Annexure-J)
- (ii) During the scrutiny of records of Estate Office, it was seen that only one company M/s Tech Mahendra was allotted 10 acres of land on 26.5.2006 in RGCTP at a cost of Rs.4,00,10,096/- . Total cash Rs.4,00,10,96/- (25% payment of 1,00,00,00/- on 14.3.2006, Rs.2524/- on 25.5.2005. Balance Rs.3,00,07572 on 17.11.2006).
- (iii) Deed of Conveyance has already been got executed by the company on 15.4.2009.
- (iv) During test check, it was seen that there are still 8 cases (as detailed below) of non-execution of Deed of Conveyance till date of audit which have been granted exemption under the above orders , there may be some more cases.

Sr.No.	Name of Company	Area allotted (in acres)	Date of allotment of land
1)	Microtech International Pvt. Ltd.	1.46 acre	02.01.2006
2)	Amadeus India Pvt. Limited	1.41 acre	07.12.2005
3)	KMG Infotech Pvt. Ltd.	1.1 acre	29.12.2005
4)	BEBO Technologies Pvt. Ltd.	1.01 acre	25.11.2005
5)	Alchemist Ltd.	1.30 acre	02.01.2006
6)	Second Foundation Pvt. Ltd.	1.48 acres	15.12.2005
7)	IDS Infotech Limited	1.3 acres	02.01.2006
8)	Wipro Limited, Bangalore	29.7 acres	05.04.2006

**Source – Records of Estate Office, UT.CHD*

3.4 Direct Allotment of Land to IT Park Project:

3.4.1 The Rajiv Gandhi Chandigarh Technology Park (RGTCP) is an ambitious IT project for developing IT infrastructure. IT Park is a project where the trained manpower can find jobs. RGCTP has come with approximately 351 Acres of land in phase I & II and additionally for Phase III, 272 Acres of land is under the process of acquisition. (As detailed in Annexure-C)

3.4.2 Audit Observations:

3.4.2.1 The audit could not find any sound basis for fixing the rate for allotment of land in IT park project to various companies and was found to be arbitrary. **The rates were decided considering rates of certain cities which cannot be compared with Chandigarh and thus may have indirectly benefited to many companies.**

3.4.2.2 M/s Wipro Ltd. had made a request to Director, IT, Chandigarh on dated 16.5.2005 for allotting land in RGCTP, Main Campus Site in Chandigarh. **Without calling any bids**, Finance Secretary, UT Chandigarh vide their Memo No.31/1/290-UTF(IV)/53 dated 3.1.2006 allotted 30 acres of land @ Rs.40/- lakhs per acre approved by Administrator on 27.12.2005 under Rules (the allotment of campus sites in Chandigarh Information Service Park, Rule, 2002) on free hold basis. (As detailed in Annexure-D)

3.4.2.3 Further, from the available records, it was seen that in reference of Assistant Estate Officer's allotment letter No.10704-707/M/1113/2006, (under Rule 8 of the Chandigarh Sales of Sites & Buildings Rules, 1960) **a Deed of Conveyance had to be executed between both the parties but, the same had not been made till the date of audit which has resulted a direct loss of Govt. Revenue to the tune of Rs.7200554/- (Rupees seventy two lakhs five hundred and fifty four only). Even, the Department has not taken any action so far. In the allotment letter, no time frame was set to execute the deed which is a lapse on part of the Department. It is mentioned nowhere that in case of non-execution of deed timely by the allottee, what sort of action will be taken against him by the UT Chandigarh.**

3.4.2.4 On going through the records made available to audit, it has been noticed that the request for allotting land was received on 15.1.2006/16.1.2006, whereas the process of allotting land to Tech Mahindra was already in process from 6.1.2006 by the DIT. **The processing of the case before the request from the agency shows that the agency had been favoured and also that there was a serious lapse on the part of the DIT.** Further, it was seen that the rates of 40 lacs per acre in reference of Finance Department, Chandigarh Administration Notification No.31/1/290-

UTF1(4)/51 dated 3.1.2006 was allowed to the agency on enquiry to show the justification of fixation of rates i.e. 40 lacs per acre, the same was not produced to audit.

In absence of justification, it is not clear to audit, while fixing the rates, market rates of adjoining areas i.e. Punchkula/Mohali have been considered or not. From the record, it is seen that the advertisement through wide publicity in National Newspaper for allotment of land in RGCTP had not been made and bidding process as per GFR was not followed.

3.4.2.5 During the scrutiny of records, it was seen that land was allotted to different companies in Phase I & II of RGCTP at different rates as given below. **The justification for allotment of the land at different rates were not elucidated with supporting acts/policy/procedure:-**

Sr.No.	Name of Co.	Area/Date of allotment	Rate of allotment per acre
1	DLF Infocity Developers Chandigarh	12.5 acre/23.12.2003	Rs.31.54 lakh per acre
2.	Microtech Int. Pvt. Ltd.	1.46 acre, 2/01/2006	Rs.1 crore per acre
3.	Amadeus Pvt. Ltd.	1.40 acre, 7/12/2005	Rs.1 crore per acre

*source-Estate Office, UT.CHD

3.4.2.6 Due to reduction of rates from Rs. 42.06 to Rs. 40 lacs per acre, a loss of Rs.30.9 0lac had occurred to UT Chandigarh by allotting land in Main Campus site of RGCTP Chandigarh to the following agency.

Firm	Land Allotted	Difference of rates per acre	Total loss
M/s Mahendra Tech	15 acre	(*42.06 – 40 lakh) = 2.06 lac	Rs.30.90 lacs

*Order dated 28.3.2002 issued vide 31/1/290-UTF(4)-2002/2018.

In view of audit, if the land was allotted on the basis of said rates (i.e. 42.06 lacs per acre) extra revenue to the tune of Rs.30.90 lacs could have been fetched, but the rates were reduced which had resulted in a loss of Rs. 30.90 lacs to Govt. by allowing undue benefit to the firm.

3.4.2.7 From the under noted Finance Department, Chandigarh Administration order dated 28.3.2002 and 3.10.2002 as shown in the table, it may be seen that the rates for allotment of land for a main campus site were reduced from Rs. 42.06 lacs per acre to 31.54 lacs per acre and for small campus sites from Rs. 102 lacs per acre to Rs.76.50 lacs per acre. **On enquiry to show the reasons for reducing the rates, the justification was not provided.**

Sr. No.	Notified Order	Rates for Main Campus	Rates for Small Campus
1.	*UTCHD Fin Dept. Order dated 26.8.2002 issued order No.31.1.290-UTFI(4)/2002/2518 dt.28.3.2002	42.06 lacs per acre	102 lacs per acre
2.	*UTCHD Fin Dept. Order dated 29.8.2002 issued on UTFI(4)-2002/13/1/190/8389 dt.3.10.2002	31.54 lacs per acre	76.50 lacs per acre

*Source-Finance Deptt, UT.CHD

It is not clear to audit on what ground the rates were reduced when there was increasing trend of market rates of land on free hold basis in major cities of the country. Due to reduction of rates, as stated above a loss of Rs.2,80,50,000 had occurred to UT Chandigarh by allotting land in small campus site of RGCTP Chandigarh to the following companies:-

Sr.No.	Name of Firm	Land allotted	Difference in rates per acre as per stated notification	Total loss
1.	M/s Bharti Airtel	5 acre dt.5.6.2006	102 lac – 76.50 lac per acre = Rs.25.50 lac per acre	Rs.1,27,50,000
2.	M/s E-sys Information Technology Ltd.	6 acre	- Do -	Rs.1,53,00,000
				Rs.2,80,50,000.00

Due to reduction of rates from 42.06 lacs to 31.54 lacs per acre, a loss of Rs.317.80 had occurred to UT Chandigarh by allotting land in Main Campus site of RGCTP Chandigarh as detailed below:-

Name of the Firm	Land allotted	Difference of rates	Total Loss (Rs. in Lakhs)
M/s Infosys Ltd.	30.21 acre	*42.06 lacs per acre – 31.54 lacs = 10.52 lac per acre	Rs.317.80

*Order dated 28.3.2002 issued vide 31/1/290-UTF(4)-2002/2018.

3.4.2.8 While going through the record made available to the audit that the reserve price for the allotment of land to DLF through open bid had been fixed at Rs.90.32 lacs per acre **whereas the rates for allotment of land to Infosys, Wipro, Tech Mahindra & Bhartitel has been fixed on the lower side which has resulted into a loss. The details are under:-**

Sr.No.	Name of Project	Area of the Site	Rate fixed per acre (Rs. In lakhs)	Loss (Rs. In Lakhs)
1.	Site Directly allotted to Infosys	30.21 acre dated 11.6.2004	31.54	1775.74
2.	Site Directly allotted to Wipro	30 acre dated 5.4.2006	40.00	1509.60
3.	Site Directly allotted to Tech Mahindra	15 acre dated 26.5.2006	40.00	754.80
4.	Site Directly allotted to Bhartitel	5 acre dated 5.6.2006	76.50	69.10
5.	Site auctioned to DLF	12.40 acre dated 23.12.2003	90.32 aprox.	
				4109.24

*Source-Records of Estate office & DIT, UT.CHD.

Basis of fixation of reserve price at different rates in the same campus could not be ascertained by the audit from the available records. At that time, there was a trend of increase market rate in real estate in major cities. It is not understandable as to how the land valuation was done on the lower side. No input, recommendations or examination was asked for not given by the different related department of the UT, Chandigarh.

3.4.2.9 As per terms & conditions of allotment of land “Allotment of companies’ site in Chandigarh Information Services Park Rules”, the balance of premium may be paid either in lump-sum within 180 days of the issue of letter of allotment or in 3 equated installments with interest @ 10% per annum compounded annually. The rate of interest of delayed payments shall be 18% per annum compounded annually. The scrutiny of records of Estate Office and UT Chandigarh reveals that there is a delay in payments of premiums by the companies as per details given below:- **The premium amount along with interest accrued thereon on account of defaults on the part of allottee may be recovered as per stipulated terms & conditions which works out to Rs.24.17 Lakhs as detailed below-**

Sr. No.	Name of Companies	Date of allotment of land	Area	Amount of premium due	Due date of payment of premium	Date on which premium was paid	Period of delay	Interest due & recoverable @ 18% for the
1.	M/s Infosys	11.6.2004	20 acre	3,31,17,941	11.6.05	28.9.05	110	Installment deposited on 2.4.2009 Rs.17,96,535/-
2.	M/s IDS Infotech	2.1.2006	1.32 acre	39,85,089 II Premium	2.1.2008	28.1.2008	26	Rs.51,096/-
3.	M/s IDS Infotech	2.1.2006	1.32 acre	39,85,089 III Premium	2.1.2009	4.5.2009	122	Rs.2,39,760/-
4.	Kauri Information,Chd	1.6.2006	1.5 acre	45,02,075	1.6.2007	10.07.2007	40	Rs.88,808/-
5.	Kauri Information Chd			45,02,075	1.6.2008	19.8.2008	80	Rs.1,77,616/-
6.	Virsa System	28.12.05	1.30	3999425	29.12.2006	29.11.2007	32	Rs.63114/-
							Total	Rs.24,16,929/-

*Source-Records of Estate office, UT.CHD

3.4.2.10 On going through the records made available to audit, it has been noticed that 42 applications which were received in response to the advertisement on the basis of the eligibility criteria were evaluated by the committee under the chairmanship of Finance Secretary/Secretary Information Technology. On the basis of eligibility criteria for build to suit sites, 20 companies (i.e. category I - 4 Nos. and category II - 16 Nos.) were found eligible for allotment of land through draw of lots in 2005. Further, from the records, it is seen that a company namely “FCS Software Solutions Ltd.” was allotted a land measuring 1.65 acre on 29.12.2005 by Estate Office. **It is not clear to audit when the said company had not submitted application for allotment of land and was also not eligible (As per minutes of meeting held on 03.09.2005) then how the land was allotted to the said company i.e. FCS Software Solutions Ltd. by draw of lots.**

3.4.2.11 As per advertisement notice for allotment of small campus sites and built to suit sites at RGCTP Chandigarh, the applications should be accompanied by a non-refundable processing fee amounting to Rs.10,000/- in the form of demand draft. On going through the records available to audit, **it has been noticed that Mobra System without depositing of processing fee of Rs.10,000/- had applied for allotment of land in SEZ area and board/committee had declared the eligibility for allotment of Built to suit site. The declaration of eligibility for**

allotment of land through a draw of lots without depositing any processing fee is irregular and also shows that the company had been favoured by putting a loss to Govt.

3.4.2.12 Allotment of Hotel Site in RGCTP (M/s Kujjal Builders).

- a) On going through the records made available to audit, it was noticed that the Business Hotel site land measuring 3.94 acres with permissible ground coverage of 40% was to be auctioned on 03.12.05. The auction due to non-competitive rates, was not done on that date as only one bidder i.e. M/s DLF universal took part in that auction and auction date with modification/deletion of terms & conditions as detailed below was refixed on 09.03.2006.
1. The existing zoning condition of FAR of the Hotel site was increased from 1.25 to 1.50.
 2. The eligibility criteria allowing only three companies or consortia which had set up 5 star Hotels had been deleted.
- b) Further from the records, it was seen that 5 agencies had taken part in the open auction held on 09.03.06 and highest bid in r/o DLF/Kujjal for **Rs.75,00,00,000/-** had been accepted by the Board of Members. The land measuring 19781.975 sq. yards vide letter No.14457/CPL-6259/CIA-I dt. 17.05.06 was allotted to M/s Kujjal Builders Pvt. Ltd. As per terms & condition Sr. No. I of the auction notice, Entry in to the auction premises shall be restricted to only such persons eligible to bid who deposit Rs.25 lacs as earnest money by way of Demand Draft in favour of Estate Officer UT Chandigarh. In this case, it was seen that DLF Vide DD No.301345-ICICI Bank Ltd. had deposited Rs.25.00.000/- whereas land was allotted to M/s Kujjal Builders who had not deposited the earnest money as is required in r/o terms & condition of the auction notice. Further it is seen that M/s DLF had also deposit 25% of bid money (i.e. DD No. 62987 ICICI Bank Ltd. for Rs.18,50,00,000/-). **It is not clear to audit when earnest money amounting to Rs.25,00,000/- had been deposited by M/s DLF Universal Ltd. then how the land was allotted to M/s Kujjal Builders. In view of audit, the allotment land to M/s Kujjal Builders without deposition of Earnest Money as was required by the bidding document was irregular and needs investigation.**
- c) As per Sr. No.4 of the allotment letter, the balance of 75% of the premium shall be payable within a period of 90 days from the date of auction without any interest failing which interest @20% p.a shall be payable after 30 days from the date of auction to the date of actual payment. From the record, it is seen that M/s Kujjal Builders vide receipt No. 5077589 had deposited 75% of premium Rs.56,25,00,000/- vide DD No. 021315 dt. 07.06.06 on 14.06.06, whereas interest on delayed deposit for one day (07.06.06) @ 20% amounting to Rs.3,08,219/- instead of delayed period w.e.f. 10.04.06 to 07.06.06(due on 10.04.2006). **The non-recovery of interest in respect of terms & condition No.4 of the allotment letter shows that the agency had been favoured by putting loss to Govt. The short recovery may be calculated and may be got recovered.**

3.4.2.13 Joint Venture for construction & Management of ready built space in RGCTP between Chandigarh Administration & DLF Commercial Ltd.

On going through the records available to audit, it has been noticed that tenders for Joint Venture for Construction & Management of ready built space in proposed RGCTP were called and after processing the prequalification bid, Technical Bid, Financial Bid (Annexure-J) in r/o three companies were opened on 12.9.2003 and the DLF Universal Ltd being the highest bidder was eligible to enter into the agreement. The details are as under:-

<u>Name of Company</u>	<u>Bid Amount</u>
M/s Ascends, Chennai	Rs.44,80,000/-
M/s DLF Universal Ltd.	Rs.22,62,00,000/-
M/s L&T Hyderabad	Rs.1,86,30,000/-

Audit observations:-

- a) From the records, it is seen that the Joint Venture Agreement **between Chandigarh Administration & DLF Commercial Developers Ltd.** as a Developer (Annexure-J) was signed instead of DLF Universal Ltd on 14.11.2003. **It is also noticed that the land measuring to 12.5 acre was allotted to M/s DLF Infocity Developers (Chandigarh) Ltd. (Annexure-J) (which was registered on 25.11.2003 with the Registrar of Companies vide No.CIT 2003 PLL 26502) instead of DLF Universal Ltd. The allotment of land in the name of another agency is irregular and needs to be investigated in detail.**
- b) In the Land allotment (12.4 acres) to DLF Infocity Developers (Chandigarh) Ltd. in Rajiv Gandhi Chandigarh Technology Park for the “Construction & Management of Commercial Office Space, it was noticed that a joint venture agreement (Annexure-J) was entered between the Chandigarh Administration and DLF Commercial Developers Ltd. Further, it was found that this involved an investment aggregating Rs.44.05 Crores (Rs.10.2 Crores : paid up capital; Rs.22.62 Crore : redemption money of unsecured debentures after 5 years of purchase of land; Rs.10 crores (approx) : Interest on debentures and payment of Rs.1.23 Crore to the Chandigarh Administration by way of buy back of shares). By this arrangement, **the Developer acquired ownership of land which may be approximately valued at Rs.250 Crore on the basis of a sale of similar land for similar purpose in the same village. (See Annexure-J). However, the Chandigarh Administration got a meager return of Rs.23 lacs on the sale of shares valued Rs.1 Crore to the Developer under buy back arrangement. Further, here the more beneficial buy back option was not exercised (Terms & Condition 5 (a), (b), (c) of Tender Document annexed K-V) by the Chandigarh Administration leading to under-sale value of shares exceeding Rs.15 Crores.**
- c) **Also it was found that the terms & conditions of the tender documents were modified after the acceptance of tender to favour the Developer. The analysis of tender document revealed the following discrepancies:-**
 - i) As per Sr. No.3.4 of the tender document EMD was fixed as Rs.2.00 lakh for purchase of one plot of size 6.2 acres. There was option for offer of bid for two plots but there was no clause for EMD for two plots. The H-1 bidder offered bid for two plots but deposited only Rs.2.00 lakh against EMD (Annexure-J) **as such his offer for other plot of size 6.2 acre should have not been accepted.**
 - ii) As per the tender document, “The Administration will enter into an agreement to set up a Joint Venture Company in which developer shall hold majority equity shares and the Administration’s shareholding shall not be more than 40%.” (Annexure-J) **The minimum share holding percentage of Chandigarh Administration in the Joint Venture Company was not defined in the tender document. This has been used as a tool by the developer by modifying the condition of allowing a very nominal 2.5% share of the authorized capital to Chandigarh Administration. The same modification was duly approved and incorporated in the Joint Venture Agreement which allowed the developer to keep the entire control and management of the JVC. Changes in FAR : as per tender document FAR has been allowed at 1.25 however, FAR has been changed in allotment letter as 1.20.**

d) Changes of terms & conditions after acceptance of financial bid.

Financial Bid for the allotment of land to DLF Universal Ltd. (H1), was accepted on 12.09.2003, whereas the terms & conditions were recommended for modification (Annexure-J) as per the requirements proposed by the agency for his vested interest was accepted by DIT on 24.10.2003. Accordingly the agreement was signed on 14.11.2003 between Chandigarh Administration and DLF Commercial Developers Ltd. with the changed terms & condition proposed by the developer (Annexure-J)

The changes noticed by the audit are as under:-

- (i) As per the tender document “The debentures shall have a maturity of 7 years (Annexure-J) and carry a rate of interest of 9% per annum, payable twice a year, every 6 months.” As per the JVC agreement, “..... Fixed interest debentures for 7 years were to be issued by the JVC to the Chandigarh Administration payable with interest at the rate of interest of 9% per annum. The JVC shall be entitled to exercise an option to prepay the said debentures issued by the said debentures issued by it to the Administration, in full or in part, at interval of three years or five years after the issue of debentures.” **Hence loss of interest to exchequer on the said rate of interest @ 9% p.a. comes to Rs.18,32,220/- .The loss of Rs.18,32,220/- is just calculated @ 9% only, if it had been calculated on rates of SBI-PLR, it would have amounted to 1½ times.(Annexure-J)**
- (ii) The Developer leased out the shops and office complexes to Companies not engaged in IT/ITES at Commercial rates thereby reaping abnormally high profits on his investments. Whereas the prime objective of setting up this Complex was that the actual users should be IT/ITES Companies (**Annexure-J**). **Thus the project has not served its intended purpose.**
- (iii) The Management and Control of the project was vested entirely with the Developer and risk factor of unsecured debenture valued Rs.22.62 Crores vested with Chandigarh Administration **It is added that in the aforesaid project the tenderer was (i) DLF Universal Ltd. (ii) Land was allotted to DLF Infocity Developers (Chandigarh) Ltd. (iii) Chandigarh Administration entered into the agreement with DLF Commercial Ltd.**

The major issue noted by audit was that the issue of debentures in this JV agreement should have been approved by the Ministry of Home Affairs as well as the Ministry of Finance as this type of transaction needs treatment as New Service/New Instrument of service for which approval of ‘Parliament’ is required in all cases. {GOID (I) 1-D below Rule 10 of DFPR, 2008 may be referred to}. Further, altering the clauses of agreement, subsequent to the bidding process is a fundamental lapse in any Government setup.

e) **Illegal/ misuse of premises in DLF Building by various Companies**

- (i) From the available records, it is seen that land measuring 12.5 acre for Construction Management of Commercial office space at RGCTP Chandigarh was allotted to DLF Infocity Developers (Chd.) Ltd. and Chandigarh Administration entered in a joint venture agreement with DLF Commercial Ltd On 14.11.2003.
- (ii) The purpose of development of IT Parks was to promote the business of IT Companies i.e. Companies whose main business/profile was for the promotion of IT, like software development, software maintenance, software support etc.
- a) Draft NIT and JV Agreement allow only those companies to be housed in IT Park, whose main profile promotes IT and not only uses it as a tool for their own business facilities and promotion.
- b) NIT Clause 3.12 (b) usage of premises reads “The profile of the tenant shall include only such users as are involved in information services including software development, software maintenance and IT enabled services. The tenants may also include those providing commercial services required for the information services, recreation etc. subject to the building, controls and usage restrictions. These restrictions shall be applicable for a period of five years from the date of issue of (Partial) Completion Certificate.
- c) Joint venture agreement Clause III (a) reads “The JVC shall comply with all statutory provisions, rules and regulations, and bye-laws in all respects including payments of all fees, taxes in accordance with the provisions of all control and state Govt. enactments status, rules and regulations of Public bodies as envisaged in the original tender documents.” Clause 12 of Allotment letter dated 23.12.2003 issued to the company also provides that the site & building shall be used only for the proposed envisaged in r/o allotment of campus sites in Chandigarh Information Technology Park Rules-2002.

The perusal of the above clearly defines that in order to qualify for being a tenant in their building, the primary line of business of any tenant company should be IT/ITES only and that it should not be mere computerized back office operation.

- iii) **From the records (Secretary, IT, Memo No. It/ 68/2009/881 Dated 21/04/2009), it is seen that the following companies as detailed below are illegally using the campus of DLF Building for the purposes other than those for which site was allotted under rules ibid (Annexure-J). These uses amount to breach of the terms & condition of sales/lease and are in contravention of the provision contained in the Capital of Punjab (Dev. & Reg.) Act, 1952 the Allotment of Campus Sites in the Chandigarh Information & Service Park Rule-2002.”**

Sl.No.	Name of Company	Nature of work under taken from the premises	Main line of business
A.	Aditya Birla Retail Ltd	Back Office support like billing technical support etc.	Retail Business
B.	Agilent	Back Office Support	Measuring Instruments
C.	Aimil	Providing Consultancy to Clients	Institute Technical Consultancy
D.	Atls Copco	Back office, support, work order, processing dealing with dealers	Compressor manufacture
E.	DLF Home Developers Ltd.	Company Office	Developers

F.	Hundai Motor Car India Ltd.	Back office Support to dealers, complaints handing etc.	Car Manufacturer
G.	ICICI Prudential life Insurance	Back Office	Life Insurance
H.	Indus Towers	Office Operations	Shared Telecom Infrastructure
I.	Onicre Credit Rating	Office Operations	Individual Credit Rating
J.	Widex	Software Development	Manufacturer of Hearing Aid

* Source records of DIT, UT.CHD

- iv) **In addition to above, a Shopping Mall, Complex (A Mall including a Restaurant-cum-Night Club (Name : Black Magic) is also running in DLF Building (Annexure-L).**

The profile/business being run by the said companies including shopping mall are not covered under the Clause 3-12 (b) of DNIT and JV Agreement Clause III (9) and as such therefore companies & shopping mall don't have the legal right to the said premises.

- v) **Further, as per records the following companies/agencies were not operational till date of audit whereas the premises have already been allotted to them.**

Sl.No. Name of Company

1. Debt Recovery Tribunal
2. Franchise India
3. Information TV
4. Piccadilly Agro
5. Relay strategy
6. Richi Infrastructure & Developers
7. Spanco Solutions
8. Surogo
9. Trigua

As the above mentioned companies were not operational till the date of audit, the activities of the companies could not be ascertained at this stage whether these are covered under DNIT Clause & JV Agreement Clause.

- vi) Clause 11 C of LEASE DEED FORM 'D' (SEZ/NON-SEZ) in respect of BTS/Small Commercial Site provides "When a misuse of site or building under rule 9 is reported or comes to the notice of the Estate Officer then, without prejudice to any action taken under Section 8-A of the Act, a notice of period not less than 15 days shall be served on the lessee(s) and on the occupier(s) of the site or building requiring that the lessee(s) and the occupier(s) shall within a period of 2 months, remove the same misuse and pay monthly charges @ 500/- per sq. ft. of area under misuse, which shall be paid jointly and severally by the lessee/transferee and the occupier of the site or building in the manner prescribed under the Chandigarh Estate Rules, 2007.

Further scrutiny of available records revealed that the department in reference of above clause had not taken any remedial action. This matter needs to be reviewed.

3.5 GENERAL EVALUATION OF IT PARK PROJECT – CHANDIGARH

IT Park project has been projected as one of the most important development projects by the Chandigarh Administration. However, on perusal of press reports for the last one year it is evident that various aspects of this project have been widely reported in the local media and has been criticized by various eminent citizens for ecological reasons and for the **reason that this major project has been planned in the small city without any feasibility study in the absence of any master plan for the city and periphery.**

3.5.1 AUDIT OBSERVATIONS -

Audit team visited the IT Park project to understand the ground reality and the observations are as under:

- 3.5.1.1 Project is located in Village Kishangarh, Manimajra. Wide, good quality roads connect it with Golf Club, Sukhna Lake, and Raj Bhawan on one side and Manimajra Town, Railway Station on the other side. Basically this is an ecologically sensitive area and there is a lot of green cover, more specifically where Phase III of the project has been planned. Local farmers quote that there are around 50,000 fully grown fruit bearing and non-fruit bearing trees and the area is still known as the lungs of the city. It was observed that more than 50% of (approx.) of Phase III is covered by fully grown trees.
- 3.5.1.2 On approach to the IT Park Phase I & II (351 acres approx.), towards the left is the IT Habitat project called 'Pride Asia' which is basically a housing project being developed by M/s Parsvanath Developers Ltd. and Chandigarh Housing Board on 123.79 acres of land. It could be observed that the project is running behind the schedule (**Annexure-D**). It was noted that no IT professional has been allotted flats in this project and that non – IT professionals are the main applicants. Also due to poor progress and failure of developer to meet time deadlines, the applicants are demanding their money back. Documentary evidence shows that only 10 % flats in this project are reserved for IT professionals and that no IT professional has applied/allotted any flat in this project. On the right side, cattle could be seen grazing in a huge plot which was fenced but lying unutilized (**Annexure-D**). A little further on the same side two impressive structures of Tech Mahindra and Bharti Airtel group is located. Next to 'Pride Asia' a five star hotel project is under progress and finally one approaches the main centre of activity, i.e., the DLF City Centre (shopping malls, cinemas, food court, resto-bar / entertainment and other commercial activities) and DLF office complex on one side and Infosys on the other. A wide road divides the two complexes which run parallel to each other. This wide road further leads to small built to suit sites, where none of the company was found to be operational. Construction activity is going on at a moderate pace (**photographs annexed**) (**Annexure-L**). There were certain cases like Alchemist Ltd., Bebo Technologies etc., where excavation work had just been completed and construction was yet to start (photographs annexed). There were various sites like one with display board of E-Sys lying vacant and unutilized. Local enquiries and media reports indicate that there is not much demand for space from IT companies in this IT Park project. Audit team noted that the existing IT Park (Phase I & Phase II) appears to be more of a centre of commercial activities as witnessed by the audit team, while visiting the DLF city centre where a huge shopping mall is operational. Such an activity, i.e. running of huge shopping mall cannot be classified as a public purpose activity. Further, a lot of space is still lying unutilized/undeveloped also witnessed by the audit team.

3.5.1.3 Audit Team also visited the Phase-III (272 acres approx.) of IT Park Project which is located right next to Phase II. . The first thing which caught the attention is the huge green cover. Good number of orchards of fully grown fruit bearing trees, i.e., Mango, peach, litchi and also non fruit bearing timber trees could be seen in this area. Small vegetable farms, dairy farms and an operational poultry farm could also be seen. Land owners of this area through Manimajra Farmers Welfare & Environmental Protection Society (MFWEPS) had been protesting the moves of the Chandigarh Administration to acquire this fertile piece of land. Administration had announced two compensation awards at Rs. 18.75 lacs per acre. Farmers questioned the basis of such low compensation and highlighted the following transactions of undeveloped land to indicate the potential value of their land:-

(a) Housing Project – Date of Transaction - Dec . 2005 – Rs. 20 crores per acre: Municipal Corporation, Chandigarh has allotted 5.394 acres of land to M/s Uppal Housing Private Limited, for a sum of Rs.108.01 crores (Rs. 41,360 per square yard).

(b) Hotel Site – Date of transaction – 17.05.2006 – Rs. 18.50 crores per acre : Hotel site measuring 19781.975 sq. yards, at IT Park Phase II was allotted for a period of 99 years on leasehold basis for a sum of Rs.75 crores (Rs. 38,000 per square yard) besides annual rent at the rate of 2½ % i.e. Rs.1,87,50,000/- for the first 33 years and thereafter at the rate of 3¾% per year for the next 33 years and thereafter for the remaining 33 years of the lease period at the rate of 5% per year.(Allotment to M/s Kujjal Builders Pvt. Ltd., Gurgaon vide letter No.14457/CPL-6259/CIA-1 Dated 17/5/2006.)

(c) IT Habitat Pride Asia – June 2006 – Rs. 10 crores per acre : 123 acres (approx.) of land was auctioned for the project at Rs. 821.21 crores plus 30 % of sale revenue from developed property. SBI Capital Markets Ltd had estimated total sale revenue of Rs. 1,520 crores out of which 30% of revenue will again go to CHB. Thus the administration will receive total of Rs. 821.21crores plus Rs. 456 crores (30 % of Rs. 1,520 crores) for a total of Rs. 1,277.21 crores for 123.79 acres (Rs. 10.31 crores per acre).

(d) This entire matter relating to acquisition of land for Phase III is sub-judice and the possession is with the land owners. Farmers had been emphasizing that National Rehabilitation & Resettlement Policy 2007 (NRRP 2007) be implemented in letter and spirit w.e.f. the date of its implementation, i.e., 31.10.2007, and that there should be transparency and involvement of land owners / affected families in the entire process. Further, if acquisition is justified on merits of the case, then the land should be assessed as per the potential value / intended land use and there should be proper compensation / rehabilitation benefits as per the NRRP 2007.

3.5.1.4 Audit team observed that potential value of land has not been considered by the Chandigarh Administration in this case, contrary to the fact that the Apex Court has also been emphasizing it as an important factor while calculating the compensation award (Annexure-I). Further, it was also observed that when considerable area of Phase I & Phase II was still lying undeveloped/unutilized, the acquisition of 272 acres of land for Phase III does not appear to be justified (Annexure-D). Further, loss of huge green cover and lack of any proper feasibility study of the project are the major factors which can also be considered in context of Phase III.

3.1.5 Views of UT Administration on IT Park Project:

Though there were procedural lapses noted in the audit of RGCTP IT Park Project. However, it was told by the UT officers during the discussion with them that IT Park has brought several goods for the UT of Chandigarh. It has brought a capital worth \$200 millions invested in RGCTP Chandigarh and another \$200 millions investment is expected in the near future. It has been seen as a vision that is spread over complete value chain of IT & IT enabled services. The concept of the project would have definitely helped the economic growth of the area, had its execution been properly done.

3.6 “Construction at the Sukhna Lake head will affect the ecology and the bird sanctuary is another important issue that cannot be pushed under the carpet”.

UT Admn has already replied that whatever construction in the area, especially near IT Park, which is near Sukhna Lake, in no way is likely to affect the ecology of the area. Further, the forests cover in Chandigarh has increased from 23.5% in 1995 to 35.7% in 2007-08. In the year 2008, the Administration has launched a project for planting one million trees. **But UT Chandigarh has not supported their comments with relevant documents. Hence, no comments from audit side are offered. No records could be available to Audit whether any clearance from the Ministry of Forest & Environment was sought by UT, Chandigarh or not.**

3.7 Conversion Rates in Industrial Area from Industrial to Commercial

As stated by UT Chandigarh (Estate Office), the conversion of industrial land in commercial land is governed by a Scheme known as “Chandigarh Conversion of land use of Industrial sites into Commercial activities/services in Industrial Area Phase-I & Phase-II, Chandigarh Scheme, 2005” notified vide No.28/8/5-UTFI(3)-2005/6658 dated 19.9.2005. As per Scheme the conversion fee to be paid by the applicant who applied for conversion will be 50% of the average price of the commercial sites fetched in the auctions held in the last 3 years. The fee will further be reduced by 50% in view of locational disadvantage of sites in the Industrial area, phase I & II. The calculation submitted by Estate Office to work out the conversion rate in respect of Industrial land into Commercial land is given below:-

The conversion rate before 18.12.07 as intimated by UT Chandigarh was 20,000 per sq yard and after 18.12.07 it is 29713 per sq. yard as per calculation given below. The cumulative average price fetched per square yard during the last three financial year’s auctions in respect of commercial sites w.e.f. 18.12.07 is as under:-

Date of Auction	Cumulative average price fetched per Sq Yard
17.12.2007	Rs.2,90,578/-
11.12.2004	Rs.1,17,534/-
27.02.2004	Rs.90,564/-
08.12.2003	Rs.85,990/-
09.12.2003	Rs.73,006/-
27.01.2003	Rs.55,432/-
Total	: Rs.713104/-

Average price (per square yard) = 713104/6 = 118851
50% Reduction in the average price (of Rs.118851) = 59426
Further 50% reduction on account of locational disadvantage = Rs. 29713 per square yard

3.7.1 Audit observations:-

During test check of records relating to the conversion of Industrial sites for use of commercial activities, it was noticed that the Chandigarh Housing Board had granted permission for conversion of industrial sites during the years 2006, 2007 and 2008. The rate of conversion fee fixed for the cases of conversion in the year 2005 was applied for conversion granted in the years 2006, 2007 and 2008. As per policy/scheme, the rate of conversion fee was to be worked out from the average prices of auctions of commercial sites fetched in the last 3 years i.e. 2003, 2004 and 2005 for conversion in the year 2006 and similarly, 2004, 2005 and 2006 for conversion in the year 2007 and 2005, 2006 and 2007 for conversion in the year 2008. As such the rate of conversion fee worked to Rs.21126/- (Rs.19013/- in case of 10% conversion for applying within one year of notification for the year 2006). Rs.26152/- for the year 2007 and Rs.41743/- for the year 2008 as detailed in the enclosed annexure. **The rates of conversion fee were not revised as stated above and the rate fixed for the year 2005 was applied for conversion granted/permitted in the years 2006, 2007 and 2008.**

As a result of wrong payment of conversion fee by the Land Allottees there has been a loss to Govt. Ex-chequer as detailed below. All other cases need to be reviewed by UT Chandigarh Administration.

Sr. No.	Plot No.	Date of Application	Date of Conversion	Area (Sqr. Yard)	Rate as per policy Rs.	Conversion fee due	Rate Charged	Conversion fee fixed	Less conversion fee
1.	143A, IA Phase I, Chd	7.3.2006	10.3.2006	9692.11	19013	18,42,76,087	18000	17,44,57,980	98,18,107/-
2.	MW-16/Phase I, Chandigarh	18.9.2006		442.5	19013	84,13,253	18000	79,65,000	4,48,253/-
3.	67/IA, Phase II, Chd.	15.9.2006	10.10.2006	2175.93	19013	4,13,70,957	18000	3,91,66,740	22,04,217/-
4.	177-G, Phase I, Chandigarh	18.9.2006	13.10.2006	5765.96	19013	10,96,28,197	18000	10,37,87,280	58,40,917/-
5.	182/81, Phase I, Chandigarh	15.9.2006	13.10.2006	2000	19013	3,80,26,000	18000	3,60,00,000	20,26,000/-
6.	28/Phase I, Chandigarh	19.4.2006	12.5.2006	5583.4	19013	10,61,57,184	18000	10,05,01,200	56,55,984/-
7.	177 E, Phase I, Chandigarh	15.9.2006	18.12.2006	5765.96	19013	10,96,28,197	18000	10,37,87,280	58,40,917/-
8.	161, IA, Phase II, Chandigarh	14.9.2007	10.12.2007	1019.40	26152	2,66,59,349	20000	2,03,88,000	62,71,349/-
9.	Phase II	7.9.2007	30.10.2007	1023.15	26152	2,69,57,419	20,000	2,04,63,000	62,94,419/-
10.	--do--			4709.16	19013	89535259	18000	8,47,64,880	47,70,379/-
11.	9 IA, Phase II, Chandigarh	18.9.2006	2.1.2007	258.34 Sq. yards	19013	49,11,818	18000	46,50,120	2,61,698/-
12.	147-148 IA Phase I, Chd	14.3.2007	26.3.2007	3856.99	26152	10,08,68,002	19000	7,32,82,180	2,75,85,192/-
13.	178-178A IA Phase-I, Chd	17.3.2007	26.3.2007	97607.76	26152	2,55,26,38,140	19000	1,85,45,47,440	69,80,90,700/-
14.	11/IA, Phase I, Chd	15.9.2006	15.12.2006	3323.54	19013	6,31,90,466	18000	5,98,23,720	33,66,746/-
15.	26/9, Phase II, Chd.	24.8.2006	26.9.2006	1010	19013	1,92,03,130	18000	1,81,80,000	10,23,130/-
16.	191/IA, Phase II, Chd.	5.9.2007	19.9.2007	1019.40	26152	2,66,59,349	20000	2,03,38,000	62,71,349/-
17.	51/IA, Phase II Chd	24.8.2007	7.9.2007	2000	26152	5,23,04,000	20000	4,00,00,000	1,23,04,000/-
18.	41/IA, Phase II Chd	14.9.2007	9.10.2007	2000	26152	5,23,04,000	20000	4,00,00,000	1,23,04,000/-
19.	26/6, IA, Phase II Chd	18.9.2007	19.10.2007	1000	26152	2,61,52,000	20000	2,00,00,000	61,52,000/-
20.	48/IA Phase II Chd.	18.9.2007	10.3.2008	2000	26152	5,23,04,000	20000	4,00,00,000	1,23,04,000/-
21.	144/IA Phase II Chd	7.9.2007	19.9.2007	1014	26152	2,65,18,128	20,000	2,02,80,000	62,38,128/-
22.	26/IA Phase II Chd.	14.9.2007	17.10.2007	5347.2	26152	13,98,39,974	20,000	10,69,41,000	3,28,95,974/-
23.	33-34/ Phase II Chd	18.9.2007	5.2.2008	10694.44	26152	27,96,80,995	20,000	21,38,88,800	6,57,92,195/-
24.	174/IA Phase II Chd	18.9.2007	8.2.2008	1006.67	26152	2,63,26,434	20,000	2,01,33,400	61,93,034/-
25.	9/IA, Phase I Chd.	15.9.2007	8.2.2008	3374.06	26152	8,82,38,417	20,000	6,74,81,200	2,07,57,217/-
26.	371/IA Phase II Chd	22.2.2008	5.3.2008	1014	41743	4,23,27,402	20,000	2,02,80,000	2,20,4740/-
27.	52/IA Phase I Chd.	19.2.2008	5.3.2008	1094.20	41743	4,56,75,191	20,000	2,18,84,000	2,37,91,191/-
28.	363/IA, Phase I, Chd	19.7.2007	3.10.2007	1014	26152	2,65,18,128	20,000	2,02,80,000	62,38,128/-
29.	143-B IA Phase I Chd	13.3.2007	26.3.2007	9552.55	26152	24,98,18,288	19,199	18,33,98,450	6,64,19,838/-
30.	17/IA Phase I, Chd	13.3.2007	15.5.2007	2011.4	26152	5,26,02,133	19000	3,82,16,600	1,43,85,533/-

31.	100, IA Phase I Chd	12.2.2008	26.2.2008	1477.08	4174s3	6,16,57,750	20,000	2,95,41,600	3,21,16,150
32.	28/8, IA Phase II Chd	7.9.2007	27.9.2007	1000.89	26152	2,61,52,000	20,000	2,00,00,000	61,52,000/-
33.	70, Phase I Chd	11.10.2007	14.11.2007	19588.88	26152	51,22,88,390	20,000	39,17,77,600	120510790
34.	84, IA Phase-II Chd	5.9.2007	19.9.2007	1006.67	26152	2,63,26,434	20,000	2,01,33,400	6193034/-
35.	85, Phase II Chd.	5.9.2007	19.9.2007	1019.40	26152	2,56,39,949	20,000	2,03,88,000	5,25,19,49/-
36.	167, IA Phase II Chd	17.3.2007	22.5.2007	1019.40	26152	2,66,59,349	19,000	1,93,68,600	72,90,749/-
37.		9-10-07	4.12.2007	5347.22	26152	13,98,40,498	20000	10,69,44,400	328960/-
38.	181/45 Phase I Chd	15.3.07	6.7.2007	1003.88	26152	2,62,53,470	19000	19073720	717975/-
39.	313 Phase II IA Chd	11.9.2006	29.12.2006	450.19	19013	85,59,462	18000	8,10,34,20	456047/-
40.	25/9, IA PhaseII Chd	5.9.2007	31.10.2007	101.05	26152	2,64,13,520	20000	2,02,00,000	62,13,520/-
41.	194, IA Ph.III Chd	15.9.2006	13.10.2006	1006.67	19013	1,91,39,817	18000	18120060	10,19,757/-
42.	50, IA, Ph.II, Chd	24.7.2006	9.8.2006	2000	19013	3,80,26,000	18000	3,60,00,000	20,26,000/-
43.	182/11, Ph.I	18.9.2006	27.12.2006	2080.56	19013	3,95,57,687	18000	3,74,50,080	21,07,607/-
44.	195, IA Ph.II	14.9.2006	13.10.06	1006.67	19013	1,91,39,817	18000	1,81,20,060	10,19,757/-
45.	32, IA, Ph.I	13.9.2007	1.10.2007	2146.5	26152	5,61,35,268	20000	4,29,30,000	1,32,05,268/-
46.	182/2 Phase	15.9.2006	15.10.2006	208056	19013	3,95,57,687	18000	3,74,50,080	21,07,607/-
	Total								3,73,22,552/

* Source - Records of Estate Office, UT. CHD.

3.7.2 Further there are several instances of delay in receipt of conversion fee as such there has been a loss of interest to UT Chandigarh as shown in the following table.

Sr. No.	Plot No.	Amount of Conversion fee received	Date of receipt	Due date for deposit	Date on which deposited	Delay	Borrowing rate of interest	Loss of interest
1.	1770/Ph I	2,05,20,000	28.10.2005	16.5.2007	6.7.2007	50 days	8.05%	2,26,282/-
2.	143-A/Ph I	3,48,91,596	10.3.2006	16.5.2007	6.7.2007	50 days	8.05%	3,84,763/-
3.	28/Ph I	1,43,73,404	12.5.2006	16.5.2007	6.7.2007	50 days	8.05%	1,58,501/-
4.	28/Ph I	57,26,836	12.5.2006	16.5.2007	3.8.2007	78 days	8.05%	98,517/-
5.	167/Ph I	27,36,410	22.5.2006	16.5.2007	3.8.2007	78 days	8.05%	47,074/-
6.	25/2/Ph II	36,00,000	2.6.2006	16.5.2007	3.8.2007	78 days	8.05%	61,930/-
7.	313/Ph.II	9,50,700 +1383870 + 7700	8.8.2006	16.5.2007	3.8.2007	78 days	8.05%	40,293/-
8.	50/Ph.II	36,00,000	9.8.2006	16.5.2007	3.8.2007	78 days	8.05%	61,930/-
9.	177F	10378746	15.9.2006	16.5.2007	3.8.2007	78 days	8.05%	1,78,543/-
10.	53/Ph II	3777716	15.9.2006	16.5.2007	3.8.2007	78 days	8.05%	64,987/-
11.	26/9 Ph	1818000	26.9.2006	16.5.2007	3.8.2007	78 days	8.05%	31,275/-
12.	67/Ph. II	3916675	10.10.2006	16.5.2007	3.8.2007	78 days	8.05%	63,378/-
13.	192/81/Ph.I	36,00,000	13.10.2006	16.5.2007	3.8.2007	78 days	8.05%	61,930/-
14.	194/Ph.II	18,12,010	13.10.2006	16.5.2007	3.8.2007	78 days	8.05%	31,172/-
15.	195/Ph.II	18,12,006	13.10.2006	16.5.2007	3.8.2007	78 days	8.05%	31,171/-
16.	177/G/Ph.I	10378778	13.10.2006	16.5.2007	3.8.2007	78 days	8.05%	14,64,397/-
17.	125/Ph.I	93,28859	9.11.2006	16.5.2007	3.8.2007	78 days	8.05%	1,60,482/-
18.	125/Ph.I	2,97,541	9.11.2006	16.5.2007	3.8.2007	78 days	8.05%	5119/-
19.	4/Ph.I	72,68,635	18.12.2006	16.5.2007	16.8.2007	91 days	8.05%	1,45,880/-
20.	4/Ph.I	12,31,365	18.12.2006	16.5.2007	23.8.2007	98 days	8.05%	26,614/-
21.	177E/Ph.I	1,03,78,880	18.12.2006	16.5.2007	23.8.2007	98 days	8.05%	2,24,326/-
22.	11/Ph.I	59,82,372	15.12.2006	16.5.2007	23.8.2007	98 days	8.05%	1,29,301/-
23.	313/Ph.II	8,10,342	2.1.2007	16.5.2007	23.8.2007	98 days	8.05%	17,514/-
24.	182/11/Ph.I	37,45,020	2.1.2007	16.5.2007	23.8.2007	98 days	8.05%	80,944/-
25.	9/Ph.II	4,65,012	2.1.2007	16.5.2007	23.8.2007	98 days	8.05%	10,051/-
26.	177 H+I Ph.I	2,05,77,600	16.1.2007	16.5.2007	23.8.2007	98 days	8.05%	4,44,758/-
27.	143-A/Ph.I	4,12,03,905	6.3.2007	16.5.2007	23.8.2007	98 days	8.05%	8,90,569/-
28.	81/45/Ph.I	1,95,39,441	15.3.2007	16.5.2007	23.8.2007	98 days	8.05%	4,22,320/-
29.	147-148/Ph.I	73,28,281	26.3.2007	16.5.2007	23.8.2007	98 days	8.05%	1,58,391/-
30.	178-178A/PhI	18,54,54,744	26.3.2007	16.5.2007	23.8.2007	98 days	8.05%	40,08,362/-
31.	143B/Ph.I	1,31,01,050	26.3.2007	16.5.2007	23.8.2007	98 days	8.05%	2,83,162/-
32.	143B/Ph. I	40,00,000	26.3.2007	16.5.2007	18.9.2007	124 days	8.05%	1,09,392/-
33.	143B/Ph. I	12,38,795	26.3.2007	16.5.2007	16.10.2007	152 days	8.05%	41,528/-
34.	28/Ph.I	37,51,027	19.4.2007	16.5.2007	16.10.2007	152 days	8.05%	1,25,746/-
35.	17/Ph.I	38,21,670	15.5.2007	16.5.2007	16.10.2007	152 days	8.05%	1,28,115/-
36.	167/Ph.II	20,00,000	22.05.2007	22.5.2007	16.10.2007	146 days	8.05%	64,400/-
37.	26/9/Ph.II	26,46,521	24.6.2007	24.06.2007	16.10.2007	113 days	8.05%	65,956/-
38.	50/Ph.II	29,81,927	24.6.2007	24.06.2007	16.10.2007	113 days	8.05%	74,315/-
39.	50/Ph.II	22,58,708	24.06.2007	24.06.2007	24.10.2007	121 days	8.05%	60,277/-

40.	51/Ph.I	40,00,000	7.9.2007	7.9.2007	24.10.2007	46 days	8.05%	40,581/-
41.	655/Ph.I	17,51,760	10.9.2007	10.9.2007	24.10.2007	43 days	8.05%	16,613/-
42.	195/Ph.II	18,12,006	14.9.2007	14.9.2007	24.10.2007	39 days	8.05%	15,586/-
43.	179/Ph.II	20,40,000	14.9.2007	14.9.2007	24.10.2007	30 days	8.05%	17547/-
44.	67/Ph.II	57,01,628	15.9.2007	15.9.2007	24.10.2007	38 days	8.05%	47,784/-
45.	177 H+II PhI	2,99,51,685	15.9.2007	15.9.2007	24.10.2007	38 days	8.05%	2,51,019/-
46.	182/81/Ph.I	52,40,636	15.9.2007	15.9.2007	24.10.2007	38 days	8.05%	43,921/-
47.	177 E	1,51,08,647	15.9.2007	15.9.2007	24.10.2007	38 days	8.05%	1,26,623/-
48.	182/11/Ph.I	54,51,728	18.9.2007	18.9.2007	24.10.2007	35 days	8.05%	42,053/-
49.	194/Ph.II	18,12,006	18.9.2007	18.9.2007	24.10.2007	35 days	8.05%	13987/-
40.	177/G/Ph.I	901915	17.9.2007	17.9.2007	24.10.2007	36 days	8.05%	7161/-
51.	177/G/Ph.I	142,06,732	17.9.2007	17.9.2007	19.11.2007	62 days	8.05%	194262/-
52.	4/Phase I	123,15,983	18.9.2007	18.9.2007	19.11.2007	61 days	8.05%	1,65,692/-
53.	84/Phase.II	20,13,340	19.9.2007	19.9.2007	19.11.2007	60 days	8.05%	26642/-
54.	191/Ph.II	20,38,800	19.9.2007	19.09.2007	19.11.2007	60 days	8.05%	26,979/-
55.	85/Ph.II	20,38,800	19.9.2007	19.09.2007	19.11.2007	60 days	8.05%	26,979/-
56.	144/Ph.II	20,28,000	19.9.2007	19.09.2007	19.09.2007	60 days	8.05%	26,836/-
57.	28/8/Ph.II	20,00,000	28.9.2007	28.9.2007	19.11.2007	51 days	8.05%	22,496/-
58.	32/Ph.I	42,93,000	1.10.2007	1.10.2007	19.11.2007	48 days	8.05%	45,447/-
59.	363	20,28,000	3.10.2007	3.10.2007	19.11.2007	46 days	8.05%	20,574/-
60.	41/Ph.II	40,00,000	9.10.2007	9.10.2007	18.11.2007	40 days	8.05%	35,288/-
61.	309/Ph.I	9,50,625	13.10.2007	13.10.2007	19.11.2007	36 days	8.05%	7547/-
62.	182/2/Ph.I	54,51,728	13.10.2007	13.10.2007	19.11.2007	36 days	8.05%	43,285/-
63.	26/Ph.I	646407	17.10.2007	17.10.2007	19.11.2007	32 days	8.05%	4562/-
64.	26/Ph.I	10047993	17.10.2007	17.10.2007	4.1.2008	17 days	8.05%	37,673/-
65.	26/6/Ph.II	20,00,000	19.10.2007	19.10.2007	4.01.2008	76 days	8.05%	33,523/-
66.	181/45/Ph.I	19,07,372	24.10.2007	24.10.2007	4.01.2008	71 days	8.05%	29,867/-
67.	181/45/Ph.I	1,74,57,353	24.10.2007	24.10.2007	4.01.2008	71 days	8.05%	2,73,363/-
68.	181/45/Ph.I	1,74,723	24.10.2007	24.10.2007	4.01.2008	71 days	8.05%	2736/-
69.	160/Ph.II	20,46,300	30.10.2007	30.10.2007	4.01.2008	65 days	8.05%	29,335/-
70.	25/9/Ph.II	19,52,430	31.10.2007	31.10.2007	4.01.2008	64 days	8.05%	27,559/-
71.	25/9/Ph.II	67,570	31.10.2007	31.10.2007	31.01.2008	91 days	8.05%	1356/-
72.	125/Ph.I	1,40,11,415	9.11.2007	9.11.2002	31.01.2008	82 days	8.05%	2,53,395/-
73.	90/Ph.I	2,13,27,430	9.11.2007	9.11.2007	31.01.2008	82 days	8.05%	3,85,705/-
74.	90/Ph.I	1,86,72,570	9.11.2007	9.11.2007	16.02.2008	98 days	8.05%	4,03,583/-
75.	126/Ph.I	1,06,94,440	4.12.2007	4.12.2007	16.2.2008	73 days	8.05%	1,72,180/-
76.	481/Ph.II	7,83,330	5.12.2007	5.12.2007	16.02.2008	72 days	8.05%	2439/-
77.	481/Ph.II	32,16,670	5.12.2007	5.12.2007	17.3.2008	73 days	8.05%	51788/-
78.	161/Ph.II	999730	10.12.2007	10.12.2007	17.3.2008	97 days	8.05%	21387/-
79.	161/Ph.II	1041270	10.12.2007	10.12.2007	24.3.2008	104 days	8.05%	23,884/-
80.	33-34/Ph.II	1912890	5.2.2008	5.2.2008	24.3.2008	47 days	8.05%	19,829/-
81.	9/Ph.I	19475990	5.2.2008	5.2.2008	25.3.2008	48 days	8.05%	2,06,179/-
82.	9/Ph.I	6748120	5.2.2008	5.2.2008	25.3.2008	48 days	8.05%	71,438/-
83.	174/Ph.I	20,13,340	7.2.2008	7.2.2008	25.3.2008	45 days	8.05%	20,259/-
84.	100/Ph.I	29,54,160	26.2.2008	26.2.2008	25.3.2008	26 days	8.05%	17,175/-

85.	52/Ph.I	21,88,400	4.3.2008	4.3.2008	25.3.2008	21 days	8.05%	10,276/-
86.	371/Ph.I	20,28,000	5.3.2008	5.3.2008	25.3.2008	20 days	8.05%	9,070/-
87.	143A/Ph.I	57,95,895	6.3.2008	6.3.2008	25.3.2008	19 days	8.05%	24,625/-
88.	143A/Ph.I	3,54,08,010	6.3.2008	6.3.2008	31.3.2008	19 days	8.05%	1,50,435/-
89.	143B/Ph.I	2,66,97,900	13.3.2008	13.3.2008	31.3.2008	17 days	8.05%	1,01,489/-
90.	147-48/Ph.I	1,06,68,014	14.3.2008	14.3.2008	31.3.2008	16 days	8.05%	38,168/-
91.	177-78A/Ph.I	23,45,64,395	17.3.2008	17.3.2008	31.3.2008	16 days	8.05%	8,39,219/-
92.	177-78A/Ph.I	3,54,08,010	17.3.2008	17.3.2008	3.6.2008	79 days	8.05%	6,25,492/-
	Total							15836556/

* Source-Records of Estate office, UT CHD.

3.7.3 Details of loss of revenue due to less fixation of Conversion Fee

Sr. No.	Plot No.	Date of application	Date of Conversion	Area (Square Yards)	Rate worked out as policy	Conversion fee (In Rs.)	Rate charged (In Rs.)	Conversion Fees Charged	Les Conversion fee (In Rs.)
1.	194, IA Ph.III Chd	15.9.2006	13.10.2006	1006.67	19013	1,91,39,817	18000	18120060	10,19,757
2.	50, IA, Ph.II, Chd	24.7.2006	9.8.2006	2000	19013	3,80,26,000	18000	3,60,00,000	20,26,000
3.	182/11, Ph.I	18.9.2006	27.12.2006	2080.56	19013	3,95,57,687	18000	3,74,50,080	21,07,607
4.	195, IA Ph.II	14.9.2006	13.10.06	1006.67	19013	1,91,39,817	18000	1,81,20,060	10,19,757
5.	32, IA, Ph.I	13.9.2007	1.10.2007	2146.5	26152	5,61,35,268	20000	4,29,30,000	1,32,05,268
6.	182/2 Phase	15.9.2006	15.10.2006	208056	19013	3,95,57,687	18000	3,74,50,080	21,07,607

* Source-Records of Estate Office, UT. CHD

These cases need to be reviewed by the Chandigarh Administration and appropriate action may be initiated to ensure that there is no loss to the exchequer.

3.8 Non-obtaining prior approval of Govt. of India before entering into Joint Venture agreement and investment of Rs.23.62 Crores in equity shares & debentures

3.8.1 It is seen that the Chandigarh Administration had entered into Joint venture agreement with DLF Commercial Ltd. and invested an amount of Rs.23.62 Crores therein i.e. Rs.1 crore in equity shares and Rs.22.62 Crores in fixed interest debentures for Rs.74 lakhs @ 9% per annum without prior approval of Ministry of Finance Govt. of India as required.

3.8.2 Entering into Joint Venture Agreement by Chandigarh Administration shows that the UT Administration had also decided all the set terms & conditions notified for allotment of land by the Finance Department on 28.3.2002. Rule 7 (3) regarding revenue receipts on account of allotment of campus sites in Chandigarh Information Service Park was also not followed in the case.

3.8.3 **Non-obtaining prior approval of Ministry of Finance, Govt. of India for entering into Joint Venture Agreement investment thereof and non following the terms & conditions laid down in notification issued on 28.3.2002 by Finance Department, UT Chandigarh is a serious lapse and shows that the agency was undue favoured by allowing financial benefits.**

This type of transaction is to be treated as New Service/New Instrument of service for which approval of 'Parliament' is required in all cases as per GOID(I)I-D below Rule of DFPR.

3.9 Delay in remittance on account receipt of premium of allotment money to Govt. A/C by Estate Office, UT Chandigarh

As per RPR-6, all Govt. money received should be overdated to Govt. accounts immediately. During the last checking of records relating to receipt on account of allotment of Govt. land to various companies in RGCTP (Phase I & II) it has been noticed that there has been a delay in depositing the Govt. money into Govt.(Treasury) ranging from 4 to 248 days which is in contravention of rules ibid and resulted in the loss of interest as detailed in annexure.

Sl.No.	Name of Co.	Amount received	Date of Receipt	Date of Cr to treasury	Delay for days	Loss of Interest
1.	M/s DLF Infosys Developers	5,10,00,000	23.12.2003	Ch-170/19.01.2004	27 days	377260
2.	M/s Infosys Tech Ltd.	3,00,00,000	7.6.2004	17.6.2007 Rpt. 27234	10 days	82192
3.	M/s Infosys Tech Ltd.	2,41,51,755	27.6.2006	Ref.No.514791 dt.18.12.06	5 Months 20 days	1151344
4.	M/s Microtech Pvt. Ltd.	37,50,000	10.11.2005	Ch. 12 dt.25.11.05	15 days	15411
5.	M/s Microtech Pvt. Ltd.	43,70,898	27.12.06	Ch.124 dated 15.01.2007	19 days	22753
6.	M/s Microtech Pvt. Ltd.	43,70,898	2.1.2008	Ch.10, dated 16.1.2008	14 days	16765
7.	M/s Microtech Pvt. Ltd.	43,70,898	24.12.2008	Ch.112 dated 9.1.2009	16 days	19160
8.	M/s Amadeus Ind. Pvt. Ltd.	31,095	30.12.2005	Ch.60 dated 16.1.2006	17 days	1448
9.	M/s Amadeus Ind. Pvt. Ltd.	42,59,665	26.12.2006	Ch.46, dated 9.1.2007	14 days	16338
10.	M/s Amadeus Pvt. Ltd.	42,59,665	24.12.2007	Ch.67 dated 11.1.2008	18 days	21007
11.	M/s Amadeus Pvt. Ltd.	45,59,665	23.12.2008	Ch.21 dated 6.1.2009	14 days	17489
12.	M/s KMG Info Pvt. Ltd.	27,50,000	24.11.2005	Ch.31 dated 5.12.2005	12 days	9041
13.	M/s KMG Info Pvt. Ltd.	15,004	30.12.2005	Ch.60 dated 16.1.2006	17 days	70
14.	M/s KMG Info Pvt. Ltd.	33,35,507	19.12.2007	Ch.216 dated 22.1.2008	34 days	31070
15.	M/s KMG Info Pvt. Ltd.	33,35,507	11.1.2008	Ch.71 dated 30.01.2008	19 days	17363
16.	M/s Bebo Tech Pvt. Ltd.	25,00,000	14.11.2005	Ch.12 dated 25.11.2005	11 days	7534
17.	M/s Bebo Tech Pvt. Ltd.	35,750	23.12.2005	Ch.2 dated 10.1.2006	18 days	181
18.	M/s Bebo Tech Pvt. Ltd.	76,07,250	19.6.2006	Ch.24 dated 1.2.2007	7 months, 13 days	470850
19.	M/s Bebo Tech Pvt. Ltd.	97,540	23.1.2007	Ch.24, dated 1.2.2007	9 days	241
20.	M/s Alchemist	32,25,000	16.11.2005	Ch.12 dated 25.11.2005	9 days	9185
21.	M/s Alchemist	792	27.12.2005	Ch.13 dated 8.2.2006	12 days	3
22.	M/s Alchemist	39,37,210	23.1.2007	Ch.93 dated 15.2.2007	23 days	23550
23.	M/s Alchemist	39,37,210	9.1.2008	Ch.68 dated 21.1.2008	12 days	12287
24.	M/s Alchemist	38,000	27.1.2006	Ch.32 dated 8.2.2006	12 days	125
25.	FCS Software Sol. Ltd.	41,50,000	23.11.2005	Ch.31 dated 5.12.2005	13 days	14781
26.	FCS Software Sol Ltd.	50,03,178	9.1.2007	Ch.325 dated 23.1.2007	14 days	19190
27.	FCS Software Sol Ltd.	50,03,178	10.1.2008	Ch.216 dated 22.1.2008	12 days	16449

28.	FCS Software Sol Ltd.	50,03,178	29.12.2008	Ch.112 9.1.2009	dated	11 days	15078
29.	M/s Virsa System Pvt. Ltd.	32,50,000	2.12.2005	Ch.24 16.12.2005	dated	14 days	12466
30.	M/s Virsa System Pvt. Ltd.	15,445	22.12.2005	Ch.60 16.1.2006	dated	25 days	106
31.	M/s Virsa System Pvt. Ltd.	39,99,425	29.1.2007	Ch.93 15.2.2007	dated	17 days	18627
32.	M/s Virsa System Pvt. Ltd.	39,39,204	1.1.2008	Ch.70 30.1.2008	dated	30 days	32377
33.	M/s Virsa System Pvt. Ltd.	39,39,204	6.1.2008	Ch.89 16.1.2009	dated	10 days	10792
34.	IDS Infotech	33,00,000	8.12.2005	Ch.2 10.1.2006	dated	33 days	29836
35.	IDS Infotech	3482	9.1.2006	Ch.22 2.2.2006	dated	24 days	23
36.	IDS Infotech	39,85,089	9.1.2007	Ch.122, 24.1.2007	dated	15 days	16377
37.	IDS Infotech	39,85,089	28.1.2008	Ch.218 11.4.2008	dated	2 months 14 days	82450
38.	IDS Infotech	39,85,089	4.5.2009	Not disposed till date		02 months	66418
39.	Wipro Ltd.	3,00,00,000	2.2.2006	Ch.51 16.3.2006	dated	42 days	345205
40.	M/s Bhartitel Ven Ltd.	95,67,800	31.5.2006	Ch.3 14.6.2006	dated	14 days	36698
41.	M/s Bhartitel Venture Ltd.	2,87,03,398	17.11.2006	Ch.25 6.12.2006	dated	19 days	149415
42.	Esys Info Tech Ltd.	1,14,78,060	15.5.2006	Ch.1 dated 7.6.2006		23 days	
43.	M/s eSYS Info Tech Ltd.	3,44,24,487	17.11.2006	Ch.25 6.12.2006	dated	19 days	
44.	Net Smartz, USA	44,08,697	20.04.2006	Ch.62 3.5.2006	dated	13 days	
45.	Net Smartz, USA	53,18,360	10.9.2007	Ch.101 30.9.2007	dated	20 days	
46.	Net Smartz, USA	53,18,360	8.9.2008	Ch.129 22.9.2008	dated	14 days	
47.	Net Smartz, USA	53,18,360	13.2.2009	Ch.74 19.2.2009	dated	6 days	
48.	R.T. Outsourcing Ser. Ltd.	43,86,107	10.7.2007	Ch.76 25.7.2007	dated	15 days	
49.	R.T.Outsourcing Ser Ltd.	43,86,107	9.7.2008	Ch.77 24.7.2008	dated	15 days	
50.	R.T. Outsourcing Ser Ltd.	43,86,107	3.3.2009	Ch.190 13.3.2009	dated	10 days	
51.	Kasim Info. Chd	37,07,508	21.3.2006	Ch.152 15.4.2006	dated	35 days	
52.	Kasim Info. Chd	45,02,075	10.7.2007	Ch.76 25.7.2007	dated	15 days	
53.	Kasim Info Chd.	45,02,075	19.8.2008	Ch.52 3.9.2008	dated	15 days	
54.	Kasim Info. Chd	45,02,075	17.4.2009	Ch.52, 2.5.2009	dated	15 days	
55.	Net Solution	38,60,008	13.4.2006	Ch.62 datd 3.5.2006		20 days	
56.	Mahendra Tech	1,00,00,000	14.3.2006	21.3.2006		7 days	
57.	Mahendra Tech	3,00,07,572	17.11.2006	28.11.2006		11 ays	

* *Source-Records of Estate Office, UT. CHD.*

Note : (i) The Chandigarh Housing Board has calculated the interest on the delayed receipt of installment payable by the Agency (M/s Parsvanath Developers Ltd.) @ 5% above PLR (as per SBI)

Chapter – IV

STATUS OF THREE CASES UNDER INVESTIGATION OF CVC

4.1 PRESENT STATUS ABOUT THREE CASES BEING INVESTIGATED BY THE CENTRAL VIGILANCE COMMISSION, NAMELY MEDI-CITY PROJECT, FILM CITY PROJECT AND THEME & AMUSEMENT PARK PROJECT AS REPORTED BY UT CHANDIGARH IS AS UNDER:-

- 4.1.1 The matter regarding Medicity Project, Film City Project and Theme & Amusement Park Project is being investigated by Shri Sahai, DIO, CVC after collecting the same from the concerned Department/Organizations of the Administration. The Chandigarh Administration in its letter No.HIII (6)-2009/9575 dated 15.5.2009 has also requested the Central Vigilance Commission, New Delhi to inform the status of the above said enquiry as desired by the Ministry of Home Affairs. There is however, no response yet from the Commission in this regard.
- 4.1.2 No allotment letters has been issued by Estate Office, UT Chandigarh by so far in respect of all the three projects.
- 4.1.3 The status regarding payment received against each project is given as under:-
- a) **Multi-media-cum- Film City** : The amount of Rs.47.75 crore was received on 23.8.2007 and deposited in the Govt. Treasury. The allotment letter was sent by Estate Office, in this case to the Finance Department for approval/vetting but the same has not returned back. In this case, Finance Department vide letter dated 21.2.2009 has requested that land may not be allotted till further orders.
 - b) **Medicity**: No payment has been received as the UT Chandigarh has not decided the rates so far.
 - c) **Theme-Cum-Amusement Park** : Director Tourism has confirmed that 1st installment of lease money amounting to Rs.5.50 crore has been received on 12.06.2007 and deposited in Govt. account in State Bank of India, Treasury Branch, Sector 17, Chandigarh through challan dated 12.06.2007.

Chapter - V

Recommendations

- 5.1 On the basis of audit work done by the Internal Audit Wing of MHA in the UT of Chandigarh, following recommendations can be made:
- 5.1.1 There is a need to have an effective mechanism to ensure that codal provisions are observed in future and no major violations occur in future. The revenue received from the IT Habitat project should be deposited in the Government Account instead of putting it with the Chandigarh Housing Board. In the cases, where there has been revenue loss to the Government on account of policies of Chandigarh Administration, immediate recovery should be initiated as has been pointed by the audit and indicated in the tabular form in the audit report.
- 5.1.2 The extent of the delegation of financial, administrative and other powers under Rules/Regulation and or Acts to the Administrator/UT Govt. of Chandigarh needs to be reiterated & there should be no ambiguity.
- 5.1.3 The Scheme beyond the delegated powers must be appraised by MHA for the approval of the Competent Authority. Within the Finance Department, there is a need to strengthen the pre-check, payment & accounting system in the UT of Chandigarh.
- 5.1.4 The compensation given to the citizens whose land has been acquired by the Chandigarh Administration could be revised in the light of NRRP policy and various Court judgments available in this regard. The administration should ensure that citizens get a fair compensation for their land acquired. A Committee may be constituted to review these cases and policy guidelines in this regard may be framed with the approval of MHA. The guidelines should be framed considering NRRP and various Court Judgments, besides the provisions of Land Acquisition Act.
- 5.1.5 Chandigarh Administration should have a sound financial advice and an independent pre check system to ensure that a good Financial Administration System functions in the Union Territory. The system of Parliamentary Financial Control must be strictly enforced on the Union Territories. Progress of Schemes/projects of UT Chandigarh have to conform to the well established budget formulations, budget execution & budget reporting process
- 5.1.6 UTs should be included in the audit Universe of Internal Audit Wing of MHA which should have a dedicated team to look at the overall functioning of the UT and should keep UT Administration and MHA informed about the systemic weaknesses and suggest improvements.

(P.K.GAUR)
Sr.AO (IAW)

(R.P.SHARMA)
A.A.O.(IAW)

(JASBIR SINGH)
A.A.O. (IAW)

(JANARDAN)
ACCTT. (IAW)

(NALIN KUMAR SRIVASTAVA)
DY. CONTROLLER OF ACCOUNTS (HQ), MHA

(M.L.VARMA)
DY. SECRETARY (ANL)

ANNEXURES PORTION

Annexure – A (Details of Audit Memos)

The team discussed the following basic issues with the Advisor to the Administrator, Home Secretary, Finance Secretary, Land Acquisition Officer, Executive Engineer of Chandigarh Housing Board & Estates Officer:-

- 1) Acts governing Urban Planning & Development of UT of Chandigarh.
- 2) Master Plan/Development Plan, if any, for periphery under which land acquisitions were made by UT Chandigarh alongwith amendments, if any.
- 3) UT Chandigarh Administration's laid down procedure/policy governing acquisition, development and end use of land with reference to general and specific projects under which land acquisitions were carried out
- 4) As per Master Plan/Development Plan, what was the phasing envisaged for land acquisition/Bench Marks/Timings laid down for completion of each project, project-wise details are required.
- 5) Chandigarh Administration's laid down procedure and policy for development of land acquired, if any
- 6) Chandigarh Administration's laid down policy for conversion of land use
- 7) A copy of the NRRP Policy-2007 (Chapter IV, VI & IX) may be furnished.
- 8) Jurisdictional map reflecting the location of the land acquired by UT CHD may be made available.
- 9) What are the powers delegated to the Administrator of UT of Chandigarh and under which Order/Rules/Acts?
- 10) Whether complaints, representations were received against any act of UT Chandigarh w.r.t. acquisition, development, disposal and End use of land, if any. IF yes, please furnish the details of such complaints project-wise
- 11) Whether the acquired land remained undeveloped for a prolonged period in any case. If yes, give details, reasons in each case with supporting documents.
- 12) Period for which the land acquisition relates against which the complaints received or court cases were filed. Details may be given
- 13) Updated list of court cases, concerning acquisition, development, disposal and change of end use of land.
- 14) Present status about three cases being investigated by the Central Vigilance Commission, namely Medicity Project, Film City Project and Theme and Amusement Park Project.
- 15) Whether UT Chandigarh Administration has gone on with land acquisition without any development/master plan. Yes or No. If yes, project wise details thereof may be provided.
- 16) Whether any Advisory Council/Coordination Committee was constituted under UT Chandigarh Administration for assistance to the Administrator regarding acquisition, development, disposal and change of End use of land. If yes, please provide the relevant records.
- 17) All files/records concerning land acquisition/compensation/sale and premium received may be provided.
- 18) Project-wise, phase-wise details of land acquired/developed/end-use/time-limit/bench mark/reserve price and change of end use, if any
- 19) Whether National Rehabilitation & Resettlement Policy, 2007 (NRRP) was implemented by UT of Chandigarh? Yes or No. If no, the reasons may be given. If yes, whether approval of M/o Rural Development/MHA or any other Central Govt. Ministry was

- obtained. If not, what policy was adopted and implemented for acquiring the land and providing plots/land to the local oustees & slum-dwellers.
- 20) Whether UT Chandigarh set any target for acquisition of land with regard to quantum of land under jurisdiction of UT of Chandigarh? If yes, please furnish the details of targets achieved thereof
 - 21) Give full details of transaction carried out project wise and complete process adopted in such cases from the stage of issuance of notice of land acquisition and compensation paid.
 - 22) Whether there is any case of direct allotment of land to any private party/co.? Yes or No. If yes, under what provision/powers, the same has been carried out. Whether approval of Advisory Council/Committee or any High Powered Committee was sought?
 - 23) Please provide the following Acts & Rules--
 - (i) Capital of Punjab (Regulation & Development) Act, 1952
 - (ii) Punjab New Capital (Periphery) Control Act, 1952
 - (iii) Punjab Municipal Corporation Act, 1976.

Which of the above acts is being adopted by UT Chandigarh while acquiring/development/ disposal & change of end use of land?
 - 24) What is the territorial area under which the land acquisitions are being/have been carried by UT Chandigarh? (Clearly indicating the adjoining territorial jurisdiction of Punjab & Haryana state with UT of Chandigarh.)
 - 25) Whether the provisions of Municipal Corporation Act, 1976 are being/have been adopted by the UT Chandigarh. If yes, what were the provisions? If no, explain the reasons.
 - 26) What remedial actions were taken by UT of Chandigarh to deal with the complaints received against the land acquisition and its disposal?
 - 27) What norms/policies have been adopted by Chandigarh Administration to rehabilitate Local Ousteas and slum dwellers? Whether the policy/procedure has got the approval of the concerned Central Govt. Ministries? Whether uniform process was adopted for rehabilitation of effected persons?
 - 28) What are the norms/policy of UT Chandigarh regarding offering the residential/commercial sites to the local oustees and slum-dwellers? Whether the policy was/is being adopted in all cases and in what manner it was adopted? Please furnish details.
 - 29) What is the scheme which governs the conversion of land use from agricultural to commercial, industrial and residential or for other specific public purpose and how the conversion rates are derived and notified? (Please quote some instances)
 - 30) What is the complete procedure adopted by UT Chandigarh relating to Issuance of notice for acquisition of land.
 - 31) Whether land was allotted directly to any Company/Party without observing any codal formalities?
 - 32) How rates of compensation for land acquisition are worked out. Whether the prevailing market rates of the adjoining area were taken into consideration at the time of acquisition of land?
 - 33) Procedure for inviting bids for allotment/auction of land and finalizing of bids.
 - 34) Procedure for sale/auction/allotment of land.
 - 35) Whether deed of conveyance was executed in all cases after making full payment of sale price, whether exemption in this regard was granted to any company/party? If yes, details thereof may be provided along with justification.
 - 36) Whether in any case of Sale/auction of land, any part payment or balance amount is still awaited? Please give full details in such cases.
 - 37) What is the SEZ Policy?
 - 38) Details of cases, where exemptions were given to allottees of land, may be provided.

- 39) Whether any such exemption was given to any other agency which was not covered under SEZ, details may be provided project wise,
- 40) Copy of the report of Accountant General, if any, on the acquisition & sale/auction/allotment of land by UT Chandigarh, Admn.
- 41) Please arrange project-wise details in tabular forms for the purpose of acquiring of lands and payment/compensation to the farmers.
- i) Name of the project and purpose of acquiring of land,
 - ii) Area of the Land proposed/acquired to be covered for the projects,
 - iii) Date of notification,
 - iv) Date of acquiring of land,
 - v) Date of demarcation of land,
 - vi) Rate of compensation worked out and paid (enclose calculation sheet),
 - vii) Category of land use, whether it was changed subsequently, if so please clarify
 - viii) Actual date of acquisition & date of payment of compensation (Cheque no. & other details may be given in annexure form)
 - ix) Whether any complaint was received or court case filed against the compensation paid?
 - x) What were the complaint and what remedial action was taken for? Please attach details.
 - xi) Whether the proposal of acquisition was part of the Master/Development Plan.
 - xii) The basis of the calculation deciding the rates for compensation
 - xiii) Whether the provisions of NRP, 2007 were followed,
 - xiv) Whether the approval for payment of compensation was obtained from the Advisory/High Powered Committee,
 - xv) Market rates of land of the adjoining area at the time of acquisition of land.
 - xvi) Please arrange project wise details of allotment/disposal/auction of Land in tabular forms
 - xvii) Name of the project & area of the land,
 - xviii) whether proposed project was a part of the Master Plan,
 - xix) Date of issuance of notification for auction/disposal of land,
 - xx) Date of demarcation of the proposed area of the project,
 - xxi) Time period taken for development of the project & terms & condition for development of the land,
 - xxii) Terms& conditions in Notice for inviting bids for auction/sale of lands,
42. Reserve price per acre fixed per acre and the basis adopted for determination for reserve price & rate charged after auction/sale, total cost received/ recovered. Whether any balance amt. remains recoverable from the party,
43. Procedure adopted for evaluation and finalization of bids, and how many bids were obtained?
44. Whether any undue exemption was given regarding Non-Registration of land allotted to any private party/co. for a considerable period. If yes, details thereof.
45. Whether any balance payment from the allottee is pending for recovery after issue of letter for depositing the premium? If yes, details thereof may be given.
46. Details of payment/ premium received for land allotted/auctioned may be given.
47. Procedure for working out the reserve price for auction per acre, sale may be illustrated. Details of working sheet enclosed.
48. Market rate of land of the adjoining area at the time of sale/auction of land ,
49. If intended category of land use was changed, what was the value addition and on what parameters. Please attach calculations and justifications. Whether approval of Advisory Council was obtained,

50. The quantum of land out of total area of project remained unutilized as on date and period thereof along with reasons.
51. Period to which the complaints basically pertain
52. Details of land acquired 1 year before & 1 year after that period, including the period/year as per 1 above in a tabular form (Annexure I)
53. How a decision for acquisition of land is taken?
54. Who projects the requirements for acquiring land?
55. Indicating inter-alia the purpose;
56. Area of land required to be acquired
57. Identification of the sites/areas where the land is required/ to be acquired
58. Authority that approves acquisition of land.
59. Authority who approves the rate of compensation including inter-alia the basis on which the rate of compensation is worked out;
60. Factors which are taken into consideration for fixation of rate of compensation
61. Illustrations to be given on the basis of (i) & (ii) above in r/o the rate of compensation for the land acquired for the projects to which the complaints basically pertain.
62. Is there any laid down procedure for acquisition of land indicating inter-alia the rate at which the compensation is to be given
63. If so, a copy thereof;
64. Who approved the procedure, if there is any such procedure?
65. If there is no such approved/laid down procedure – whether each case of land acquisition is dealt with separately, as per merits of the case?
66. Is the land so acquired by the Administration, developed by the Administration & put to use for the purpose for which it was acquired or there may be deviations?
67. Number & details of deviations in respect of the land acquired as shown in the statement w.r.t. to Q.No.2 (Ann.1)
68. Is the land so acquired sold to the agencies (Govt. Undertakings/Autonomous Bodies or NGO etc.)/private developers for the projects/purposes for which it had been acquired?
69. How is the minimum reserve price fixed in case the land is auctioned?
70. Procedure adopted for auctioning the land
71. How is it ensured that the land is used for the purpose for which it was auctioned and other terms & condition of the auction are adhered to/observed by the developer(s)?
72. Who is the authority to relax the terms & condition of the auction, if there is a request for the same from the developer?
73. Is there any relation between the rate at which the land is acquired and the rate at which it is sold? If so, the details thereof.
74. Is NRRP applicable in the areas under Chandigarh Administration?
75. If not, why?
76. If yes, whether the oustees of the land acquired by Chandigarh Administration were resettled/rehabilitated in any manner? The details thereof
77. Is there any other scheme for resettlement & rehabilitation of such people, whose land is acquired by Chandigarh Administration, in operation? If so, the details thereof.
78. Whether the NRRP-2009 has been got approved from the concerned Central Govt./Ministry of Rural Development through MHA or not.
79. After approval of Rehabilitation & Resettlement Scheme or Plan the appropriate Govt. shall publish the same in official gazette. No such action appears to have been taken/initiated by UT Chandigarh.
80. As per M/o Rural Development provisions of NRRP-2007 will be applicable in all cases of Resettlement & Rehabilitation of families affected by Land Acquisition

involuntary displaced permanently due to any reason, irrespective of number of persons involved and irrespective of cause. Consequently, M/o Rural Development has also impressed upon the need for implementation of the policy.

81. "Guiding factors for assessing the value of land is Collector's rate, which is based on the average of transactions of sale/purchase of the lands adjoining the area of the last one year immediately prior to date of notification u/s 4 of LA-1894. In this method, all the registered sale deed during last one year as per records of Sub-Registrar are taken for working out the market rate of land proposed to be acquired. While as per the provisions of Land Acquisition Act-1984," It is not clear, under what provision of Land Acquisition Act-1894, the above stated procedure for working out average of purchases/sales of land is being adopted by UT of Chandigarh. Please clarify and attach the supportive Provisions, if any. The ruling of Supreme Court, if any in the matter as indicated in reply to Memo may also be made available.
82. As per provision of Land Acquisition Act-1894 (Section-23), the amount of compensation for Land Acquisition awards is to be determined while taking into consideration the factor of the market value of the land on the date of publication of the notification u/s 4 Sub Section (1).
83. This does not speak about the determination of rates of land on the basis of average rates of sales/purchase made during one year prior to the date of notification (issued u/s 4 of L.A. Act-1894).The position in this regard needs to be clarified.
84. Year-wise Budget Allocation for payment of compensation to land owners against acquisition of land and payment made year-wise.

Year-wise Details of compensation paid to the land owners against land acquisition during the last 5-6 years in the tabular form indicates all necessary details viz. Date of notification u/s 4	Date of declaration u/s 6	Date of award u/s 11(A)	Area of Land acquired (in acres)	Period to which rates relates as reported by collector	Amount worked out as per award	Remarks whether compensation paid or under stay as per court order	Whether rates were allowed other than reported by Collector, if so reasons thereof with supportive rules/act
1	2	3	4	5	6	7	8

85. Is there any case where undue exemptions were given to land owner/farm-owners in the form of not acquiring their land/farm-houses during the course of land acquisition under RGCTP & IT Park Project (Phase I, II & III). The reasons for the same may be given in each case with supporting documents quoting/provisions of any Act/Rule.
86. Whether, the target set for the IT Park (Phase I & II) have been achieved before the process of acquiring further lands for IT Park (Phase III) was started. The

- targets set for Phase I & II may be stated? If yes, attach supporting documents. If no, please furnish the reasons.
87. Is there any Master Plan/Five-year Plan containing the details that how much land has acquired/yet to be acquired for coming years for various ambitious projects of UT of Chandigarh.
 88. What procedure was adopted for determining the price of land as Rs.18.50 crore?
 89. How the amount of Rs.18.50 crores was worked out?
 90. During November, 2005, Municipal Corporation has disposed-off 5.39 acres of land @ Rs.20 crores per acre. The rates charged by UT Chandigarh are too low, which needs the justification. It also indicates that land was allotted at much lesser rate than the prevailing rates in that area.
 91. Whether the provisions of NRRP-2007 (Para 6.22 Chapter-IV) were taken care. Please clarify with supporting documents.
 92. Whether provisions for Rehabilitation & Resettlement benefits for the affected families as stipulated in NRRP-2007 Chapter – VII (Para 7) were followed. Please intimate status specifically
 93. How many cases of families were affected due to phase-wise acquisition of land by UT Chandigarh?
 94. In how many cases, oustees were settled in the light of above provision?
 95. In how many cases, no benefits were given and on what ground? Please specify.
 96. What Grievance Redressal Mechanism was set-up by UT Chandigarh in the light of provisions of Chapter-VIII of NRRP-2007 for the disposal of grievances as per complaints received by UT Chandigarh?
 97. Whether there was any adopted policy before formulation of NRRP-2009 by UT Chandigarh.
 98. Whether any approval of NRRP-2009 formulated by UT Chandigarh has been sought from M/o Rural Development/Ministry of Home Affairs?
 99. What balance amount remains to be deposited by the developer and on what date it was due as per terms & conditions?
 100. What action for realization of the amount was taken and what is the status in this regard at present?
 101. What is the status for handing over the land to the developer?
 102. What is the date of completion of the project?
 103. Status of progress as on date
 104. What sort of action for non-completion of project in time had been taken by the Administration of UT Chandigarh?
 105. Due to non-completion of project in time, amount deposited by the developer was required to be forfeited or not. If amount was required to be forfeited, it was done or not. If not give proper justification.
 106. Whether permission for construction of a hotel, shopping arcade, food-courts and other commercial activities in addition to development of theme-cum-amusement park was granted to the company. If yes, please provide the necessary provisions.
 107. Whether the license fee had been revised accordingly or not, if not, reasons thereof.
 108. How the change in land-use was allowed?
 109. Whether the prescribed procedure for sale/auction of land was adopted? Necessary records may be shown to the audit.
 110. Whether the competitive rates for the sale/auction of land in the adjoining area at that time were taken in view or not?

111. What procedure was adopted to work-out the reserve price of auction of land? Whether any bid system was adopted or not. While in some cases, a hotel plot of 2.62 acre was sold in open auction for by Municipal Corporation for Rs.100 crores plus a ground rent of Rs.2.53 crores per year which would be increased after 33 years. The justification needs to be given.
112. Whether full amount of sale price of land has been realized from the firm and when.
113. Whether the firm has been exempted from payment of Stamp Duty & Registration Fee under the provision of SEZ policy or not. Please specify with supporting documents/ provisions?
114. Whether any such exemptions have been given to any other firm, which is out of SEZ? If yes under what provisions?
115. "Please arrange to provide the calculation sheet on the basis of which conversion rate of industrial land into commercial land has been allowed. So as to ensure that the rates were allowed to the land holders in conformity with the provisions of the Scheme."
116. As per reference of MHA documents, in Pocket No.7, Shanti Nagar along, there are as many as 106 poor people who have very small modest houses on area measuring between 60 sq. yards to 360 sq. yards (mostly below 100 sq. yards). While the total compensation would be between Rs.35000 to Rs.2 lakhs price of one-room set being sold by the developer is fixed at Rs.52 lakhs. The following points may be clarified:-
- i) What remedial action has been taken up to rehabilitate & resettle these affected people?
 - ii) What procedure/policy was adopted for acquisition of their land/houses in the above locality?
 - iii) Whether any redressal mechanism was generated to meet out their grievances?
117. A copy of the initial Project Plan prepared for development of RGTCP may be provided.
- a) Who prepared the initial project plan?
 - b) If the project plan has not been prepared, how the work which was required to be completed was decided?
 - c) What due diligence was done by CA before deciding about the project?
 - d) How was the consultant being hired i.e. the process behind hiring of consultants? The entire record relating to hiring of consultant may be shown.
 - e) Who negotiated with consultants?
 - f) How was the bench-mark figure of 375 crores worked out?
 - g) What is the current status of the project implementation?
 - h) Where is the money received from the developer being kept by the Chd. Admn?
 - i) As developer comply all the schedules of payment received to be made for the project
 - j) In case of default, what action was required to be taken by the Chd Admn If any deviation in payment schedule against agreement clause was permitted by Chd Admn for the developer what was the ground and justification?
 - k) Recording & files related to bidding process for selecting the developer may be provided.
 - l) The files related to conversion of industrial land into commercial may also be provided. How was the new figure of Rs.29,713 was ascertained.
118. The present Phase-wise status of implementation of IT Parks may be provided
- a) The process of allotment of land to the IT companies may be given to audit alongwith relevant files.

- b) The entire record related with fixing of auction price @ Rs.40 lakh per acre for land allotment in IT Park may be provided
- c) How much money has actually being paid by the companies to the Chd. Admn?
- d) Whether all the money received from the IT companies have been deposited into govt. account.
- e) Phase-wise tabular details in the following format may be given :-

Sr.No.	Name of the Company to which land is allotted	Land allotted (in acres)	Date on which amt. is received	Amount due to Chandigarh Admn from the company	Amount actually receive	Amount received by Chd. Admn
1	2	3	4	5	6	7

- f) Type of account in which the amount is kept?
- g) Who prepared the initial project plan of IT Park and date of approval of project plan?
- h) If the project plan was prepared by private agency, then what was the procedure of selection of companies and accepting of bids?
- i) How the eligibility of company is decided to allot the land in IT Park?
- j) Records related to short-listing of companies for direct allotment may be provided

119) Please arrange to supply the following records/information in tabular form for audit purpose:-

Phase	Land Acquired in Acre for RGCTP	Compensation Paid	Land allotted in acre	Unallotted land till date (in acre)
I				
II				
III				

120) Please arrange to supply the following records/information in tabular form for audit purpose:-

Phase	Land Acquired in Acre	Land allotted to IT Companies	Land allotted to other than IT Companies	Unallotted land till date
I				
II				
III				

- a) What were the terms & conditions of allotment of land at RGCTP (IT Park)?
- b) Copy of show-cause notice issued to DLF Infocity at the RGCTP (IT Park) for violating terms & conditions of allotment
- c) What is the justification for allotting land to non-IT companies in IT Park?
- d) Relevant documents pertaining to DLF Infocity building for defining the profile of the tenants permissible in the building.
- e) Details of debenture purchased by Chd Admn from DLF Infosys
- f) No. of debentures purchased by Chd. Admn from DLF Infosys
- g) Amount invested in debentures.

- h) Provision/Rules under which investment is done for debentures by UT Chandigarh
- 121) Relevant documents regarding transfer of land from UT Chandigarh to Chandigarh Housing Board and from CHB to Developers for RGCTP Project
- a) Why CHB was chosen as a nodal agency?
 - b) If it was an a nodal agency to implement the RGCTP, then, why & how the land was transferred to RGCTP @ Rs.18.50 lakh
 - c) What was the criteria to determine the cost of land @ Rs.18.50 lakhs
 - d) What was the need to operate an escrow account?
 - e) What is the transactional detail of that escrow account?
 - f) Who is authorized to operate that escrow account?
 - g) Are there some FDRs also? Necessary details & copies of FDRs may also be shown.
- 122) The following information in a tabular form indicating project/company wise status in r/o allotment of land through any mode direct allotment/auction/sale & payment received & due separately for RGCTP & other projects/Cos./Allottees may be given in r/o all the companies/ projects
- a) Name of the village to which land pertains
 - b) Name of the Company to which land allotted
 - c) Area of land allotted & mode of allotment (direct allotment/auction/sale)
 - d) Date of allotment & purpose of allotment as well as rate of land allotted
 - e) Whether the layout plan/project plan/development plan was approved by the competent authority?
 - f) Status of payment (due date, amount Due ,Amt. received & amount awaited)
 - g) Date of credit to Govt. A/c. & reasons of delay remittance into Govt. accounts
 - h) Whether any penalty was imposed yes or no. If yes then details of the amount due, amount received and balance amount may be given.
 - i) If not received reason thereof
 - j) Date of execution of conveyance deed
 - k) Reasons for non-execution of conveyance deed, in case of default
 - l) Time allowed for completion of the project
 - m) Whether any penalty was levied due to non-completion of the project as per scheduled time. If yes, the amount due, Amt received and the balance amount may be mentioned
 - n) Whether land use was changed, yes or no, If yes whether permission was obtained or not. If yes, amount realized or not
 - o) Whether the company is covered under SEZ or not
 - p) Whether inadmissible activities are running in the campus, yes or no
 - q) If yes, what action has been taken so far. If no, reasons thereof may be given
 - r) Whether all IT companies are fully functional? The status may be given.
 - s) Any other relevant details, if any.
- 123) Delegation of Financial Powers in r/o the Administrator, UT Chandigarh
 “The provisions relating to Delegation of Financial & Administrative Powers to the Administrator UT Chandigarh.”

124) Providing of requisite information documents on account of bid money and revenue share money received from M/s Parsvanath Developers, RGTCP, IT Habitat.

The following information may be supplied alongwith the supporting documents

- a) Status regarding bid amount/installments received from M/s Parvanath Developers in r/o RGTCP in a statement from right from the initial stage to date of audit.
- b) Status regarding share money received from M/s Parvanath Developers on account of booking of residential flats and kept in escrow account from the starting to date of audit duly reconciled with escrow agent i.e. State Bank of India, Sector 8, Chandigarh.
- c) Status regarding booking of amount received on account of bid money and share money in escrow account as per orders of UT Chandigarh as per direction vide their order issued vide No.UTF(4)/2008/6072 dated 4.9.2008 by FS, Chd Admn.
- d) Regarding payment of Rs.18.50 crore as cost of land and Rs.1.11 crore as stamp duty from which account it was paid whether from CFI or otherwise.
- e) It may also be clarified whether this amount has been claimed from Chd. Admn on what basis.
- f) When land has been transferred on free hold basis to CHB

**(Extract of Hon’ble Supreme Court Judgment)
(Reference Para 3.1.1 Chapter 3)**

Reference can be made to the following observations for the judgment of this Court in the case of:-

Union of India vs. Dr. Balbir Singh, Regular First Appeal No.2382 of 1997, decided on 10.12.1998. “The principle that the highest value of the land emerging from the sale instances should be fixed as the market value of the acquired land, was rejected by the Hon’ble Supreme Court of India in the case of Gulzar Singh and others, etc. vs. State of Punjab & others, 1993 LACC page 612 : 1993(3) RRR 247 (SC) (annexure enclosed). In this very judgment the Hon’ble Court further held that the belting system would again be not appropriate method of computation and it must be better based on the principle of average price and could be relevant at this state to refer to the following observations of the Hon’ble Apex Court. In this method, all the registered sale-deeds during the last one year immediately prior to notification under Section 4 of LA Act as per records of the Sub-Registrar are taken.”

(i) Payment of compensation on Land Acquisition (Reference Para 3.1.2)

Eleven cases of payment of compensation against Land Acquisitions out of list of 28 cases (Annexure-J) decided during the period from 2004-05 to 2008-09 by LAO, UT Chandigarh were test checked. It was seen that the procedure followed for determination of the compensation awarded by UT Chandigarh in almost all the eleven cases test checked was found to be inconformity with the various provisions of Land Acquisition Act – 1894. There was some deviation in a few cases as given in (ii) below.

(ii) Excess Compensations for acquisition of land in violation of provisions of Land Acquisition Act-1984 have been made in the following cases

Sr. No	Award No. & Date	Date of Notification on u/s 4	Village from which land was acquired	Area of land for acquisition	Rate provided by Collector for the specified period	Rate allowed as per award	Excess payment (In Rupees)
1	569 * dt.29.3.04	1.10.2002 *	Manimazra	169 K – 19 M	967040/- *	10,50,080	4,95,76,611.0 0
2	574 ** dt.15.12.04	- Do -	- Do -	447 K – 12 M	967040/- **	10,50,080	72,68,009.00
		-	-		Total Excess Payment		5,68,44,620.0 0

***Award No.569 dated 29.3.2004 Village : Manimazra** : As per provisions of u/s 23 of Land Acquisition Act-1894, Collector’s rates would be the market value of land on the date of notification u/s 4 of L.A. Act 1894 i.e. on 1.10.2002. In the above case (noted at Sr. No.1.) Collector’s rate of Rs.9,67,040/- per acre for village Manimazra was intimated vide Memo No.DC/DRA/2004/3212 dated 26.3.2004 for the period from 1.10.2001 to 30.09.2002, which is relevant in this case, date of notification under section 4 of LA Act, being 1.10.2002. While the Collector’s rate for the adjoining land in Village Manimazra intimated earlier in some other

award (No.567 dated 7.10.2003 vide Memo No.DC/DRA/2004/1220 dated 10.2.2004) @ Rs.10,50,080/- per acre was taken for determination of the compensation in this case. In view of audit, the ground of allowing the compensation at higher rate is not in consonance with the provisions of Land Acquisition Act.

****Award No.574 dated 15.12.2004 Village : Manimazra:** In this very case, Collector's rate @ Rs.10,50,080/- per acre was also allowed instead of Rs. 9,67,040/- which was relevant on the date of notification i.e. 1.10.2002 to avoid litigation cases as per noting. The ground of allowance compensation at higher rate is not justified keeping in view of provision of Land Acquisition Act 1894. In both the cases, compensation @ Collector's Rate were allowed on the basis of award No.567 for Village: Manimazra, (relevant on the date of notification i.e. 20.02.2003.).

Keeping in view the above observations, all cases of awards need to be reviewed by UT of Chandigarh & uniform procedure adopted in determination of compensation.

- (iii) **Wrong procedure for working out the No. of days in determination of additional market rates@ 12% (in terms of Section 23(2) of Land Acquisition Act-1894) is not correct.**
Number of days worked out by LAO from the date of notification to the date of award while working out the additional market rates@ 12% (in terms of Section 23(2) of Land Acquisition Act-1894) in most of the cases were not correct. The matter was discussed with LAO and they have ensured to work out the days correctly as advised.
- (iv) **Loss to Govt. exchequer on account of non-Payment of compensation in r/o fruits bearing trees to the owner of land**

Reference: [Award No.588 dt. 23.07.2008 Village : Lahora (Area 75 Kanal/Marla)] for the public purpose "Development of Complex for important Project and allied purposes i.e. Chandigarh Science Park and Institutional Area and for regulated and Planned Development under the Capital of Punjab (Development & Regulation) Act, 1952".

A letter No.9290/LAO/2009 dated 23.3.2009 was issued by the Land Acquisition Officer, UT of Chandigarh, but the reply is still awaited from Ex. Eng, Horticulture Div. In fact, O/o LAO sent a list of fruits bearing trees vide Memo No.82 dated 20.2.2007 for assessment to the Executive Engineer, Horticulture Division, UT of Chandigarh to include that amount in compensation. But, in spite of repeated reminders/telephonic calls, no assessment was furnished by the said department till the date of audit. Due to this LAO had to announce the Award of land, structure and non-fruit trees on 23.3.2008. As a result, O/o LAO had to pay 12% additional market value to the land-owners w.e.f 23.3.2008 to the announcement of next award of fruit bearing trees which resulted in loss to the Govt. Exchequer.

- (v) **Procedure followed by LAO regarding Non-acceptance of award by the Land Owners during in Acquisition of Land under Phase-III in village Kishangarh, Manimajra**

In a query made by Audit how the compensation is released in cases where the land owners don't accept the compensation. The information submitted by LAO in the above regard is as under:-

Award No. 593 dt. 26.02.2009

- a. As per our payment register, 127 no. of land owners have been awarded compensation in the above said award.
- b. 38 land owners have not accepted the compensation till date.
- c. Due to court case these land owners have not accepted the compensation.

Award No. 586 dt. 07.03.2008

- a. As per our payment register, 210 no. of land owners have been awarded compensation in the above said award.
- b. 18 land owners have not accepted the compensation till date.
- c. The office has earlier given a public notice asking the land owners to collect the compensation from Land Acquisition Officer before 31.03.2008. No land owner came to collect the compensation. Also the budget of the financial year was to lapse, therefore, the balance amount had been deposited in the District Court u/s 31.

(vi) The cases in which enhancement to compensation against the awards was paid by the UT Chandigarh

In a reply to query on the above subject UT Chandigarh has intimated that in following cases (as per following table) enhanced compensation was paid.

Sr. No.	Award No./Date	Amount of Compensation as per Award	Enhanced amount of Compensation	Reasons of enhancement
1.	593 dt.29.02.2009	Paid	The land owners have filed the case u/s 18 in the District Court regarding enhancement. Matter is pending.	Matter is pending in the court.
2.	586 dt. 07.03.2008	Paid	The land owners have filed the case u/s 18 in the District Court regarding enhancement. Matter is pending.	Matter is pending in the court.

Annexure – C
(As detailed in para 3.4.1)

RAJIV GANDHI CHANDIGARH IT PARK (RGCP) PHASE WISE, TOTAL AREA AND ALLOTMENT OF LAND

	PHASE-I (Area 123.43 ACS)		PHASE – II (Area 228.49 ACS)	
	AREA (ACS)	%AGE	AREA (ACS)	%AGE
I.T. PLOTS	63.485 ACS	51.43	54.93 ACS	52.46
COMMERCIAL PLOTS	4.087 ACS	3.31	13.65 ACS	13.04
UTILITY PLOTS	4.522 ACS	3.66	0.27 ACS	0.26
RESERVED PLOTS	3.000 ACS	2.43	11.00 ACS	10.51
GREEN/OPEN SPACES	21.704 ACS	17.59	7.17 ACS	6.85
ROADS/PARKING	26.632 ACS	21.58	17.68 ACS	16.88
I.T. HABITAT (Area Transferred to CHB)			123.79 ACS (From CL of Existing Roads)	
I.T. ZONE			104.70 ACS (From CL of Existing Roads)	100
Total Area	123.43 Acres		228.49 Acres	
Land allotted by Estate Office				
Land remains un- allotted				

NOTE : THIS DRAWING HAS BEEN PREPARED ON THE BASIS OF THE AREA LIST/NEC SUPPLIED BY S.E., CONSTRUCTION CIRCLE-1, U.T. CHANDIGARH VIDE HIS OFFICE MEMO NO.1324 DATED 17.05.2006.

NOTE : THIS DRAWING WILL SUPERCEDE THE ALREADY APPROVED DRAWINGS OF R.G. CHANDIGARH TECHNOLOGY PARK BEARING

DRG NO.274	JOB NO.M.16	DATED 13.09.05
DRG NO.273	JOB NO.M.16	DATED 23.08.05
DRG NO.284	JOB NO.M.16	DATED 09.03.06
DRG NO.289	JOB NO.M.16	DATED 08.05.06

* Source Dept. of IT, UT Chandigarh

Annexure – D

(Reference : Para 3.4.2, Para 3.5.1.2 & Para 3.5.1.4)

STATUS REGARDING ALLOTMENT OF SITES UNDER CHANDIGARH INFORMATION SERVICES PARK (CISP) RULES, 2002 AND CHANDIGARH TECHNOLOGY PARK (CTP) RULES 2006 AS AMENDED FROM TIME-TO-TIME TO FINANCE DEPARTMENT/ESTATE OFFICE OF CHANDIGARH ADMINISTRATION IN RGCTP

1. Companies which have been recommended for allotment of land at IT Park through draw allotment, by draw of lots and through open tender.

Consequent to series of advertisements in the national paper media highlighting the Rajiv Gandhi Chandigarh Technology Park, eligible companies applied for sites and were allotted the same as per laid down eligibility criteria under the Chandigarh Information Services Park Rules, 2002, as amended from time to time.

Sr. No.	Name of Companies	Date of Issue of Allotment by EO	Area of land allotted Phase Wise		Rate of allotment	Date of execution of Lease Deed/ Conveyance Deed	Mode of Allotment of Land (Direct/Draw or Open Tender)	Present Status whether regarding companies operative or not.
			Phase-I	Phase-II				
1	Infosys	11.06.2004 10.11.2005	30.21	--	@ 31.54 lac/acre	2.4.2009	Direct	Operational
2	Wipro Technologies Ltd.	05.04.2006	--	30	@ 40 lac/acre	Not executed	Direct	No construction started.
3	Tech Mahindra Ltd.	26.05.2006	--	10	@40 lac/acre	15.4.2009	Direct	Under construction, expected to complete by Sept'09
4	Bharti Airtel Ltd.	05.06.2006	--	5	@ 76.50 lac/acre	16.5.2008	Direct	Under construction, expected to complete by Jul'09
5	Amadeus	07.12.2005	1.41	--	@ 1 crore/acre	No	By draw of lots	Structure completed. Expected to complete by Jun'09
6	FCS Software Solutions Ltd.	29.12.2005	1.65	--	@ 1 crore/acre	No	By draw of lots	Partially completed and operational
7	Second Foundation Inc.	15.12.2005	1.48	--	@ 1 crore/acre	Executed	By draw of lots	Under construction.
8	Virsa Systems	28.12.2005	1.3	--	@ 1 crore/acre	No	By draw of lots	Construction yet to start.
9	Alchemist Ltd.	02.01.2006	1.3	--	@ 1 crore/acre	No	By draw of lots	excavation on done.

10	IDS Infotech Ltd.	02.01.2006	1.32	--	@ 1 crore/acre	No	By draw of lots	Excavation is on.
11	Microtek International Pvt. Ltd.	02.01.2006	1.46	--	@ 1 crore/acre	No	By draw of lots	Under construction.
12	Bebo Technologies Ltd.	27.12.2006	1.01	--	@ 1 crore/acre	No	By draw of lots	No construction started.
13	Karin Informatics Services Ltd.	01.06.2006	1.5	--	@ 1 crore/acre	3.4.2009	By draw of lots	Under construction.
14	Netsmartz Infotech (I) P Ltd.	07.08.2006	1.76	--	@ 1 crore/acre	19.3.2009	By draw of lots	No Construction started
15	Net Solutions	05.06.2006	1.6	--	@ 1 crore/acre	24.4.2009	By draw of lots	No Construction Started
16	RT Outsourcing Services Ltd.	12.06.2006	1.5	--	@ 1 crore/acre	17.3.2009	By draw of lots	Structure under completion.
17	22 Century Technologies Inc.	08.05.2008	--	0.67	@ 1.50 crore/acre	No	By draw of lots	SEZ approval awaited.
18	KMG Infotech Pvt. Ltd.	04.05.2009	--	1.1	@ 1.50 crore/acre	No	By draw of lots	Awaiting Zoning Plan
19	Ramtech Software Solutions	12.03.2009	--	0.52	@ 1.50 crore/acre	15.4.2009	By draw of lots	Awaiting Zoning Plan
20	Silicon Valley Systech Inc.	05.05.2008	--	0.67	@ 1.50 crore/acre	No	By draw of lots	SEZ approval awaited.
21	Rolta India Ltd.	19.05.2008	--	2.98	@ 1.50 crore/acre	No	By draw of lots	Has got SEZ approval, will start construction shortly.
22	Compact Disc India	20.04.2009	0.996	--	@ 1.50 crore/acre	No	By draw of lots	Awaiting Zoning Plan.
23	Damco Solutions Ltd.	16.03.2009	0.9	--	@ 1.50 crore/acre	28.5.2009	By draw of lots	Awaiting Zoning Plan.
24	PCC Technology Group	17.03.2009	1.1	--	@ 1.50 crore/acre	No	By draw of lots	Awaiting Zoning Plan
25	DLF Infocity Chandigarh Ltd.	23.12.2003	12.5	--	@ 31.54 lac/acre	9.7.2009	By open Tender	Operational
26	IT Habitat		--	123.79			By inviting bids	Work held up
27	Synapse Informedia Goa	Withdrawn	--	1.71	@ 1 crore per acre		Withdrawn	Withdrawn

* Source Records of Estate Office & Dept. of IT, UT. Chandigarh

Annexure – E

(Reference Para 3.7)

****Conversion of Land Use***

There is no policy for conversion of use of private land. The land acquired for public purpose is only developed by the Administration and utilized for the intended purpose. In some cases, conversion from residential to institutions etc. is allowed in exceptional cases on the request of Govt. Department. Copies of scheme called as Chandigarh Conversion of Land use of Industrial Sites into Commercial Activity/Services in Industrial Area, Phase I & II, Chandigarh Scheme, 2005.

** Information supplied by Estate Office, UT Chandigarh in response to query made by audit.*

Annexure – F

(Reference Para 3.2.3)

Allotment of 74 acres of land for the development of Theme-cum-Amusement Park

Reply submitted by Estate Officer, UT Chandigarh point wise vide their reply memo No.5334/G-VI/2009/Audit dated 05.06.09 with reference to the queries made by Internal Audit is as under:-

Sr. No.	Queries made	Reply submitted
1.	Whether permission for construction of a hotel, shopping arcade, food-courts and other commercial activities in addition to development of Theme-cum-Amusement Park was granted to the company. If yes, please provide the necessary provisions?	The Chandigarh Administration vide memo No. 31/1/442/UTFI (4)/2007/2367 dated 27.04.2007 addressed to the Director Tourism, Chandigarh Administration that it has been decided to earmark 73.65 acres of land for development of Theme-cum-Amusement Park at Village Sarangpur, U.T., Chandigarh. Later on this land has been placed at the disposal of Tourism Department, Chandigarh Administration.
2.	Whether the license fee had been revised accordingly or not, if not, reasons thereof?	As the project has been handed over to the Tourism Department by the Administration on 15.05.2007. The reply is to be given by them.
3.	How the change in land-use was allowed?	The position clarified by Chief Architect vide memo No. Arch-2009/1270 dtd.02.06.09. a. The commercial area comprising of Hotel, Restaurant, Retail components was approved as integral part of the Theme-cum-Amusement Park by Chandigarh Administration. b. As regards, change of land use, it is informed that the Theme-cum-Amusement Park is integral part of the Sarangpur Institutional Area and subsequently, no change of land use has been made.
4.	Whether the prescribed procedure for sale/auction of land was adopted? Necessary records may be shown to the audit.	Director Tourism-cum Project Director Theme Park, UT Chandigarh has clarified the position that proper procedure was adopted by calling Expression of Interest, Technical Bid as well as Financial Bid from the intending purchasers and the land was leased out to M/s Unitech India Limited @ Rs. 5.50 crore plus 1.1% gross revenue sale for a period of 33 years commencing from 06.12.2006. The firm had deposited 1 st installment of lease money amounting to Rs.5.50 crore on 12.06.2007

		which was deposited in Govt. account in State Bank of India, Sector-17, Chandigarh.
5.	Whether the competent rates for the sale/auction of land in the adjoining area at that time were taken in view or not?	The rates are fixed at the level of the Administration.
6.	What procedure was adopted to work-out the cost of auction of land? Whether any bid system was adopted or not. While in some cases, a hotel plot of 2.62 acre was sold in open auction for by Municipal Corporation for Rs.100 crores plus a ground rent of Rs.2.53 crores per year which would be increased after 33 years. The justification needs to be given.	<p>The reply submitted by Finance Department, Chandigarh Administration vide letter No. 45/5/11-UTFI(5)-2009/4209 dtd.19.06.09 in a reply to similar nature of complaint is as under:-</p> <p>The rate of land fetched during the auction depends upon the location of land, use of land and FAR. If a piece of land is sold for a hotel or a showroom or any other high potential commercial activity, definitely the rate will be high. In a city like Chandigarh where the prices of residential plots and houses is very high, the high rate is fetched if sale of land is done for residential purpose. Again if a site is auctioned with high FAR such as 2.0 or above, the rate will definitely be much higher as compared to the rate where the FAR is low such as 0.25, 0.50, 0.75 or 1.0. Another important factor directly related to the rate of land is the nature of sale i.e. whether the land is sold on freehold premises for 99 years, sale on lease basis for lesser period or allotment of land on license basis without the transfer of ownership. In case of the Municipal Corporation, the land was probably sold for multi-storied flats. Definitely, the rate fetched for this piece of land shall be much higher.</p>

* Source: Estate Office, UT. Chandigarh

Complaint regarding

“While 129 acres of their fertile land in Chandigarh has been acquired by the Chandigarh Administration @ Rs. 10.57 lakh per acre, the same has been sold over Rs.10.00 crore per acre within a year of its acquisition. The above land has been sold of at price much less than what it could actually fetch. The mark cited was that during recent auction of a 5 acre plot at Manimajra by the Municipal Corporation for Rs.108 crores, i.e. Rs. 20.00 crore per acre. In Chandigarh a commercial site measuring 100 sq yards can fetch as much as Rs.2.00 crore”.

The reply submitted by Finance Department, Chandigarh Administration vide letter No. 45/5/11-UTFI(5)-2009/4209 dtd.19.06.09 in a reply to similar nature of complaint is as under:-

The rate of land fetched during the auction depends upon the location of land, use of land and FAR. If a piece of land is sold for a hotel or a showroom or any other high potential commercial activity, definitely the rate will be high. In a city like Chandigarh where the prices of residential plots and houses is very high, the high rate is fetched if sale of land is done for residential purpose. Again if a site is auctioned with high FAR such as 2.0 or above, the rate will definitely be much higher as compared to the rate where the FAR is low such as 0.25,0.50,0.75 or 1.0. An other important factor directly related to the rate of land is the nature of sale i.e. whether the land is sold on freehold premises for 99 years, sale on lease basis for lesser period or allotment of land on license basis without the transfer of ownership. In case of the Municipal Corporation, the land was probably sold for multi-storied flats. Definitely, the rate fetched for this piece of land shall be much higher.

This land was transferred to the CHB initially on a tentative price of Rs.18.5 crores and final rate was to be subsequently decided by the Administration. However, subsequently it was decided that entire revenue received from this land which comprises bid money of Rs.821 crores and 30% of gross revenue to be received from the sale of property by the developer was the revenue received by the CHB on behalf of the Chandigarh Administration, which shall belong to the Chandigarh Administration. In addition, quite a number of sites fully developed were to be handed over by the developer to the Chandigarh Administration. It is, therefore, totally wrong and misconceived that the land measuring 129 acres has been sold for Rs.18.5 crores, whereas the Municipal Corporation, Chandigarh had sold 5.39 acres of land at Rs.20.00 per acre.

Status Reported by UT Chandigarh for implementation of the National Rehabilitation & Resettlement Policy, 2007 by UT Chandigarh

a) Rehabilitation benefits to the oustees of Union Territory Chandigarh.

In response to a query made by audit Land Acquisition Office, UT Chandigarh has reported as under.

In order to implement the national policy in letter and spirit, the Chandigarh Administration has formulated a scheme called “The implementation of National Rehabilitation & Resettlement Scheme, 2009. The scheme has been made applicable in respect of cases of land acquisition for which notification under Section 4 of the Land Acquisition Act, 1894.” Whereas, the Scheme was itself formulated & issued vide Notification No.45/5/4-UTF(5)-2008/39 dated 02nd January, 2009. However, since the Punjab New Capital (Periphery) Control Act, 1952 is also applicable in U.T. Chandigarh, under the provisions of which construction in the area not governed by the Capital of Punjab (Development & Regulation) Act, 1952 is not allowed. No compensation for any violation of the Punjab New Capital (Periphery) Control Act, 1952 is payable. However, in spite of this, due compensation was also being paid to them. The Chd Admn decided to implement the policy, in letter and spirit, in respect of those cases of land acquisition in where notification u/s 4 of NRRP, 2007 was issued on or after 31.04.07. The provisions of the Policy will strictly be followed in future cases of land acquisition. No Policy can be followed with retrospective effect. As specifically stated by UT Chandigarh, the policy has been made applicable for UT except in the following cases:-

- (ii) Where the Section 4 Notification was issued before the date of notification of this policy.
- (iii) Where the houses have been constructed in violation of the Periphery Control Act. No target was set, however, as and when need is felt for requirement of land for public purpose the acquisition is carried out.

Land Acquisition Officer, UT Chandigarh has provided the following information regarding the benefits provided to the oustees from time to time through different schemes as under:-

- (i) **(Rehabilitation Scheme in 1952)** Chandigarh has been built wholly on acquired land. Rehabilitating the oustees has been a matter of concern for the administration right from the beginning when a scheme was launched by the Punjab Government in 1952 to rehabilitate the oustees of Chandigarh. Agricultural land was given to the persons whose agricultural land was acquired and abadi land whose residences were acquired in Chandigarh.
- (ii) **(Rehabilitation Scheme in 1972)** In the year 1966, Chandigarh became a Union Territory and a fresh scheme was notified in the year 1972 called ‘Chandigarh Allotment of Sites on Lease-hold, basis to the outstees of Chandigarh, Scheme, 1972’. In this scheme, the oustees were allotted bare sites on lease-hold basis for a period of 99 years. 5 Marla plots were allotted to oustees whose acquired land was less than 5 acres and 7^{1/2}

Marla plots were allotted to oustees whose acquired land was more than 5 acres. There was a time bar of 10 years before which an allottee could not sell or transfer his rights.

(iii) **(Rehabilitation Scheme in 1996)** Since the land was becoming very scarce, so the Administration came out with another scheme in the year 1996 called “Chandigarh Allotment of Dwelling Units to the Ousteers of Chandigarh, Scheme 1996”. Chandigarh Housing Board was made the nodal agency to implement the scheme. Under the scheme, CHB allots EWS, LIG, MIG and HIG flats constructed under its various schemes to the oustees, whose land/houses have been acquired for the development of Chandigarh and the award of compensation under the relevant provision of Land Acquisition Act has been made on or after November 1,1996. A person is eligible for allotment of flats under the scheme as per the criterion given below:-

- a) For 200 sq. yards (8 marla), an oustee shall be entitled to EWS/LIG flats.
- b) An oustee shall be entitled to the allotment of an LIG dwelling, if the land acquired measures between the 1/4th acre and one acre.
- c) An oustee shall be entitled to the allotment of an MIG Dwelling unit with the option for the lower category if the land acquired measures more than 1 acre but upto 3 acres.
- d) An oustee shall be entitled to the allotment of an HIG dwelling unit with the option for the lower category if the land acquired measures more than 3 acres.

(iv) **(Formulation of NRRP - 2009 in pursuance to NRRP - 2007)** Now the Chandigarh Administration in pursuance to the National Rehabilitation and Resettlement Policy, 2007 has formulated a scheme on 2nd June,2009 called “The implementation of National Rehabilitation and Resettlement Scheme, 2009”. The benefits under this scheme will be given to the oustees of land acquisition for which notification under Section 4 of the Land Acquisition Act,1894 is/was issued on or after 31.10.2007. However, all cases of oustees prior to this date shall be considered as per “The Chandigarh Allotment of Dwelling Units to the Ousteers of Chandigarh Scheme, 1996”. No award of the scheme notified after 31.10.2007 has yet been made till date. As and when the award will be announced, the scheme will be implemented in toto.

According to “The Implementation of National Rehabilitation and Resettlement Scheme, 2009”, the following rehabilitation and resettlement benefits to the affected families/oustees shall be given:

- a) Any affected family owning house or whose house has been acquired or lost, may be allotted free of cost house site, a house upto one hundred square meter carpet area in a multi-storied building complex. Provided that no house shall be provided free of cost if the house has been constructed in violation of Punjab Capital Periphery Control Act,1952.

Provided further that no house will be allotted to a family if the affected family owns a house in Chandigarh, Mohali or Panchkula or does not actually reside in the house.

- b) Each affected family below poverty line which is without homestead land and which has been residing in the affected area continuously for a period of not less 3 years preceding the date of declaration of the affected area and which has been involuntarily displaced from such area, shall be entitled to a house of a minimum one hundred square meter carpet area in rural areas or 50 square meter carpet area in urban areas in a multi-storied complex. Provided that any such affected family which opts to take the house offered, shall get a suitable one-time

financial assistance for house construction and the amount shall not be less than what is given under any programme of house construction by the Government of India. Provided further that this shall be subject to the condition that the place of residence is not in violation of the Punjab New Capital (Periphery) Control Act, 1952.

- c) If only the land of an affected family is acquired and the family has no dwelling house in Chandigarh, SAS Nagar Mohali or Panchkula then dwelling unit in multi-storied building shall be offered to the affected family as under:-

Sr.No.	Area acquired	Eligibility
1.	Over 5 acre	3 Bed Room Flat
2.	1-5 acre	2 Bed Room Flat
3.	Less than 1 acre	1 Bed Room Flat

- d) Since there is no irrigated or un-irrigated government land available in Chandigarh, no agricultural land or cultivable waste land can be allotted in the name of any affected family.
- e) In case the land is acquired on the behalf of a body other than the Chandigarh Administration, the stamp duty and other fees payable for registration of house allotted to the affected family shall be borne by the requiring body.
- f) The house allotted to the affected family shall be free from all encumbrances.
- g) Each affected family that is displaced and has cattle, shall be provided financial assistance @ three thousand rupees per cattle head subject to maximum of fifteen thousand rupees per affected family for construction of cattle shed.
- h) Each affected family that is displaced shall be provided one-time financial assistance of ten thousand rupees for shifting of a family, building materials, belongings and cattle.
- i) Each affected person who is a rural artisan, small trader or self employed person and who has been displaced, shall get a one-time financial assistance of twenty five thousand rupees for construction of working shed or shop.
- j) The Chandigarh Administration or the requiring body shall provide suitable employment to one person of nuclear family in the project subject to availability of vacancies and suitability of the affected person for employment.
- k) Wherever necessary, the requiring body shall arrange for training of the affected persons so as to enable such person to take on suitable jobs. The training shall be free of cost and in addition scholarship shall be given by the requiring body which shall not be less than Rs.500/- per month.
- l) The requiring body shall give preference to the affected person or their groups or cooperatives in the allotment of outsourced contracts shops or other economic opportunities coming up in and around the project site. The requiring body shall

give preference to willing landless labourers and unemployed affected persons while engaging labour in the project during the construction phase.

- m) The requiring body shall give rehabilitation grant equivalent to 750 days minimum agricultural wages to the affected family who have not been provided agricultural land or employment.
 - n) If the requiring body is a company authorized to issue shares and debentures, such affected families shall be given the option of taking up to 20% of their rehabilitation grant amount in the form of shares and debentures of the requiring body.
 - o) In case of project involving acquisition on behalf of a requiring body, each affected family which is involuntarily displaced shall get a monthly subsistence allowance equivalent to 25 days minimum agricultural wages per month for a period of one year from the date of displacement.
 - p) In case of linear acquisitions in projects relating to railway lines, highways, transmissions lines, laying of pipelines and other such projects wherein only a narrow stretch of land is acquired for the purpose of project or the project is utilized for right of way, each shareholder in the affected family shall be offered by the requiring body and ex-gratia payment which shall not be less than twenty thousand rupees in addition to the compensation or other benefits.
 - q) The affected families will be given the option to take a lump-sum amount in lieu of one or more of the foregoing benefits, which shall be determined by the Chandigarh Administration.
 - r) So far benefits of oustees to families belonging to Scheduled Tribes and Scheduled Castes is concerned, since Union Territory, Chandigarh has not tribal area, the provisions made in the National Rehabilitation and Resettlement Policy, 2007 for families belonging to Scheduled Tribes are not applicable to UT Chandigarh. However, in case of Scheduled Castes, where the involuntary displacement of 400 families or more en masse is involved, such families shall be re-settled at one place so far as possible and all facilities and amenities including roads, public transport, drainage, sanitation, safe drinking water, drinking water for cattle, fair price shops, post offices, electricity, health centre, child and mother supplemental nutritional services, community centers, schools, places of worship etc. shall be provided.
- (v) **(Grievances Redressal Mechanism)** A committee to be called the Rehabilitation and Resettlement Committee to monitor and review the progress of implementation of the scheme is constituted as under:-
- | | |
|--|------------------|
| a) Deputy Commissioner, UT Chandigarh | Chairperson |
| b) Chief Executive Officer,
Chandigarh Housing Board,
Chandigarh | Member |
| c) Nominee of M.P. | Member |
| d) Joint Secretary, Finance | Member |
| e) Chairman, Zila Parishad | Member |
| f) Nominee of Mayor, MCC | Member |
| g) Land Acquisition Officer | Member Secretary |

h) Lead Bank Officer	Member
i) Representative of Voluntary Organization	Member
j) Representative of the SC of the affected area	Member
k) Women representative of the affected area	Member

The procedure regulating the business of the Rehabilitation and Resettlement Committee, its meeting and other matters connected therewith shall be as prescribed by the Finance Department Chandigarh Administration.

Ombudsman:

The Adviser to the Administrator, Union Territory, Chandigarh shall function as Ombudsman for the time-bound disposal of grievances arising out of matters covered by this policy.

Any affected person, if aggrieved for not being offered the admissible rehabilitation and resettlement benefits under the policy, may move an appropriate petition for redressal of his or her grievances to the Ombudsman.

b) Status regarding the number of oustees (land owners) were rehabilitated under NRRP prior to NRRP-2007 and as per NRRP-2007

In a query on the above subject the Land Acquisition Officer has replied as under:-

(i) Rehabilitation benefits prior to NRRP 2007:

As per the information from the quarter concerned, the oustees of Chandigarh were given the following benefits according to the Rehabilitation Schemes prevalent at the relevant times:-

- a. 160 oustees were allotted residential plots by the Estate Office, UT Chandigarh.
- b. 112 oustees have been allotted dwelling units by the Chandigarh Housing Board and no application was pending with the Chandigarh Housing Board on 16.10.2008 for allotment of a dwelling unit to an eligible oustee.

(ii) Rehabilitation benefits under NRRP 2007:

The Chandigarh Administration in pursuance to the National Rehabilitation and Resettlement Policy, 2007 has formulated a Scheme on 2nd June, 2009 called “The implementation of National Rehabilitation and Resettlement Scheme, 2009”. The benefits under this scheme will be given to the oustees of land acquisition for which notification under Section 4 of the Land Acquisition Act, 1894 is/was issued on or after 31.10.2007. No award of the Scheme notified after 31.10.2007 has been made till date. As and when the award will be announced, the scheme will be implemented in toto.

c) The Policy of UT Chandigarh regarding offering the residential/commercial sites to the local Ousteas and slum-dwellers? Whether the policy was/is being adopted in all cases and in what manner it was adopted?

As per the information provided by UT of Chandigarh, the following are the schemes to govern residential/commercial sites to the local Ousteas and slum-dwellers:

- (i) The Chandigarh Allotment of Sites on Lease-hold basis to the Ousteas of Chandigarh Scheme, 1972.

- (ii) The Chandigarh Allotment of Dwelling Units to the Oustees of Chandigarh Scheme, 1996.
- (iii) Chandigarh allotment of low post tenements on lease and Hire Purchase Basis Scheme, 1979.
- (iv) The Chandigarh Small Flats Scheme, 2006.

d) National Rehabilitation & Resettlement Policy – 2007

The Government of India in the Ministry of Rural Development has formulated a National Rehabilitation and Resettlement Policy, 2007 and came into force w.e.f. 31st October, 2007, the date of its publication in the Gazette of India (Extraordinary).

This policy has come into force in the entire country w.e.f. that date, and all concerned including the State Governments, UT administrations, Public Sector Undertakings or organizations and other requiring bodies and project authorities are supposed to implement the provisions of this policy for rehabilitation & resettlement of the families affected by land acquisition or involuntarily displaced permanently due to any reason, irrespective of the number of persons involved and irrespective of cause. The policy provides for minimum provisions that must be met in all cases, while the concerned authorities would be free to offer benefit packages better than that prescribed by the Policy.

As per the preamble of the said policy, the aim of Rehabilitation and Resettlement should be to minimize large scale displacement as far as possible. Only the minimum area of land commensurate with the purpose of the project needs to be acquired. Also as far as possible, projects may be set up on waste land, degraded land on un-irrigated land. The acquisition of agricultural land for non-agricultural use in the project be kept to the minimum, multi-cropped land may be avoided to the extent possible for such purposes and acquisition of irrigated land, if unavoidable may be kept to the minimum. Prior to initiating the acquisition of land into consideration the alternatives that will

- (i) minimize the displacement of people due to the acquisition of the land for the project;
- (ii) minimize the total area of land to be acquired for the project;
- (iii) minimize the acquisition of agricultural land for non-agricultural use in the project. The options assessment in terms of the alternative projects plans, potentially suitable sites, technological choices available, or a combination of this suitable institutional mechanism should be developed and adopted by the appropriate Government for carrying out the task in the transparent manner.

Judgments of Apex Court on Land Acquisition Matters

Chandigarh Administration has considered only one judgment and adopted the principle of averages which forms their basis for calculation for compensation and resulted into resentment due to very low average arrived as compared to prevailing market rates. There are several judgments of Apex Court which highlight the following points:-

As per the Land Acquisition Act, 1894 Section 23 subsection (1) ‘In determining the amount of compensation to be awarded for land acquired under this Act, the court shall take into consideration, first the market value of land at the date of publication of the notification under section 4, subsection (1)’. The key issue therefore is to assess the market value of land being acquired. The market value is to be estimated on the basis of well established principles as laid down by the Apex court through several judgments. In this regard some of the rulings of the Apex Court may be referred which would throw light on the following principles that have not been considered by the UT. Chandigarh

- The various factors that have to be considered in arriving at the market value.
- The market value as on date of notification under section 4 has to be considered. It is surprising why LAC has taken sale deeds of one year preceding the date of notification under section 4. In fact the Apex court has stated that in certain cases even sale transactions subsequent to issue of notification under section 4 have to be considered. The LAC could have considered this factor in cases where the average rate arrived lower than already announced
- The potential/intended land use has to be considered in arriving at fair compensation award.
- The offer of sale / agreement to sell is a relevant matter and can be used in relation to fixing the value of acquired land.

Extracts of the judgments of the Apex Court which would throw light on the principles that have not been considered by the Chandigarh Administration are as under :-

Vide judgment dated 06 th Sept. 1990, in Periyar and Pareekanni Rubbers Ltd. vs. State of Kerala - AIR1990SC2192, JT1991(1)SC450, 1990(2) SCALE525, (1991) 4SCC195, [1990]Supp1SCR362, the Court observed

Para 2 page 4 The first question, therefore, is whether the High Court is justified in reversing the awards and decrees of Civil Court. Admittedly 190.37 and 15.48 cents of land is part of the extensive Periyar Estate of 879.37 acres stretching over seven miles long on the banks of the Periyar river. It has a road of 14 feet width by name Alwaye Munnar Highway running through the middle of the Estate. The lands were acquired for submersion due to Periyar River Valley Irrigation Project and to establish Phto-Chemical Project. Shri Sanghi repeatedly reiterated that in determining the market value the Court has to eschew arbitrary fixation keeping in view the settled principles of law in evaluating market value in compulsory acquisition on the hypothesis of a willing vendor and a willing vendee. Therefore, let us glance through the settled principles of law in this regard

Para 3 page 4 In Gajapati Raju v. Revenue Divisional Officer popularly known as Viji's case, the judicial committee of the Privy Council held that compensation for compulsory acquisition governed by Section 23 (1) of the Land Acquisition Act, 1894 is the market value of the land at the date of publication of notification under sub-section (1) of the Section 4 of the Act "what a willing vendor might reasonably expect to obtain from willing purchaser". The function of the Court in awarding compensation under the Act is to ascertain the market value of the land at the date of notification under section 4 (1) of the Act ...and the evaluation may be as pointed out by this Court in Special Land Acquisition Officer Adinarayana Setty (1959) Suppl. S.C.R. 404 (1) Opinion of experts; (2) The price paid within a reasonable time in bonafide transactions of purchase of the land acquired or the land adjacent to the acquired land and possessing similar advantages;(3)Number of years of purchase of the actual or immediately perspective profits of the land acquired

Para 5 page 5 In Tahsildar, Land Acquisition, Visakhapatnam v.P. Narasingh Rao and Ors. [1985] 1. A.P.L.J. 99 a Division Bench of the Andhra Pradesh High Court to which one of us (K.Ramaswamy,j) was a member while reiterating the principles referred to above held that the object of determining the compensation with reference to comparable sales of the land adjacent to the land acquired is to find the fertility, quality, the probable price of the land under acquisition is likely to fetch and the actual price paid by the vendee to vendor under those transactions as a prudent vendee and is not actuated with any other speculative features. It is to ascertain these facts, the sale deeds are insisted to be produced. The market value fixed must be reasonable and fair to the owner as well as to avoid undue burden to the exchequer. Therefore, the transaction relating to the acquired land of recent dates or in the neighbourhood lands that possessed of similar potentiality or fertility or other advantageous features are relevant pieces of evidence. When the Courts are called upon to fix the market value of the land in compulsory acquisition, the best evidence of the value of property is the sale of the acquired land to which the claimant himself is a party, in its absence the sales of the neighbouring lands. In proof of the sale transactions, the relationship of the parties to the transaction, the market conditions, the terms of the sale and the date of the sale are to be looked into. These features would be established by examining either the vendor or vendee and if they are not available, the attesting witnesses who have personal knowledge of the transaction etc. The original sale deed or certified copy thereof should be tendered as evidence. The underlying principles to fix a fair market value with reference to comparable sales is to reduce the element of speculation. In a comparable sales the features are: (1) it must be within a reasonable time of the date of the notification; (2) it should be a bona fide transaction; (3) it should be sale of the land acquired or land adjacent to the land acquired and (4) it should possess similar advantages. These should be established by adduction of material evidence by examining as stated above the parties to the sale or persons having personal knowledge of the sale transactions. The proof also would focus on the fact whether the transactions are genuine and bona fide transactions. As held by this Court in Collector, Raigarh v. Hari Singh Thakur and Anr. SC/0331/1978 that fictitious and unreal transactions of speculative nature brought into existence in quick succession should be rejected. In that case it was found by majority that these sale deeds are brought up sales. In Administrator General of West Bengal v. Collector, Varanasi ..that the price at which the property fetches would be by a willing seller to a willing purchaser but not too anxious a buyer, dealing at aim's length. The prices fetched for similar lands with similar advantages and potentialities and the bona fide transactions of the sale at time preliminary notification are the usual, and indeed the best, evidence of the market value. Other methods of valuation are resorted to if the evidence of sale of similar land is not available. The prices fetched for smaller plots cannot form basis for valuation of large tracts of land as the

two are not comparable properties. Smaller plots always would have special features like the urgent need of the buyer, the advantageous situation, the like of the buyer etc.

Para 7 (sub para 2) page 6 In Hindustan Oil Co. Ltd. v. Special Duty Collector (Land Acquisition) [1990] 1 SCR 59 this Court held that cumulative effect of all the facts and circumstances should be taken into consideration in arriving at a reasonable and fair market value

Para 8 (sub para 4) page 7 The neighbour-hood lands possessed of similar potentialities or same advantageous features or any advantageous special circumstances available in each case also are to be taken into account... Sub para 5 page 7 states Equally it is salutary to note that the claimant has legal and legitimate right to a fair and reasonable compensation to the land he is deprived of by legal process. The claimant has to be recompensed for rehabilitation of to purchase similar lands elsewhere. In some cases for lack of comparable sales it may not be possible to adduce evidence of sale transactions of the neighbouring lands possessed of same of similar quality. So insistence of adduction of precise or scientific evidence would cause disadvantage to the claimants in not getting the reasonable and proper market value prevailing on the date of notification under Section 4(1); Therefore, it is the paramount duty of the Land Acquisition Judge authority to keep before him always the even scales to adopt pragmatic approach without indulging in "facts of imagination" and assess the market value which is reasonably capable to fetch depending on the nature of the evidence, circumstances and probabilities in each case. The guiding star would be the conduct of a hypothetical willing vendor would offer the lands and a willing purchaser in normal human conduct would be willing to buy as prudent man in normal market condition as on the date of the notification Under Section 4(1) but not an anxious buyer dealing at arm's length nor façade of sale or fictitious sales brought about in quick succession or otherwise to inflate the market value.

Vide judgment dated 27 th Oct. 1978, in The Collector, Raigarh vs. Harisingh Thakur and Anr. - AIR1979SC472, (1979)1SCC236, [1979]2SCR183, 1979(11)UJ41(SC), the Court observed

Para 17, page 5 Upon a compulsory acquisition of property, the owner is entitled to the value of the property in its actual condition, at the time of expropriation, with all its advantages and with all its possibilities, excluding any advantage due to the carrying out of the claim for the purposes for which the property is acquired. In Vyricharla Narayana Gajapatjiraju v. Revenue Divisional Officer Vizagapatnam 66.1.A. 104 the Privy Council state:

For the land is not to be valued merely by reference to the use to which it is being put at the time at which the value has to be determined... but also by reference to the uses to which it is reasonably capable of being put in the future. It is possibilities of the land and not its realized possibilities that must be taken into consideration.

Para 18, page 5 the basis for determination of the market value of the land within section 23 (1) (i) of the Act is the value of the land to the owner. Only such transactions would be relevant which can fairly be said to afford a fair criterion of the value of the property as at the date of the notification. That test is clearly not fulfilled in the present case.

Para 20 page 6 The principles to determined the quantum of compensation are contained in Section 23 (1) of the Act. The court in fixing the amount has to take in to consideration the prevailing market value of the land at the date of the notification under section 4 (1) and the said market value has to be determined by reference to the price which a willing seller might have reasonably expected for similar property from a willing purchaser. The underlying principle of fixing the market value with reference to comparable sales is to reduce the element of speculation. In a comparable sale, the features are: (i) It must be within a reasonable time of the date of notification under section 4 (1) (ii) it should be a bona fide transaction; (iii) it should be a sale of the land acquired or of the land adjacent to the acquired; and (iv) it should possess similar advantages. Before such instances of sales can be considered there must be material evidence either by the production pi the sale deeds or by examining the parties to the deeds or persons having knowledge of the sales, to prove that the transactions are genuine.

Vide judgment dated 3 March 1989 in Suresh Kumar vs. Town Improvement Trust, Bhopal – AIR1989SC1222, JT1989 (1)SC439, (1989)2SCC329, [1989]1SCR908, 1989(1)UJ650(SC), the Court observed

Para 9 pages 3-4 It is true that the market value of the land acquired has to be correctly determined and paid so that there is neither unjust enrichment on the part of the acquirer nor undue deprivation on the part of the owner. Dr. Singhvi argues that failing to consider potential value is an error of principle.... in N. Gajapatiraju (supra) sometimes, it happens that the land to be values possesses some unusual, and it may be, unique features, as regards its position or its potentiality. In such a case the court has to ascertain as best as possible from the materials before it what a willing vendor might reasonably expect to obtain from a willing purchaser, for the land in that particular position and with that particular potentiality. In the instant case also the acquired land, possesses some important features being located within the corporation, area and its potentiality for being developed as a residential area. In such a situation, in determining its market value, where there was no sufficient direct evidence of market price, the Court was required to ascertain as best as possible from the materials before it, what a willing vendor would reasonably have expected to obtain from a willing purchaser from the land in this particular position and with particular potentiality. it is an accepted principle that the land is not to be valued, merely be reference to the use to which it has been put at the time at which its value has to be determined, that is, the date of the notification under section 4, but also by reference to the uses to which it is reasonably capable of being put in future. A land which is certainly or likely to be used in the immediate or reasonably near future for building purposes owner, however willing a vendor he is, is not likely to be content to sell the land for its value as waste or agricultural land as the case may be. The possibility of its being used for building purposes would have to be taken into account. However, it must not be valued as though it had already been built upon. It is the possibilities of the land and not its realized possibilities that must be taken into consideration. In the other words, the value of the land should be determined not necessarily according to its present disposition but laid out in its lucrative and advantageous adaptability of the land of the land for the purpose for which it is taken, is an important element to be taken into consideration in determining the market value of the land. In such a situation the land might have already been valued at more than its value as agricultural land, if it had any other capabilities. However, only reasonable and fair capabilities but not far-fetched and hypothetical capabilities are to be taken into consideration. In sum, in estimating the market value of the land all of he capabilities of the land, and all its legitimate purposes to which it may be applied or for which it may be adapted are to be considered and not merely the condition it is in and the use to which it is at the time applied by the owner. The proper principle is to ascertain the

market value of the land taking into consideration the special value which ought to be attached to the special advantage possessed by the land; namely, its proximity to developed urbanized areas.

Para 10 page 4 The value of potentiality has to be determined on such materials as are available and without indulgence in fits of the imagination. In Mahabir Prasad Santiika v. Collector, Cuttack the evidence on record was that the land was being used for agricultural purposes but it was fit for non-agricultural purposes and it had potentiality for future use as factory or building site and that on industrialization of the neighbouring areas the prices increased tremendously, and that aspect, it was held, could not be ignored in determining compensation.

Vide judgment dated 16 Feb. 1988 in Administrator General of West Bengal vs. Collector Varanasi - AIR1988SC943, JT1988(1)SC529, 1988(1)SCALE484, (1988)2SCC150,[1988]2SCR1025, 1988(1)UJ642(SC), the Court observed

Para 4 sub para 2 page 3 The determination of market-value of a piece land with potentialities for urban use is an intricate exercise which calls for collection and collation of diverse economic criteria. The market-value of a piece of property, for purposes of section 23 of the Act, is stated to be the price at which the property changes hands from a willing seller to a willing, but not too anxious a buyer, dealing at arm's length. The determination of market-value, as one author put it, is the prediction of an economic event, viz, the price-outcome of a hypothetical sale, expressed in terms of probabilities. Prices fetched for similar lands with similar advantages and potentialities under bonafide transactions of sale at or about the time of the preliminary notification are the usual; and indeed the best, evidences of market-value. Other methods of valuation are resorted to if the evidence of sale of similar lands is not available.

Para 6 sub para 2 page 4, the sale transaction at Ext. 24 was done many year later. Such subsequent transactions which are not proximate in point of time to the acquisition can be taken into account for purposes of determining whether as on the date of acquisition there was an upward trend in the prices of land in the area. Further under certain circumstances where it is shown that the market was stable and there were no fluctuations in the prices between the date of the preliminary notification and the date of such subsequent transactions, the transaction could also be relied upon to ascertain the market-value. This court in state of U.P .v. Maj. Jitender Kumar

Vide Judgment dated 23 rd Sept. 1966 in Raghubans Narain Singh vs. The Uttar Pradesh Government Through Collector of Bijnor – [1967]1SCR489, the Court observed

Para 9 page 4 ..Obviously an offer does not come within the category of sales and purchase but nonetheless if a person who had made an offer himself gives evidence such evidence is relevant in that it is evidence that in his opinion the land was of a certain value. But the evidence that the owner refused an offer so made amounts to this only that in his opinion his land was worth more than the figure of value named or that the offer was Merwanji Muncherji 10Bom. L.R. 907. It has also been held that an agreement to sell is a relevant matter and can be used in relation to fixing the value of the acquired land.

The aforementioned rulings were reiterated by the Supreme Court in Atma Singh Vs State of Haryana (2008) SCC 568 decided on December 7, 2007.

SS (NM), MHA during a meeting held on 21.01.2009 regarding land matters of Chandigarh, in the presence of JS (UT), MHA, Advisor to the Administrator of UT Chandigarh and Finance Secretary of Chandigarh Administration (FSC), highlighted that as regards the land compensation rates, of late court rulings are also giving appropriate weightage to the market value of land acquired.

Further, Chandigarh Administration ignored their own notified collector rates which are as under :-

14.11.2005 – (Rural Area) – Village Manimajra – Rs. 36 lakhs per acre

25.05.2007 – (All UT villages) – Rs. 48.80 lakhs per acre

Chandigarh Administration had been announcing Awards for compensation as per existing land use (agricultural land) at rates below the above collector rates. Also potential value of land was never considered while computing the compensation awards, which is contrary to the principle emphasized through various rulings of the Apex court from the year 1966 to 2007. It is further added that Chandigarh Administration totally ignored the registered sale deeds for agricultural land, which reflect that the value of land in year 2006 (agricultural land) was around Rs. 1 crore per acre.

In fact Administrator of UT, Gen. S.F. Rodrigues (Retd.) in a letter dated 28.01.2009 addressed to the Hon'ble Home Minister has sought directions from the Central government regarding land acquisition and land compensation rates in UT Chandigarh, particularly in view of the fact that Mr. Pawan Kumar Bansal, local MP has been stressing that value of agricultural land in Chandigarh is not less than Rs. 4 crores per acre. The Administrator has emphasized that he personally wants better and fair compensation rates be paid to the land owners as it would make the process of acquisition easier. Thus the Administrator has himself admitted that the compensation rates at present being paid to farmers in Chandigarh are not fair. Further, it would be relevant to mention here that Central Government has notified National Rehabilitation and Resettlement Policy, 2007 (NRRP 2007) w.e.f. 31.10.2007. NRRP 2007 paras 6.22 (b) and (c) clearly state that Compensation Award shall take into consideration the market price and also the intended land use category (for e.g. agricultural to non-agricultural). It is difficult to understand as why separate set of guidelines for better compensation rates are required when the compensation issues have been already properly addressed in the NRRP 2007.

List of References/Records consulted by Audit Party

Point of References

- I Files/Records provided by DS (ANL) MHA related with photocopies of complaints, Dept. Notings, Press Clippings & Correspondence.
- II Land Acquisition Act – 1894
- III NRRP – 2007
- IV Implementation of National Rehabilitation & Resettlement Scheme – 2009 issued by UT Chandigarh on 2.1.2009
- V Various related Acts/Schemes of UT Chandigarh
- VI Records of Land Acquisition Office related with land acquisition award & compensation awarded (Award No.567 dated 23.3.2004, 569 dt.29.3.2004, 591 dt.23.1.2009, 574 dt.15.12.2004, 592 dt.13.2.2009, 587 dt.9.6.2008, 576 dt.28.2.2005, 593 dt.26.2.2009, 577 dt.20.4.2005, 588 dt.23.7.2008 and 575 dt.10.2.2005)
- VII Records of Estate Office related with IT Park
- i) Allotment of Land
 - ii) Payment of premium/installments
 - iii) Budget allocation, Receipt & Expenditure
 - iv) Intended land use – conversion charges thereof & recoveries
 - v) Review of cases of delay in receipt of installment of premium amount from allottees
- VIII Records of Chandigarh Housing Board pertaining to transfer of Land measuring 123.79 acres
- a) Authority of CHB/Function of CHB for execution of the IT Habitat – Pride Asia Project – Tendering Process
 - b) Appointment of Consultant – SBI Cap
 - c) Development Agreement
 - d) Accounting of Transactions (Schedule of payment of bid money/interest on delayed payments)
 - Bid Money – Installment Delay etc.
 - Operation of Escrow Account
- IX Record of Director, IT UT Chd Allotment of Land
- Direct Mode/Bidding Process/Draw of lots
 - Analysis of the Project viz. Construction & Management of Commercial Office Space at Chandigarh Technology Park, Allotment of land measuring 12.4 acres to DLF Infocity Developers (Chandigarh) Ltd. – Tender document – Defect in clauses, modification (Changes in terms & conditions) after acceptance of tender as proposed by the developer
 - Joint Venture Agreement with DLF Commercial Ltd.
 - Mortgage of 12.4 acre of land
- X Status of three cases namely Medicity, Multi-media-cum-Film City, Theme-cum-Amusement Park under CVC as intimated by EO, Director of Tourism UT. Chd regarding payments, issue of allotment letter
- XI Other records of Estate Office regarding procedure adopted for allotment of sites in r/o
- DLF/Kujjal Builders
- XII a) Complaint dt. 26.5.2009 sent to CCA (H) by MFWEPS for land acquisition in UT Chandigarh
- Copy of Complaint dt.19.02.2009 to Hon'ble Home Minister from MFWEP Society.
 - Copy of reply dated 09.01.2009 from Chandigarh Housing Board regarding information sought under RTI.

- Copy of letter dated 27.03.2009 from the MFWEP Society to Dr.Raghuvansh Prasad Singh Hon'ble Minister of Rural Development regarding Gross Violation of NRRP by UT Chandigarh.
 - Copy of Letter dated 27.03.2009 from the MFWEP Society to Shri Madhukar Gupta, Home Secretary (MHA) dt.05.08.2008 and 04.03.2008 regarding violet of NRRP & Loot in the name of Land Acquisition
 - Copy of letter from M/o RD to Ms. Jyoti Subramaniam alongwith information sought under RTI (95 pages)
 - MAP of UT Chandigarh
 - Certain Photogr/aphs showing status of utilization/development of sites in Phase I & II in IT Park
- b) Complaint dt. 29.5.2009 sent to CCA (H) by Shri H.S.Mamik for land acquisition in UT Chandigarh (total 35 pages)
- c) Complaint dated 26.6.2009 sent to Dy.CA (H) from MFWEPS, Chandigarh regarding land acquisition in UT Chd. (Total 2 pages)
- XIII Allotment of land measuring (5.3.94 acres) to M/s Uppal Housing Pvt. Ltd. vide No.MC/Estate/2005/7818 dated 6.12.2005 for total sale price of Rs.108.01 crore in Manimazra Village (Pocket 2 & 3) on free hold basis.
- XIV a) SEZ Policy,
b) UT Chd Notification dated 8.6.2004 under section 9 of Indian Stamp Act, 1899

Incumbency Chart

Advisor to the Administrator

1. Shri Virendera Singh : 08.01.2003 to 11.09.2003
2. Shri R.S.Gujral (Addl. Charge) : 11.09.2003 (AN) to 21.11.2003 (AN)
3. Shri Lalit Sharma : 21.11.2003 (AN) to 30.09.2007 (AN)
4. Shri Pradip Mehra : 30.09.2007 to till date

Home Secretary

1. Shri R.S. Gujral : 11.09.2000 (AN) to 06.12.2004 (AN)
2. Shri Krishna Mohan : 06.12.2004 (AN) to 31.03.2008 (AN)
3. Shri Sanjay Kumar (Addl. Charge) : 01.04.2008 to 24.09.2008
4. Shri Ram Niwas : 24.09.2008 (AN) to till date

Finance Secretary

1. Shri Karan A. Singh : 04.07.2001 to 06.11.2004
2. Shri S.K. Sandhu : 06.11.2004 to 10.01.2008
3. Shri Sanjay Kumar : 10.01.2008 to till date

Photographic Evidences of RGCTP, Chandigarh

 <p>Outside view of Infosys IT Co.</p>	 <p>Inside view of Infosys IT Co.</p>
 <p>Work in progress for Amadeus IT Co.</p>	 <p>Work in progress for Amadeus IT Co.</p>
 <p>Construction yet to be started for Bebo</p>	 <p>Presently land is used as dumping ground</p>
 <p>Construction is going on for Microtech</p>	 <p>Construction of Microtech Int. (P) Ltd.</p>



Construction is going on for Net Solutions



Construction work of Net Solutions



Plot of Wipro Co. is lying vacant



Construction of IT Co. is going on



Land lying vacant without any mark



Pride-Asia project of Parsavanath Developers



DLF City Centre (Shopping Mall)



(Outside view of Infosys)



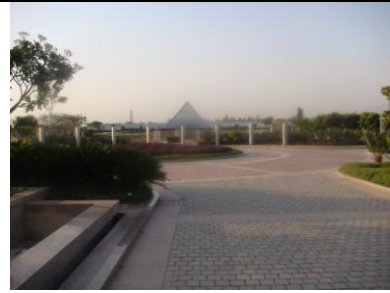
Construction of Five Star Hotel Lalit is going on



Construction of Five Star Hotel Lalit is going on



Entrance of Pride Asia Residential Project of M/s Parsvanath Developers (P) Ltd.



Inside view of Pride-Asia project



Outside boundry of Parsvanath



Cattle grazing & children having bath in Wipro land



Inside view of DLF Shopping Mall



Side view of DLF Shopping Mall