Report of the Comptroller and Auditor General of India

on

Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City Kochi

The Report has been laid on the table of the State Legislature Assembly on 08-07-2014

Government of Kerala
Report No. 6 of the year 2014

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Preface

This Report of the Comptroller and Auditor General of India for the year ended March 2013 has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India.

The Report contains the significant results of audit of the 'Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City Kochi' during 2008-09 to 2012-13.

The instances mentioned in this Report are those which came to notice in the course of audit for the period January to November 2013.

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

Executive summary

Executive summary

Assignment of Government land

The land management policy laid down through various orders and circulars was not scrupulously followed. Though more than 38 Acts/Rules were framed from time to time after independence, there is no streamlined system for periodical renewal of lease and timely revision of lease rent. There was failure on the part of departments in identification and accounting of the Government land, post lease monitoring of the leased out land and in the collection of lease rent. Non/short realisation of lease rent, non resumption of land assigned on violation of lease conditions, alienation of Government land, cases of assignment of land to encroachers and cases of incorrect concession allowed to private entities etc were also noticed. Total financial impact of audit observations amounted to ₹ 1,077.74 crore.

[Chapter II]

Management of Forest land

Considerable area of forest land was given on lease to Public Sector Undertakings. In the absence of a consolidated register showing details of land on lease, the extent of land on lease is not available in the Department in a consolidated form. The rate of lease rent in respect of PSUs was not revised since 1989 causing huge revenue loss to the Government. The Department also failed to collect lease rent arrears to the tune of ₹ 196.85 crore in 140 cases where in 42,130.49 Ha. of forest land was leased out. Non-execution of lease agreements, short demand of lease rent, failure to check non-adherence to lease conditions, failure to take action in cases of violation of lease conditions, assignment of forest land in excess of Government of India directions etc were also noticed. Total financial impact of audit observations amounted to ₹ 215.46 crore.

[Chapter III]

Acquisition, development and allotment of land for industrial purpose by PSUs

Forty one allottees did not utilise (March 2014) the land measuring 180.57 acres allotted in different IT parks by KINFRA, KSIDC and KSITIL defeating the very objective. Deficiencies were also noticed in the acquisition, development and allotment of land by the PSUs. There was wasteful/extra expenditure on acquisition/development, purchase of land at exorbitant price and extending undue benefit to private sector companies. Unusual Joint Venture (JV) arrangements led to transfer of the land acquired for allotment to private hands (INKEL share holders). The financial impact of audit observations amounted to ₹ 212.02 crore.

[Chapter IV]

Issues in respect of land and ecological impact - Aranmula Airport

There was a failure of Government machinery right from the lowest revenue officials to the highest level in preventing an individual from illegal acquisition of land, holding of excess land, encroachment of government land,

filling of paddy fields etc and subsequently transferring part of same land to the Airport Company. The Government granted in principle approval for the airport without verifying whether sufficient land was available with the developer and the impact of the proposed airport on the four existing/under construction international airports which are within 150 kms. By accepting the equity offered by the company, Government became a party to the illegal filling of land, encroachments, environmental and ecological problems. Though the transport department is the nodal department for airports, the industries department issued in-principle approval without consulting the allied departments.

[Chapter V]

Smart City Project, Kochi

There was lack of transparency right from the conceptualisation stage about the justification for a Smart City and the need for creation of a new SPV. The partner for the project was not selected in a transparent manner and was done without giving opportunities to other players in the field and without considering the past records of partners. Government transferred 246 acres of land on lease for establishing an IT park without properly assessing the land requirement for the project and committed to acquire and hand over more land for the project in future. The valuation of land for fixing lease rent was much below as compared with the land value considered for registration of land of the adjoining areas. Though the project could be commenced in parcel I (131 acres) with the attainment of developer status in 2008, the Smart City Kochi delayed the project insisting for SEZ status for the entire 246 acres of land. Unlike the IT parks established by Government, the lessee was granted freehold rights over 12 *per cent* of the total area of land under their possession at any point of time. The agreement conditions in respect of creation of 90,000 jobs were diluted in the agreement. The Government nominee had only minor role in the Board of Directors.

Agreement conditions in the FWA were tilted in favour of Tecom and against GoK. While legal action was possible against GoK for defaults in providing minimum infrastructure, it was not possible against Tecom for lack of co-operation in this regard. This led to indifferent approach of SPV which did not identify suitable locations inside the project area, thereby delaying Government's efforts in providing minimum infrastructure that it was supposed to do.

Neither the Government nor the SPV is able to spell out any precise timeframe within which the project can achieve the objectives. Even after seven years from signing the agreement, construction of 8.8 million sq.ft. built- up space and creation of 90,000 jobs are far from sight.

[Chapter VI]

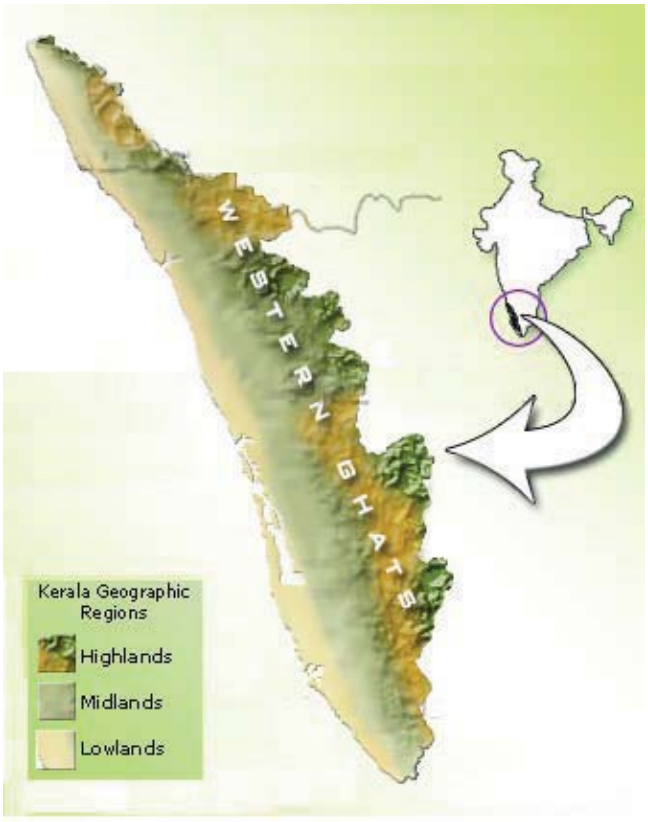
Chapter-I
General

CHAPTER-I: GENERAL

1.1 Land Management – a high risk area

Kerala, one of the small States in India with an area of 38,86,287 Ha. (38,863 Sq. Km) occupying 1.18 *per cent* of the total area of the country has a population of 3.34 crore[1] representing 2.76 *per cent* of the national population.

Based on physical features, the State is divided into three geographical regions viz. highlands; midlands and lowlands. Since the high lands are mostly forest land or used for plantation crops, the land available for residential purpose, industrial/ developmental activities is limited to the mid and low lands. This peculiar feature exerts heavy pressure on the management of government/private land. Land has become a precious commodity and its price has sky rocketed. Due to its high value the tendency to possess government land illegally has increased.



Considering the importance of land, the State has enacted 38 Acts/Rules (Annexure-I) on the subject commonly termed as land laws. The multiplicity of rules enhanced the complexity in the management of land.

Based on ownership, the land in the State can be divided into private land, government land and forest land.

Private land is owned by individuals, institutions, undertakings, companies etc. It also includes vast tracts with universities, autonomous bodies, Public Sector Undertakings (PSUs) etc. Government land includes *poramboke, tharisu* and forest land made available to Revenue and Disaster Management (R&DM) Department. Forest land is the land notified as forest land and includes reserve forest, proposed reserve, vested forest and ecologically fragile land (EFL).

[1] 2011 census

1.2 Administration of Government land

R&DM department is the custodian of government land.

1.2.1 Acts and Rules on Land Management

The functions of Revenue department and Acts/Rules from where the corresponding authority is derived include;

- Conservation, management and control of government land.

  Regulated through the Kerala Land Conservancy Act 1957, the Kerala Land Conservancy Rules 1958, the Kerala Land Utilisation Order 1967 and the Kerala Conservation of Paddy Land and Wetland Act, 2008.

- Assignment of government land.

  Regulated mainly by the Kerala Government Land Assignment Act 1960, the Kerala Government Land Assignment Rules 1964 and Assignment of Land within Municipal and Corporation Areas Rules 1995.

- Acquisition of land for public purpose.

  Done as per the provisions of the Land Acquisition Act, 1894 (LA Act).

1.3 Administration of Forest land

The forest area[2] (11,309.48 sq.km), under the administrative charge of Kerala Forest and Wildlife Department (KFD), forms 29.10 *per cent* of the total geographical area of Kerala State (38,863 sq.km) as against the national average of 19 *per cent*. According to utilisation, forest area is classified as dense/degraded forest, plantation, areas under lease and forest land diverted under The Forest (Conservation) Act, 1980 (FCA).

1.3.1 Acts and Rules on Forest Land management

The functions of the Forest Department and the Acts/Rules governing them *inter alia* include

- protection and management of forests in the State which is regulated through the Forest (Conservation) Act, 1980 (FCA) and the Kerala Forest Act, 1961 (KFA).
- regulation of grants and lease of lands made or granted by or on behalf of the former states of Travancore and Cochin for cultivation achieved through the Kerala Grants and leases (Modification of Rights) Act, 1980 (KGL (MR) A) and the Kerala Grants and Leases (Modification of Rights) Rules, 1990 (KGL (MR) R).
- Assignment of forest land to State/Central PSUs and occupancy in accordance with the Kerala Land Assignment (Regularisation of Occupation of Forest Lands prior to 1 January 1977) Special Rules 1993.

[2] Statistics based on the Administration Report of the Department for the year 2010-11. Latest details are not available and is stated to be under preparation.

1.4 Government control over private land

Government through R&DM department exercises significant control over land owned by private individuals. Further, Government can acquire private land as well as can control its use.

1.4.1 Control over land holdings

Government has restricted through a comprehensive legislation (The Kerala Land Reforms Act 1963) the extent of land that can be possessed by an individual other than a member of joint family in the State to 15 acres (6 Ha).

1.4.2 Control over use/ conversion of land

Kerala Land Utilisation Order 1967 was issued under the Essential Commodities Act, 1955 to conserve the paddy land and wetland and to restrict the conversion or reclamation thereof, in order to promote growth in the agricultural sector and to sustain the ecological system, in the State of Kerala. This was replaced by The Kerala Conservation of Paddy Land and Wetland Act, 2008.

1.4.3 Acquisition of private land

The Land Acquisition Act 1894, as amended from time to time, empowers the State Government to acquire land to the appropriate extent, if it is for 'public purpose'. It envisages the conditions to be fulfilled before such acquisition and the procedures to be adopted in the process of acquisition.

1.5 Scope of the Report

An audit was conducted on management of various types of public land and land given for mega projects during January to November 2013 covering the period 2008 to 2013.

The observations covered in the report includes Assignment of Government land (Chapter II), Management of Forest land (Chapter III) and Acquisition, development and allotment of land for industrial purpose by PSUs (Chapter IV). The report also includes Issues in respect of land and ecological impact - Aranmula Airport (Chapter V) and Smart City Project, Kochi (Chapter VI).

1.6 Terminology

Important terminology used in the Report are given in Annexure II.

Chapter-II
Assignment of Government land

CHAPTER-II: ASSIGNMENT OF GOVERNMENT LAND

2.1 Introduction

Government land may be assigned[1] by the Government or by any prescribed authority either absolutely or subject to such restrictions, limitations and conditions as may be prescribed. Over the years considerable extent of Government *Poramboke* land has been assigned to individuals/institutions under different schemes. Land was also leased out to different institutions/individuals under different tenures, conditions of lease, *Kuthakappattam* licence etc. on payment of nominal rent without any periodical revisions with reference to the current market conditions. Added to that, there are cases of encroachments on Government land by private parties enjoying the benefit of unauthorised occupation without paying any amount to Government. Now the situation is such that the land is really not available even for public purposes and Government has to resort to land acquisition making huge payments to private owners of land. Terms and conditions for assignment on registry/lease of government land for different purposes are given in Annexure III.

2.2 Organisational set up

The Revenue and Disaster Management (R&DM) department is headed by Secretary (R&DM) at the Government level. At Departmental level it is headed by Commissioner of Land Revenue; assisted by Additional Commissioner/Joint Commissioner and Assistant Commissioners at State level and field officers from district level to village level viz., District Collectors, Revenue Divisional Officers, *Tahsildars* and Village officers.

Commissioner of Land Revenue is also the sole member of State Land Board[2] constituted for disposal of land ceiling cases under Kerala Land Reforms Act, 1963. Every *Taluk* has *Taluk* Land Boards headed by Revenue Divisional Officer/Deputy Collector.

2.3 Objectives of audit

The broad objectives of audit were to assess whether:

- Government has a sound land management policy
- rules framed were adequate for the management and disposal of government land
- a well defined mechanism exists to assign government land on lease as well as on registry
- system to check the encroachment of government land exists
- an effective internal control mechanism was available in R&DM department

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1 Section 3 (1) of Government Land Assignment Act, 1960.
2 Constituted under Section 100 of Kerala Land Reforms Act, 1963.

2.4 Methodology of audit

Seven out of 14 districts[3] and sixteen out of 63 *taluks*[4] were selected by simple random sampling method using IDEA for audit. The selected village offices and the related offices were visited during February 2013 to June 2013. An Entry meeting in respect of the R&DM Department was conducted on 12 February 2013. Their views were considered while conducting audit.

Audit collected data/information by test check of records such as files, registers etc., maintained at Land Revenue Commissionerate, State Land Board, selected District Collectorates, *Taluk* Offices and Village Offices in R&DM department. Audit also scrutinised the government files connected with the assignments. The data collected were analysed with reference to the audit criteria and audit queries raised. Findings of Audit were discussed with the Department and Government. The draft note on audit was sent to the Government on 10 October 2013 for their response.

An exit meeting was conducted on 22 January 2014 in which the points noticed in audit were discussed in detail. The views of Government/ Department were considered while finalising the Report.

2.5 Criteria of audit

The criteria for audit were derived from the provisions of Act/Rules viz.,

- The Kerala Land Assignment Act, 1960 (KLA Act, 1960).
- The Kerala Land Assignment Rules, 1964 (KLA Rules, 1964).
- Rules for Assignment of Land within Municipal and Corporation Areas, 1995 (RALMCA, 1995).
- The Kerala Land Conservancy Act, 1957 (KLC Act, 1957).
- The Kerala Land Conservancy Rules, 1958 (KLC Rules, 1958).
- The Kerala Survey and Boundaries Act, 1961 (KSB Act, 1961).
- The Kerala Survey and Boundaries Rules, 1964 (KSB Rules, 1964).

In addition, the notifications/instructions issued by Government/Land Revenue Commissioner had been reckoned as the criteria for audit.

2.6 Acknowledgements

Audit acknowledges the co-operation extended by Government as well as the Commissioner of Land Revenue, Special Officers of Land Bank and Zero Landless Projects, District Collectors, *Tahsildars* and Village Officers. Audit also acknowledges the co-operation extended by Minister (Revenue) and Secretary (R&DM) in making the records available.

2.7 Audit findings

Important findings of the audit are given in the following paragraphs.

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[3] Alappuzha, Ernakulam, Kollam, Kozhikode, Thiruvananthapuram, Thrissur, and Wayand

[4] Ambalapuzha, Chengannur, Cherthala, Kanayannur, Kochi, Kollam, Koyilandy, Kozhikode, Kunnathunad, Mukundapuram, Neyyattinkara, Pathanapuram, Sulthan Bathery, Thiruvananthapuram, Thrissur and Vythiri.

2.7.1 Non-compliance of land management policy

The land management policy of the Government has been laid down in various government orders[5] and circulars of Government/Commissioner of Land Revenue; wherein Government lands should be considered as a resource capable of bringing in considerable revenue. Various steps proposed in land management policy of Government (1994) to ensure efficient and effective utilisation and management of Government land were as follows.

Sl. No.	Steps to be taken
1	Land falling under various categories to be identified with reference to the registers maintained in the revenue offices at various levels.
2	In cases where terms of lease has expired, action to be taken to revise the lease rent with reference to the current market value.
3	In cases where the land leased has not been utilised for the purpose for which it was leased out, such lands shall be resumed to Government.
4	Effective action to be taken to manage, administer or dispose off the land escheated to Government.
5	Steps to be taken to evict all unauthorised occupations in Government lands.
6	All revenue records pertaining to government lands to be made up-to-date.
7	Regular inspection of public lands
8	Assess all public land and update data on public land

However audit noticed that the laid down policies in land management declared in 1994/2011 has not been scrupulously followed as discussed in subsequent paragraphs.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.2 Delay in framing rules

The KLA Act, 1960, rules and government orders issued thereunder regulate the assignment of government land. Rules under the Act have to be formulated timely for fixing terms and conditions, period of lease etc. Audit noticed inordinate delay in prescribing the rules thereon under Section 7 of the Act as shown below.

Sl. No.	Area	Act	Rule	Delay in framing rules	Last revision of rate of lease rent	Audit remarks
1	Rural areas	KLA Act, 1960	KLAR 1964	4 years	December 1985[6]	Rates of lease rent were prescribed in 1985. Thereafter no revision has been effected though displeasure was expressed by PAC vide recommendation no. 52 of their 71 Report 2006-08 presented to the Legislature.

[5] GO (MS) No. 222/94 RD dated 04 May 1994, GO (MS) No. 189/95/RD dated 22 March 1995, GO(MS) No. 280/2011/RD dated 27 July 2011.

[6] GO(MS)No.1026/85/RD dated 19 December 1985.

Sl. No.	Area	Act	Rule	Delay in framing rules	Last revision of rate of lease rent	Audit remarks
2	Municipal and Corporation areas	KLA Act, 1960	RALMCA 1995	35 years	April 2004[7]	Till 1995 lease under municipal and corporation areas were regulated by executive orders. Though as per provisions of the rules lease rent had to be revised every three years, lease rent has not been revised after 2004.

These resulted in collection of lease rent at very low old rates which was beneficial to the lessees.

On this being pointed out the Principal Secretary to Government, R&DM Department stated during the exit meeting (January 2014) that the matter of revision of lease rent is under the consideration of the Subject Committee. Further report has not been received (May 2014).

2.7.3 Lack of information on assignable land

Details of assignable land though required to be maintained under Rule 11 of KLAR, 1994 and Rule 6 of RALMCA, 1995 was not available in the selected 16 *taluk* offices test checked by Audit. List of assignable land was not being updated, instead when a land was to be assigned the land was first included in the list of assignable land so as to enable the assigning authority to assign the land.

This was pointed out to Government in November 2013. Government could not justify the action.

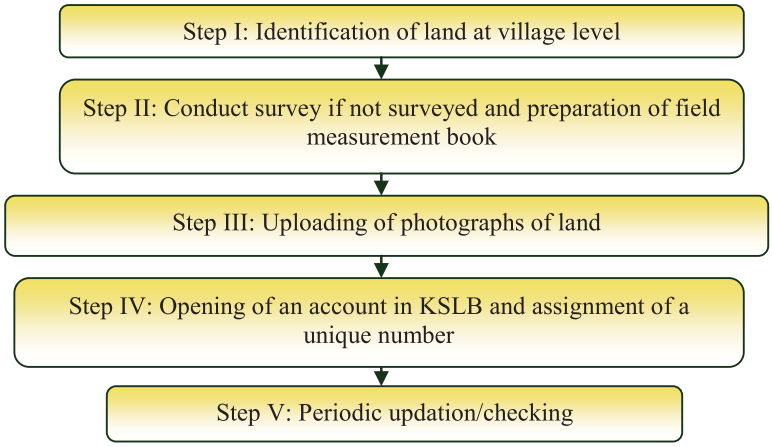
2.7.4 Failure to identify Government land

In Kerala, the detailed information such as survey number, sketch etc., on land is kept in 1,634 village offices. Details of all the land identified and demarcated as per Revenue Settlement Proclamation of the year 1886 are recorded in the Settlement register of each village office. Details of private land are available in the *Thandaper* Register and that of government land in the *poramboke* register maintained in each village office. There is no comprehensive/consolidated record of government land in the State.

To overcome this problem, a concept of 'Land Bank' was initiated[8] in 2007. Land Bank is a repository of details of Government land, for scientific inventorisation and professional management in the State.

The various processes involved in the functioning of the land bank as per the proposal were as follows.

[7] GO(P)No.126/2004/RD dated 14 May 2004.
[8] GO(Rt) No. 2563/2007/RD dated 21 June 2007.



Its objectives were to check illegal encroachments on government lands, income generation from such lands and surveillance and protection of lands. It is a LINUX based IT system hosted in the State data centre accessible through internet.

The R&DM department acts as the custodian of Kerala State Land Bank on behalf of themselves and other government departments.

Out of 26,898 cases (73,103.74 Ha.) reported in the State for inclusion in the Land Bank as on 31 March 2013, digitisation of Field Measurement Book has been completed in respect of 13,995 cases forming 52 *per cent* (7,561.55 Ha.) and uploading of photograph has been completed in 8,352 cases forming 31.05 *per cent* (12,067.82 Ha.). Though the cases were identified, the digitisation work relating to Idukki and Wayanad Districts has not yet commenced.

Rule 82 of the KSBR, 1964 stipulates that survey of government lands should be completed first. It has been reported that out of 1,634 villages in the State, survey work has been completed in 766 villages only (46.88 *per cent*). The State Government has stopped resurvey work in October 2012. As the resurvey has not been completed, the cases reported for inclusion in Land Bank cannot be treated as exhaustive.

Audit found that the attempt to inventorise the government land through land bank has reached a stand still. No specific target has been fixed for completion of data entry work in the Land Bank or the date from which the system would become operational in all respects. The objective of formation of Kerala State Land Bank has not yet been achieved even after seven years.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.5 Government land on lease

As per records available in the Commissionerate of Land Revenue, 26,445 Ha. of land was leased out in 4,746 cases as on 31 March 2013 as follows.

Type	No. of cases	Area (Ha.)
Rural	3,615	24,687.38
Urban	1,131	1,757.62
Total	**4,746**	**26,445.00**

As per provisions of KLAR, 1964 and RALMCA, 1995 Government should prepare lists of land which should be reserved for government or public purpose and which may be made available for assignment[9]. The list should be approved by the District Collector on the advice of *Taluk* Land Assignment Committee[10] and Municipal/Corporation Land Assignment Committee[11].

On the advice of the Land Assignment Committees (LAC) constituted at the *Taluk* and Municipal/Corporation levels for the purpose, land would be assigned to individuals by the *Tahsildar*/District Collector, as the case may be. However, the LAC has no power in respect of assignment of land to companies/institutions/commercial entities of *Grama panchayat* areas and institutions in municipal/corporation areas. While *Tahsildar* is the assigning authority in respect of KLAR, 1964, the District Collector and Government are the assigning authorities under RALMCA, 1995. Government land may be assigned by the Government or by prescribed authority either absolutely or subject to such restrictions, limitations and conditions as may be prescribed.

With the approval of LAC concerned land can be assigned and title issued. Land assigned on registry is heritable[12] and not alienable for specified periods of time.

Audit of records connected with the lease of land disclosed the following defects/deficiencies.

2.7.5.1 Lack of information on land given on lease

Cross verification of 121 lease cases maintained in 16 *taluk* offices with reference to the list of lease cases maintained by the Commissioner of Land Revenue has shown that 36 cases (Annexure IV) relating to eight[13] *taluks* were not included in the list maintained by the Commissioner of Land Revenue. The extent of land leased out in these cases was 53.35 Ha.[14] and the lease rent arrears in the above cases was worked out by Audit as ₹ 73.28 crore as on 31 March 2013. This showed that the details of lease cases available with the Commissioner of Land Revenue was not comprehensive.

Register showing details of government land leased out was not maintained in a consolidated form at the Collectorates. The data in respect of seven districts compiled from the list of lease cases furnished by the *taluk* offices, is shown below.

Source	Rural		Urban		Total	
	No. of cases	Area (Ha.)	No. of cases	Area (Ha.)	No. of cases	Area (Ha.)
Seven districts test checked	1,432	623.42	1,195	245.50	2,627	868.92

[9] Rule 11 of KLAR and 6 of RALMCA.
[10] Under KLAR- Rule 12(3)
[11] Under RALMCA- Rule 6 A
[12] The assignee and his legal heir can inherit the land.
[13] Ambalapuzha, Fort Kochi, Kollam, Pathanapuram, Koyilandy, Kozhikode, Thiruvananthapuram and Mukundapuram.
[14] One Hectare = 100 Are, 1 Are = 2.471 Cent, 100 Cent = 1 Acre, 1 Hectare = 2.471 Acre

Following deficiencies were noticed during audit in filing of periodical returns/maintenance of registers.

- System of filing periodical returns showing the details of Government land leased out, lease rent due, collected, arrears etc., to higher authorities was not existing in the Department.
- There is no centralised record for government land on lease/for monitoring collection of lease rent.
- Registers/records are not available in *Taluk*/District level showing arrears of lease rent realisable.
- Consolidated Demand Collection Balance Statement[15] is being prepared at Commissionerate based on figures supplied by Collectorates. The figures are furnished by *Taluk* Offices which are taken from files concerned. Since register /database showing details of lessee wise arrears is not being maintained in *Taluk* Offices, the correctness of the figures cannot be verified.

In the absence of records showing the comprehensive position, Audit could not vouchsafe the correctness and completeness of details available at the Commissionerate/Collectorates/*taluks*/villages.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.5.2 Failure of the Government to renew lease

The period of lease has been stipulated as maximum three years for urban areas and two to ten years for rural areas, based on the use for which it is assigned and maximum twenty years for any scheme approved by the Government as shown in Annexure III.

In 16 *taluk* offices it was found that 241.48 Ha. of government land was occupied by 1,084 occupants on lease in the urban area. Out of these only 56 (5 *per cent*) leases measuring 3.71 Ha. had been renewed. In the remaining 1,028 cases (95 *per cent*) leases had not been renewed even after expiry of lease and the land was in possession of the lessee for a quite long period. The follow up action for renewal, realisation of outstanding lease rent or levy of prohibitory assessment[16] under KLC Act, 1957 that has to be taken under Rule 12 (1), were not taken.

This has resulted in unauthorised occupancy of 237.77 Ha. of land in seven Districts by 1,028 entities. Audit could not quantify the loss due to non-renewal of lease. A specific case is highlighted below quantifying the loss of revenue due to non-renewal of lease agreement.

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[15] Statement showing details of the Demand Collection and Balance of lease rent in respect of Government lands leased out in the State.

[16] It is an amount to be assessed and imposed by the District Collector in cases of unauthorised occupation of Government land. As per Rule 12(1)(b) of RALMCA in case of land held under time expired lease, prohibitory assessment as required under Rule 8(2) of KLC Act, 1957 treating the possession of land under lease as unauthorised occupation.

An extent of 1,028.36 Are of land in Kadakampally Village was leased out to Travancore Titanium Products Ltd. for a period of 25 years in 1948. On expiry of lease period in 1973 the agreement was neither terminated nor renewed by the Department. The lessee remitted the lease rent at the agreed rate up to 1993-94 though the period of lease expired in 1973. Thereafter the lease rent was revised and the lessee was served a demand notice for ₹ 2.85 crore towards lease rent arrears for the period up to 1993-94. In an original petition filed by the lessee against this notice, the Court ruled (March 2003) that levy of revised rate of lease rent is possible only after modification of existing agreement. But the lease has not been terminated/renewed and no agreement has been executed so far (November 2013). This has resulted in loss of revenue towards lease rent of ₹ 20.49 crore due on government land worth ₹ 102.83 crore.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.6 Issues in collection of lease rent

Under KLAR, 1964 and RALMCA, 1995 lease rent shall be collected from the lessees by village officers at the rates prescribed by Government from time to time. The registers showing the details of land assigned, lease rent due, collected and balance to be collected shall be maintained in the village offices. Demand Collection Balance Statement (DCBs) and details of land on lease shall be submitted to Collectorate/Commissionerate by village offices/*taluk* offices. The lease rents collected as per DCBs maintained by the Commissioner of Land Revenue were as follows.

(₹ in crore)

Year	Amount
2008-09	2.81
2009-10	5.42
2010-11	2.92
2011-12	4.81
2012-13	2.58

Agreements of lease shall be kept at *Taluk* office/Collectorate and reviewed periodically and action shall be taken to terminate/renew as the case may be on expiry of the period of agreement. During the audit it was found that there were deficiencies in the termination/renewal of lease agreement and collection of lease rent promptly, as detailed below:

2.7.6.1 Arrears of lease rent

Under RALMCA, 1995, lease rent at various rates from two *per cent* to 10 *per cent* on market value is leviable. Till 01 May 2011 actual market value prevailing in the area was taken for fixing lease rent. As per GO dated 02 May 2011, double the fair value of the adjacent land should be taken as the market value. Audit noticed that no effective system existed in the Department to work out arrears of lease rent periodically, demand it from the lessee, realise the arrears with interest and credit it to government account and to take action against defaulters.

As per the lease list maintained by the Commissioner of Land Revenue, ₹ 60.18 crore was the arrear of lease rent in respect of 4,746 cases as on 31 March 2013. Audit test checked 1,084 files relating to government land on lease under RALMCA maintained in sixteen offices in seven districts. Out of this details of lease rent were available only in 121 cases. Test check showed that lease rent to the tune of ₹ 176.69 crore and interest thereon were realisable from the 121 entities. Extent of land involved in above cases was 126.30 Ha. (Annexure V) with a market value of ₹ 875.22 crore. Cross verification of 121 cases (Annexure V) with the lease list maintained by the Commissioner of Land Revenue showed that in 44 cases arrears were not worked out and in another 41 cases the updation of the arrears was pending due to non-revision of lease or lease rent. Audit could not work out the arrears due from remaining 963 cases in the absence of sufficient details.

On this being pointed out, the Principal Secretary to Government, R&DM Department admitting the views of Audit stated during the exit conference (January 2014) that major portion of the lease rent arrears were pertaining to private entities. As the lease rent arrears are around ₹ 500 crore, the matter was brought to the notice of the Cabinet. A onetime settlement scheme would be proposed to settle the arrears. Further report has not been received (May 2014).

2.7.6.2 Failure to revise fair value and consequent short levy of lease rent

Under Rule 12(5) of RALMCA, 1995 the lease rent leviable in urban area varies from two to ten *per cent per annum* of the market value. Hence the lease rent was fixed considering the market value prevailing in the locality of the land leased out. Consequent on fixing the fair value of land in the State from 01 April 2010, Government fixed[17] market value as double the fair value for determining lease rent. Audit found that due to adoption of new method in many cases the actual market value exceeded double the fair value. As fair value is not being revised periodically, relying on fair value for fixing the market value would affect the revenue of the State as detailed in instances below:

Sl. No.	Name of lessee	Area (Are)	Market value per Are for 2010-11 (₹)	Fair value per Are (₹)	Market value per Are based on fair value (₹)	Difference (₹)	Rate of lease rent (%)	Loss in rent per year (₹)	Year	Total loss (₹)
1	M/s Indian Airlines, Thiruvanan-thapuram	8.09	22,23,900	4,50,000	9,00,000	13,23,900	5	5,35,517	2011-12 2012-13	10,71,035
2	KTDC, Thiruvanan-thapuram	2.02	19,76,800	5,00,000	10,00,000	9,76,800	5	98,657	2012-13	98,657
3	All India Radio, Thiruvanan-thapuram	107.24	17,81,808	4,50,000	9,00,000	8,81,808	2	18,91,302	2011-12, 2012-13	37,82,604
									Total	**49,52,296**

[17] GO (MS) No. 174/2011/Rev dated 02 May 2011.

On this being pointed out the Principal Secretary to Government, R&DM department stated during the exit meeting (January 2014) that the revision of fair value would be taken up to avoid loss of lease rent due to non-revision. Further report has not been received (May 2014).

2.7.6.3 Failure to collect lease rent arrears from entities whose land was resumed/lease terminated

Under Rule 17 of RALMCA 1995, government land given on lease having lease rent arrears can be resumed to Government. In such cases, revenue recovery procedures are to be initiated for collecting lease rent on land.

However, a scrutiny of files and registers connected with lease, maintained in the *Taluk* Office/Collectorate, Thiruvananthapuram revealed that arrears of lease rent amounting to ₹ 65.15 crore was not collected though land has already been resumed. Details of such cases are given in Annexure VI.

In one case alone, the golf club (Sl. No.1 of Annexure VI), though the land measuring 10.53 Ha. was given on lease by the Government in 2010, lease rent arrears of ₹ 63.70 crore (1995 to 2010) has not been realised. District Collector stated that as per government instructions, arrears was not realised as it was a case of license and not lease. This argument is not acceptable since all cases of assignments, whether on lease or license, in urban areas are governed by RALMCA, 1995[18] and hence arrears were recoverable through revenue recovery procedure.

On this being pointed out the Principal Secretary to Government, R&DM department stated during the exit meeting (January 2014) that onetime settlement would be introduced for the clearance of arrears. Further report has not been received (May 2014).

2.7.6.4 Defective calculation of lease rent

In Kozhikode *Taluk*, scrutiny of lease files/registers revealed that 6.07 Are of land belonging to Police Department in Kasaba village of Kozhikode *Taluk* was leased to Kerala State Civil Supplies Corporation (KSCSC) for a period of 20 years for setting up of a petrol bunk by Bharat Petroleum Corporation Ltd. as per sanction order dated 09 January 1991.

On request of the Police Department in 1990-92 to release 1.92 Are of land out of the 6.07 Are, the above sanction was cancelled. KSCSC continued to possess the entire land. The lease rent was being collected from the KSCSC from 1992-93 for 4.15 Are only. The Village officer, Kasaba reported to *Tahsildar*, Kozhikode that the KSCSC actually possessed/enjoyed an extent of 6.47 Are of land. But no action was taken to collect lease rent on the actual area of land under possession of KSCSC. This resulted in short collection of lease rent of ₹ 0.46 crore[19].

This was pointed out to Government in November 2013. Government failed to reply on the point raised by Audit.

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[18] GO (P) 566/95/Rev dated 13 November 1995 (Rule 12 (1)).

[19] Total lease rent due from 01 April 1992 to 31 March 2013 ₹ 0.49 crore – lease rent paid ₹ 0.03 crore = ₹ 0.46 crore.

2.7.6.5 Write off of arrears in violation of provisions of RALMCA, 1995

While test checking lease cases with outstanding arrears of lease rent in *Taluk* Offices/Collectorates it was noticed that in 27 cases involving 71.56 Ha. of land, lease rent arrears of ₹ 60.78 crore (Annexure VII) were written off. Out of this, ₹ 44.42 crore related to 19 private entities. The other beneficiaries were government sponsored commercial undertakings and autonomous bodies.

As mode of dealing with non-payment or non-renewal have been clearly spelt out in the Rules, the action of writing off was not in order. The private entities who had already violated lease conditions and defaulted gained at the cost of revenue of the State.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.6.6 Undue favour to Institution of Engineers (India), Kerala

Government land measuring 40.46 Are in Survey number 90 of Thycaud Village, Thiruvananthapuram *Taluk* was leased to Institution of Engineers (India), Kerala, a professional body of engineers, in 1957. Out of this, 18.21 Are was resumed subsequently in October 2009. With coming into force of RALMCA, 1995 lessee was categorised as commercial and lease rent was fixed as 20 *per cent* of market value. But lessee neither renewed the lease nor paid the lease rent arrears. In 2001, Government initiated action for resumption of land and show cause notice was sent to the lessee.

In this connection, Audit noticed the following

- The lessee is using the land for commercial purpose. The building in the land is rented out for meetings, exhibitions etc. Public interest was not served by reduction/write off of lease rent arrears and reduction in the rate of lease rent.
- The rate of lease rent was reduced from 20 *per cent per annum* of market price to ₹ 1,000 for one Cent in June 2011 and to ₹ 100 for one Cent in September 2012.
- Lease rent arrears was reduced from ₹ 4.17 crore to ₹ 1.36 crore in January 2010, but the lessee paid ₹ 0.34 crore only.
- Out of the balance amount of ₹ 1.02 crore, ₹ 0.76 crore was written off. Yet the lessee did not pay the balance of ₹ 0.26 crore.

On this being pointed out the Principal Secretary to Government, R&DM department stated during the exit meeting (January 2014) that action would be taken to resume the land if they are not utilising the land for the purpose for which it was leased out. Further report has not been received (May 2014).

2.7.6.7 Application of incorrect rate of lease rent

Rule 12(5) of RALMCA, 1995 stipulates the lease rent at various rates from two to ten *per cent*. On lease of land to public sector institutions for commercial purposes rent leviable is fixed at five *per cent*. But in the

following cases lease rent was levied at two *per cent* instead of five *per cent* resulting in loss of ₹ 4.18 crore.

Sl. No.	Name of lessee	Area of land (Are)	Rate of lease rent charged	Rate of lease rent chargeable	Short recovery (₹ in crore)
1	All India Radio, Thiruvananthapuram	107.24	2 *per cent*	5 *per cent*	3.22[20]
2	State Bank of Travancore, Thiruvananthapuram	23.37	2 *per cent*	5 *per cent*	0.96[21]
Total					**4.18**

Further, in case of Sl. No. 2 above, as per lease agreement, second floor of the building was to be leased out to Government on completion. The Government was to pay rent to the lessee at the rate fixed by PWD for this floor. The Bank did not execute any agreement with Government. PWD fixed monthly rent of ₹ 3,752 per month. At this rate, rent payable by Government from 1986 to 2006 worked out to ₹ 0.09 crore. Instead of adjusting this amount towards lease rent payable to Government as per terms of lease agreement, Government allowed a reduction of ₹ 1.04 crore in the lease rent payable by the lessee. Further, as per Cabinet decision reduction of two *per cent* was allowed till 2006. According to this decision the entity had to remit base rent at three *per cent* upto 2006 and upto five *per cent* thereafter. But the Bank is remitting lease rent only at two *per cent* even after 2006. No action has been taken to realise short remittance of lease rent (November 2013).

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.7 Incorrect assignments on registry

As per Rule 13 of the KLA Rules 1964 and Rule 12 (1) of RALMCA, 1995 government land may be assigned by government or any prescribed authority either absolutely or subject to conditions prescribed. Government lands which are not immediately required for government or public purposes may be leased out for temporary purposes. Under Rule 21(ii) of RALMCA, 1995, Government have special powers to assign land (lease/transfer of registry) on public interest subject to such terms and conditions, if any, as may be imposed. The transfer on registry (i.e. ownership) is governed by Rule 5 of RALMCA, 1995. Before transfer of ownership, lease rent outstanding shall be recovered under Rule 5(2) of RALMCA, 1995. Government vide GO (MS) No. 230/2011/RD dated 27 July 2011 has clarified that land assignment on registry would be only to the landless and for self housing

Audit found that ownership of 83.41 Ha. of government land was transferred (transfer on registry) by special orders violating the basic principles of these rules and various court orders. Total benefits to entities including the value of land and lease rent dues written off amounted to ₹ 630.01 crore as brought out in the table below and detailed in subsequent paras.

[20] Calculated on market value prevailed during the period from 20.07.1979 to 31.03.2013.
[21] Calculated on market value prevailed during the period from 2006-07 to 2012-13.

(₹ in crore)

Sl. No.	Category	Area of land assigned (in Hectare)	Total benefits
1	Educational institutions (8 numbers) (Annexure VIII)	70.42	596.59
2	Non educational entities (5 numbers) (Annexure IX)	12.99	33.42
	Total	**83.41**	**630.01**

2.7.7.1 Educational institutions

During the period covered in audit 70.42 Ha. of government land was ordered to be assigned to eight aided colleges (Annexure VIII) owned by private managements at a cost of ₹ 0.15 crore. As per GO(MS) No. 174/2011/RD dated 2 May 2011, market value of the land is to be taken as double the fair value. Based on this, the market value of the above land comes to ₹ 559.89 crore[22]. Titles were issued in respect of five colleges and in case of the remaining three it is being issued.

These assignments were made on the basis of a common Government Order[23] and then separate special orders were issued for each entity based on that.

Audit found the following issues in these cases.

- These institutions defaulted in paying lease rent and accumulated arrears of lease rent amounting to ₹ 36.84 crore upto March 2013.
- Instead of collecting the arrears, they were written off. However to reduce the monetary impact of write off, the lease rent was reduced with retrospective effect in all cases.
- The common order was meant for aided[24] educational institutions providing free education where salary expenditure of staff was met by the government. However, most of such institutions conduct self-financing courses – which were run by collecting fees from students.
- The assignments on registry were made without considering the purpose and extent of land assignable. The fact whether the assigned land was absolutely necessary for the requirements of the entity was not assessed while assigning the land; rather, the entire land occupied by the entity was assigned.
- In these eight cases no additional public interest was achieved by assigning the land on registry since the land was already under their possession on lease.

2.7.7.2 Non-Educational entities

Land to the extent of 12.99 Ha. having market value (based on Government order dated 2 May 2011) of ₹ 32.83 crore (Annexure IX) was ordered to be

22 Excluding lease rent arrears written off.
23 GO (MS) No. 201/2005/Rev dated 18 June 2005.
24 In Kerala educational institutions fall under three categories – Government, aided and unaided. Aided institutions are almost like Government. Salary of staff is given by Government but the infrastructure facilities are provided by the Management.

assigned to five entities either free of cost or by paying nominal value of ₹ 100 for one cent of land on the basis of separate Government orders. Out of these, three entities were on encroachment of government land.

Scrutiny of Government files/GOs revealed the following defects.

- Land measuring 10.12 Ha. in Teekoy village, Kottayam district vested with Government as excess land was set apart for public purpose. This land which should have been distributed among landless under the KLR Act 1963, was assigned to an organisation[25] through an executive order. Application for assignment was for 3 Ha. against which land assigned was 10.12 Ha. This was not in consultation with Finance Department as required by Rules of Business issued by Government of Kerala. In case of DFA, Thiruvananthapuram (Sl. No. 1 of Annexure IX) as against three cents of land advised by the Finance Department, actual assignment was 5.46 Are. Nature of the organisation was not ascertainable from the records connected with assignment.
- In the case of SNDP Yogam, Kollam the assignment was made over ruling the objection raised by Additional Chief Secretary (Revenue) pointing out the Supreme Court judgement restricting assignment of Government land to religious organisations and the objections of Law and Finance Departments regarding assignment of land to encroachers. The assignment was made by State Government only on the reason that the land was in the possession of the entity from 1995.
- Out of the cases mentioned in Annexure IX, three entities were on encroached government land which called for action under KLC Act, 1957 and Rules there under described in the subsequent para.

Audit found that in none of the offices, there existed a system to ensure that after assignment of government land, the conditions of assignment are complied with.

The above cases were pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.8 Encroachments of Government land

The KLC Act 1957 and KLC Rules 1958 were enacted to check unauthorised occupation of government lands and allied subjects. According to Section 5 of the Act, it shall not be lawful for any person to occupy a land which is the property of government, without permission from the government. Encroachments can be considered as direct and indirect.

- Direct - Occupy the property of government unlawfully
- Indirect - Occupy without renewal of lease and cases of violations of lease conditions which are deemed to be an encroachment.

Section 7 (a) of KLC Act 1957 stipulates imprisonment and fine as punishment for unauthorised occupation of government land. Officials

[25] SN Trust, Kollam/SNDP Yogam Meenachil (Annexure IX).

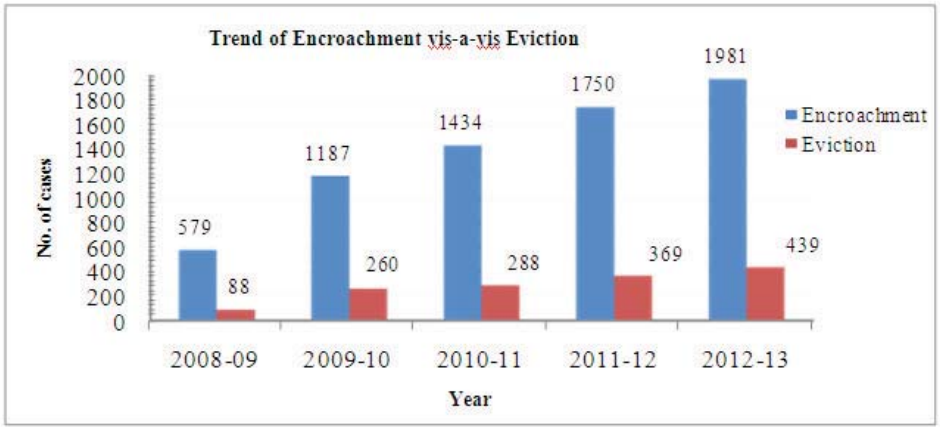
concerned who do not initiate action or fails to report encroachment are also liable for imprisonment and fine as per Section 7 (c).

Direct encroachment

Encroachment is detected through inspections, information/complaints received from public and through media reports. Out of seven districts audited, in six districts there were 2,924 cases (as on March 2013) of encroachments detected on record. In Thrissur district there was no evidence on record to show that the procedure is being followed.

In six districts, land measuring 283.48 Ha. (2,924 cases) was illegally occupied. Of these, encroachment of water courses was 52.42 Ha. in 477 cases.

During the period covered in audit 1,981 encroachment cases involving 118.53 Ha. was booked. Out of these in 439 cases (22 *per cent*) involving 41.57 Ha. encroachments were evicted and land was taken back. Encroachment of government land *vis-a vis*- eviction showed an upward trend as shown below.



2.7.8.1 Encroachment of a canal

Canoly Canal is a waterway flowing through four *Taluks* of Thrissur District touching two municipalities and 20 *Grama panchayats*. Considering the importance of the Canal it has been made a part of the National Waterway Grid Project (2007) proposed to be implemented with the financial assistance of Twelfth Finance Commission.

A considerable portion of the canal is under encroachment[26]. Though survey for demarcation of the canal was completed in 2010, the demarcation was not done due to non-availability of boundary stones/inadequacy of funds. As per the data supplied, encroachment comes to 17.97 Ha. in 832 cases in Thrissur district alone. Encroachment of the canal has been brought to the notice of district authorities by individuals, organisations, *grama panchayats* and even by the State Human Rights Commission. As no effective action has been taken till date to demarcate the land and evict the illegal occupants, the state waterway remains unimplemented.

[26] Encroachment is in the banks and also by way of filling in the canal.

On this being pointed out (November 2013) Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.8.2 Suspected alienation of leased out land by the lessees

Scrutiny of records connected with lease revealed that there was shortage in the area of land held by the lessees with reference to the actual area leased out to them. This indicated illegal alienation of part of the leased out land by the lessees. Some instances of suspected alienation of government land on lease were noticed in audit which can be considered as encroachment as below:

Sl. No	Present/Former Lessee	Area as per original lease (Are)	Area found (Are)	Shortage (Are)	Shortage found on	Land value (₹ in crore)
1	Golf Club, Thiruvananthapuram	1,053.42	1,027.11	26.31	Resumption	3.09
2	MG College, Thiruvananthapuram	1,822.23	1,738.56	83.67	Assignment	7.54
3	NSS College for Women, Thiruvananthapuram	1,231.89	1,035.66	196.23	Assignment	15.70
4	District Football Association. (DFA) Thiruvananthapuram	8.09	7.67	0.42	Assignment	0.13
5	Ex Servicemen's Co Op Wood Industries Ltd, Thiruvananthapuram	32.37	29.78	2.59	Inspection	0.58
6	Indian Institute of Diabetes, Thiruvananthapuram	741.95	645.28	96.67	Report of the Secretary, H&FW Dept	4.83
		4,889.95	**4,484.06**	**405.89**		**31.87**

The above instances showed that the Department had no system for monitoring the utilisation of land during post lease period.

2.7.8.3 Failure to resume land under unauthorised possession of M/s Harrison Malayalam Ltd.

M/s Harrison Malayalam Ltd. (HML) got land on lease from government, Devaswoms and private parties. Now they are in possession of about 24,281.67 Ha. of land spread over in eight[27] districts.

High Level Committee constituted by Government found[28] that the title of the assignee on the property under possession was suspicious. It was legally advised[29] to evict the HML from government land. A special team headed by the Assistant Commissioner (LA) in the Land Revenue Commissionerate, was constituted by Government to enquire into the titleship claim of the lands held by HML. The report submitted (January 2010) by the team contained a comprehensive account of the land dealings of HML, total land under their illegal occupation, the violations of law resorted to by them including tax

[27] Ernakulam, Idukki, Kollam, Kottayam, Kozhikode, Pathanamthitta, Thrissur and Wayanad.

[28] Committee constituted under Dr. Niveditha P Haran, Principal Secretary (Revenue) in their Report (September 2007).

[29] Justice L Manoharan, former judge of Hon'ble High Court of Kerala appointed by Government.

evasions and many other lapses. Among other things the major conclusions of the team were:

- 16,582.69 Ha. of land taken on lease from Devaswoms and individuals and retained as private lease by HML should be resumed to Government;
- 6,388.64 Ha. received as assignment should be taken over by government as escheat land;
- Plantation tax amounting crores of rupees were lost to Government;
- Not even a single cent of land from 3,554.82 Ha. ordered to be taken over under provisional assessment and 746.75 Ha. ordered to be taken over under final assessment by the Vythiri *Taluk* Land Board in 1978 has been resumed;
- Transfer of 4,049.19 Ha. of land resorted to by HML was invalid by virtue of the provisions of Foreign Exchange Regulation Act, Kerala Land Reforms Act, Kerala Transfer of Registry Act etc.,

The Report recommended action to :

- resume the land under the possession of HML and
- fix responsibility on the officers concerned.

Scrutiny of files revealed that no follow up action was taken by the R&DM department, till January 2014.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

Indirect/deemed encroachment

Rule 14 of the RALMCA, 1995 states that land held on lease shall not be alienable[30]. As per Rule 12 (1), leased land shall not be used for any purpose other than that mentioned in the order. Cases violating lease conditions which were noticed in audit are given below.

A few cases of deemed encroachments (cases in which lease conditions were violated) of government land by institutions, noticed by Audit are given below:

Sl. No.	Entity encroached	*Taluk*/Village	Area (Are)	Violation	Land value (₹ in crore)
1	Banerjee Memorial Club	Thrissur/ Thrissur	26.15	Unauthorised occupation. Cases of encroachment of government land are pending with Hon'ble High Court of Kerala since 2008. Counter was not filed and was adjourned 17 times.	32.30
2	Clare Jyothy Convent	Thrissur/ Pananchery	52.62 29.96	Unauthorised occupation of land originally given on lease to one Konar Encroached land	0.25

[30] Alienation includes sale, gift, bequest under will, mortgage, hypothecation, or lease as per Rule 2(a) under any circumstances.

Sl. No.	Entity encroached	*Taluk*/Village	Area (Are)	Violation	Land value (₹ in crore)
3	KTDC	Kanayannur/ Ernakulam	585.59	Lease not renewed after expiry. Encroachment not evicted	146.34
4	SNDP Yogam	Kollam/ Mundackal	2.32	Encroached government land	0.32
5	S N Trust	Kollam/ Vadakkevila	126.62	Encroached government land	17.73
6	Davis & Lissy	Mukundapuram/ Meloor	72.03	Illegal transfer. Land under lease to one Kandan Koran & Omala	0.36
Total			**895.29**		**197.30**

Department has not initiated any action against the encroachers till date (May 2014).

2.7.8.4 Violations of lease conditions

- Scrutiny of lease files in *Taluk* office, Thiruvananthapuram showed that 28.73 Are of government land in Thiruvananthapuram was leased out to Nair Service Society for 99 years in 1937 to construct its headquarters building. The lease rent fixed was ₹ 18 *per annum.*

  Instead of the specified purpose, the lessee subsequently constructed a Women's Hostel on the land with 75 *per cent* assistance from Government of India. A portion of the building has been given on rent to a State Government office in April 1992 at a rent of ₹ 22,500 per month. The government had received a paltry sum of ₹ 378 (₹ 18 x 21 years from 1992 to 2013) towards lease rent (for land worth ₹ 14.37 crore) while an amount of ₹ 0.57 crore was paid by the government to the lessee between 1992 to 2013 towards building rent for the portion of the building occupied by the Government.

  Consequent on introduction of RALMCA 1995, revised lease rent at higher rate was demanded from the lessee on 02 May 2007. Based on the request made by the lessee to the Government on 02 February 2010, the Government permitted[31] the lessee to pay lease rent at the old rate of ₹ 18 *per annum* instead of 20 *per cent*/10 *per cent* of the market value of the land *per annum*.

- An area of 192.50 Are land in Thrissur *Taluk* kept for public purpose was given on lease to Kerala Cancer Society, Thrissur in 1982 for development of Amala Cancer Hospital and Research Centre. The market value of 192.50 Are of Government land under the possession of the lessee was ₹ 9.63 crore as on March 2013. Though the lease was for five years, lease has not been renewed. Thereafter the lessee constructed a building and let out to BSNL and a scheduled bank. While the lessee did not pay any lease rent to the Government, it collected rent of ₹ 0.09 crore from BSNL.

No action for resumption of leased out land has been taken by Government.

[31] GO(MS)No. 92/2012/Rev dated 03 March 2012.

2.7.8.5 Alienation and sale of leased government land

Instances of sale of land on lease and inaction to resume the land had also been noticed in audit. Some such instances are given below:

- An area of 06.48 Are of government land in Survey No. 552/2 of Fort Kochi Village was under lease to one P S Dayanandan, as per the order of Revenue Divisional Officer, Fort Kochi dated 31 May 1959. As the land was alienated through sale by the lessee, the lease was terminated w.e.f 1959 vide order issued in 1963. But the alienated land was not taken back. This being deemed encroachment, should have been dealt with under Kerala Land Conservancy Act, 1957. Even though the *Tahsildar* proposed resumption of the land, it did not materialise in the absence of any favourable response from the Government/Department and the land changed hands many times. The market value of alienated land when calculated at "double the fair value" would come to ₹ 2.85 crore. Government also could not collect the arrear lease rent of ₹ 1.32 crore for the period from 1995 to 2013 for the above land.

  No records regarding the present occupant of the land were available in the department.

- Government land of 12.55 Are in Fort Kochi Village was allotted to one Mayinkutty in 1959. Subsequently, he transferred the lease right to another person who mortgaged the property to Cochin Nair Bank. Later the Bank took possession of the property as the loanee failed to remit the loan. Consequent on the amalgamation of Cochin Nair Bank with the State Bank of Travancore (SBT), the property rested with SBT.

  Later, in December 2001 SBT, through an Indenture of transfer of lease, transferred the land to M/s Hindustan Shipping Company (Deed No. 5117/1/01) for a consideration of ₹ 0.08 crore. In the Schedule attached to the Deed, the property has been mentioned as 'lease from Government'. The company further transferred the property in 2004 for a consideration of ₹ 15 lakh. In the Schedule of this Deed also the property has been mentioned as 'lease from Government'. Government also could not collect the arrear lease rent of ₹ 2.46 crore for the period from 1995 to 2013 for the land.

  The Department was sending notices to the present occupants of the land. As there is no lease agreement between the Government and the present occupant, subsequent possession by other occupant should be treated as deemed encroachers and dealt with accordingly.

  Land value when calculated at "double the fair value" comes to ₹ 5.52 crore.

  The above two instances show alienation of 19.03 Are of government land. The lands changed hands many times and the R&DM department failed to take any action to protect the land or resume the same. Moreover, the lands were registered by the Sub Registrar (SR), Fort Kochi fully knowing that the lands belong to Government. This resulted in loss of land valuing ₹ 8.37 crore to the State, apart from non-recovery of lease rent of ₹ 3.78 crore.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.9 Internal Control

Effective internal controls are essential for timely detection of weaknesses in the system and resultant deficiencies/defects and their rectification. Audit noticed the following deficiencies/defects which were indication of weakness in the internal control mechanism existing in the Department.

2.7.9.1 Failure to vacate court stay and non-realisation of arrears and security deposit

An extent of 3,434.03 Are (now reduced to 1,408.94 Are) of government revenue land at Muringoor Thekkumuri village of Mukundapuram *taluk* was leased out to Jamuna Threads Ltd.[32] for 99 years with effect from 10 October 1950. The lease rent has been fixed by Government from time to time. Lease rent arrear as on 25 November 2009 was ₹ 18.69 crore. Against this demand, the lessee approached the Hon'ble High Court of Kerala vide WPC 36019/2009 and the Court granted indefinite stay on 18 August 2010 for realising the arrears. On the basis of available data, the lease rent arrears as on 31 March 2013 was ₹ 30.34 crore. Even after three years, action has not been taken to vacate the stay order and to realise the dues. It was also found that Security deposit[33] amounting to ₹ 3.48 crore also has not been collected. The department did not have an effective mechanism to monitor the stay cases, to take timely action to get the stay vacated and check the adherence to provisions of the Acts and Rules by the lessee.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.9.2 Failure to frame rules and consequent loss of revenue

In the erstwhile princely state of Cochin, land was given on ground rent under the Cochin Land Revenue Manual. The ground rent charged varied from ₹ 0.25 to ₹ 64 per plot. At present there are 138 such cases in Kanayannur *taluk* and 237 cases in Kochi *taluk* involving nine hectares of land having a market value of ₹ 899.10 crore.

Government ordered (GO (MS) No.227/97/RD dated 1 April 1997) to revise rent to two *per cent* to 10 *per cent* of the market value as stipulated under the RALMCA, 1995, with effect from 1 April 1997, ignoring the fact that the above lands did not come under this Act.

In its judgment dated 28 June 2002 while disposing OP 28189/99 filed by one Navaneethlal and others against the above revision, the Hon'ble High Court of Kerala has ruled in favour of the Petitioners. Subsequently, other affected parties also approached the Court and obtained favourable orders. Thus the

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[32] Name changed as Coats Viyella India Ltd., Vaigai Threads etc.

[33] An amount equal to one year's rent as security to be deposited with the Government in advance under Rule 18(2) of KLAR 1964.

effort of the R&DM department to realise rent from those persons possessing government land under ground rent became futile.

It is noticed that the order of Hon'ble Court was against revision in accordance with RALMCA, 1995. On the other hand, the Court has given permission to the Department to revise rates in accordance with the Patta conditions and land usage.

In the light of the judgment of the Hon'ble Court, the Department amended (2009) the relevant provisions in the RALMCA 1995 incorporating all land given under ground rent also under the same Rule. However, the rates have not been fixed till date. The proposal for fixing rates (without proposing rates) with draft amendment submitted by the District Collector, Ernakulam in 2007 is pending with the Land Revenue Commissioner.

Thus the occupants of this nine hectare of land are paying a nominal ground rent prescribed in Cochin Land Revenue Manual. The failure to fix/revise rent on land given on ground rent resulted in recurring loss of revenue.

Had the internal control mechanism of the department was strong enough to identify the lapse in the Act/Rule timely, action could have been taken for necessary amendments so as to bring the land on ground rent also under the purview of RALMCA, 1995.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.9.3 Continuance of lease under repealed rules

Government land was leased out as *Kuthakappattom* governed by the Travancore-Cochin Land Assignment Act, 1950. However it was repealed with the enactment of KLA Act, 1960. Thus all assignments should be regulated under it and had to be revised and brought under the KLA Act, 1960. In its Circulars dated 01 February 1991 and 28 March 1996 the Board of Revenue had also issued instructions to revise all old leases under the KLA Act, 1960.

Audit test checked 1,159 *Kuthakappattom* cases involving 484.68 Ha. in three *Taluks* and found that in none of the cases, the lease was revised. In addition, the following deficiencies were also noticed:

Sl. No.	*Taluk*	Cases	Area (Ha)	Deficiency
1	Neyyattinkara	113	Not available	The cases are not identifiable as the addresses of the lessees and details of resurvey numbers are not available.
2	Pathanapuram and Ambalapuzha	453	Not available	The lease files or records are not available.
3	Ambalapuzha	364	Not available	Date of expiry of lease period is not available in the Department. Lease details were not available.
4	Ambalapuzha	403	Not available	These cases have not been renewed under any Rule. In eleven cases notice for renewal was issued. No follow up action has been taken.

5	Pathanapuram and Ambalapuzha	382	45.71	Leased lands could not be identified by the Department. The fair value of 95 cases in Pathanapuram *Taluk* works out to ₹ 3.58 crore.
6	Pathanapuram and Ambalapuzha	27	Pathanapuram - 0.40. Ambalapuzha- not known	Government land was mutated in favour of others. The fair value in respect of eleven cases in Pathanapuram Taluk works out to ₹ 0.11 crore.

Department did not take any effective action to identify the above land cases and either to renew the lease or to terminate the *kuthakappattom* and resume the land. This shows the weakness in internal control mechanism in the Department.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.9.4 Non-resumption of leased land despite Government Orders

In Thiruvananthapuram *Taluk* an area of 31.57 Are of land leased out worth ₹ 11.45 crore were not resumed in two cases despite cancellation of lease and Government order to resume land.

Name of lessee	Village	Area(in Are)	Land Value (₹ in crore)	Remarks
Pettah Vanitha Club	Vanchiyoor	11.74	1.53	Government vide letter No. 68279/2008/ Rev dated 06 July 2011 ordered to resume the land due to violation of lease conditions.
Annadana fund (Vanchi Poor Fund)	Vanchiyoor	19.83	9.92	Vide GO (MS) No 186/2010/Rev dated 25 May 2010, Government accorded sanction for write off of land revenue arrears upto 31 March 2008 amounting to ₹ 1.31 crore and ordered to resume land.
Total		**31.57**	**11.45**	

Department did not take effective action to resume the land in the above cases.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.9.5 Failure to comply with directions/judgments of Courts

While disposing OP/WP the Hon'ble Court gave specific directions to government regarding the action to be taken. During the course of audit it has been observed that the directives issued by Courts were not complied with in seven cases resulting in blocking up of revenue in the case of 2.67 Ha. of land worth ₹ 40.62 crore as shown below.

Sl. No.	Name of lessee & Village	*Taluk*	Extent of land (in Are)	Land value (₹ in crore)	Direction of court
1	City Theatres (P) Ltd, Thycaud	Thiruvana-nthapuram	3.27	1.18	Court ordered (November 2008) that final orders on the petition on revision of lease rent shall be issued within two weeks. Revision petition has not been disposed off (October 2013).
2	Sri Mulam Club, Sasthamangalam	Thiruvana-nthapuram	44.52	16.50	Court ordered (May 2010) that before effecting RR, opportunity of being heard shall be offered to the petitioner and final orders shall be issued as expeditiously as possible. The case is still pending (October 2013).
3	Young Men's Christian Association (YMCA), Kollam East	Kollam	34.34	6.87	Court ordered (February 2010) that Government shall take decision to the petition for revision within a period of three months. Decision on the revision petition has not been taken (October 2013).
4	Majeedia Free Night School, Mundakkal	Kollam	18.62	2.98	High Court directed (January 2006) the District Collector to dispose off the application by the lessee for the issuance of patta. But the lessee neither remitted the market value nor the lease rent till date. As per the reply of DC the land has not yet been resumed (October 2013).
5	Mc Dowel Co (P) Ltd, Kokkothamangalam	Cherthala	109.00	0.73	The lease rent of the assignee for 1999-2000 was revised[34] from ₹ 332 *per annum* (fixed in 1958) to ₹ 6,45,912 by *Tahsildar*. Hon'ble High Court of Kerala while disposing OP filed by the assignee directed (June 2006) that, appellate authority should pass appropriate order within four months upto which stay was allowed. The assignee filed (August 2006) appeal before RDO which was disposed of only in March 2012, after six years. Neither the lease was revised nor any demand notice issued so far.
6	Alexander.J Anthrapper, Vayalar East	Cherthala	16.19	0.10	DC revised[35] the lease rent in accordance with RALMCA 1995, and fixed lease rent at ₹ 80,131 *per annum* against which the lessee filed OP No. 31590/99 before the Hon'ble HC. The Court directed (October 2008) the DC to issue fresh notice and pass order fixing annual lease rent within six weeks. This has not been complied with.
7	Mannam Memorial National Club, Vanchiyoor	Thiruvanan thapuram	40.87	12.26	Court ordered (November 2010) that final orders on application for revision of lease shall be passed within two months. However, petition is still pending before Government (October 2013).
	Total		**266.81**	**40.62**	

[34] Order No. KP 6828/68 dated 17 February 1999.
[35] Order No. 23509/99/C1 dated 7 July 1999.

Inordinate delay was noticed in above cases to comply with the directions of court by the Department.

This was pointed out to Government in November 2013. Government accepted the views of Audit and agreed to look in to the matter. Further report has not been received (May 2014).

2.7.10 Impact

The financial impact of the observations made in the chapter is ₹ 1,077.74 crore as given below.

Sl. No.	Para No.	Reference	Area of land involved (in Ha.)	Amount (₹ in crore)
1	2.7.5.2	Failure of the Government to renew lease	10.28	20.49
2	2.7.6.1	Arrears of lease rent	126.30	176.69
3	2.7.6.2	Failure to revise fair value and consequent short levy of lease rent	1.17	0.50
4	2.7.6.3	Failure to collect lease rent arrears from entities whose land was resumed/lease terminated	23.32	65.15
5	2.7.6.4	Defective calculation of lease rent	0.02	0.46
6	2.7.6.5	Write off of arrears in violation of provisions of RALMCA, 1995	71.56	60.78
7	2.7.6.6	Undue favour to Institution of Engineers (India) Kerala	0.22	1.02
8	2.7.6.7	Application of incorrect rate of lease rent	1.31	4.18
9	2.7.7	Incorrect assignments on registry	83.41	630.01
10	2.7.8.2	Suspected alienation of leased out land by the lessees	4.06	31.87
11	2.7.8.5	Alienation and sale of leased government land	0.19	12.15
12	2.7.9.1	Failure to vacate court stay and non realisation of arrears and security deposit	14.09	33.82
13	2.7.9.5	Failure to comply with directions/ judgements of Courts	2.67	40.62
	Total		**338.60**	**1,077.74**

2.7.11 Conclusion

Audit arrived at the following conclusions.

- Government/Department failed to implement its own land management policies declared in 1994/2011. It could not generate considerable revenue by deploying land as a revenue earning resource. There existed no system for timely renewal of leases, revision of lease rent and to realise the lease rent arrears properly.
- The Department was not monitoring the identification and inventorisation of government land so as to complete it in a time bound manner even after five years of the formation of Kerala State Land Bank.

- There existed no system for timely detection of violations of lease conditions by the lessees and to resume the leased out land in cases of violations of lease conditions.
- No additional public interest had been achieved by assigning the Government lands which were under lease at very nominal value to educational and non educational institutions. There existed no specific policy to deal with encroachers. Instead land was assigned to encroachers also.
- There existed no streamlined procedures for renewal of lease, realisation of outstanding lease rent, invoking penalty process under Section 7 of KLC Act, effective monitoring of collection of lease rent etc.
- Write off of lease rent arrears was made in favour of private entities, who had violated lease conditions.
- There existed no system for periodical verification of assigned or leased government land to ascertain post registry/lease violations which resulted in alienation being unnoticed/unreported for years together and action not being taken to recover/resume government land under suspected alienation.
- There was undue delay in issuing orders on proposals to resume government land from lessees who violated lease conditions or time expired leases.
- Encroachment of government lands was showing an upward trend. Effective and prompt action was not taken on encroachment cases. Assignment of encroached land without resumption of the land has potential to have cascading effect.
- There was assignment of government land without ensuring its requirement when sufficient land is scarce for public purposes.
- Government revenue suffered due to delay in fixing lease rent, renewal of lease rent rate, non framing of rules, non revision of fair value, continuance of lease under repealed rules etc.

2.7.12 Recommendations

Audit recommends for

- taking steps for effective implementation of the land management policy so as to generate maximum revenue to Government since the supply/availability of land is very limited.
- identifying and inventorising all government lands on a war footing by surveying and demarcating the land. This may be done by fixing a target date.
- prescribing and maintaining a register in the *Taluk*/District/Division level for noting the details of the lease such as order number, area under lease, name of the lessee, date of expiry of lease, periodical renewal details and demand, collection and balance of lease rent etc.

in respect of each lease. The register should be updated and reviewed periodically at District level.

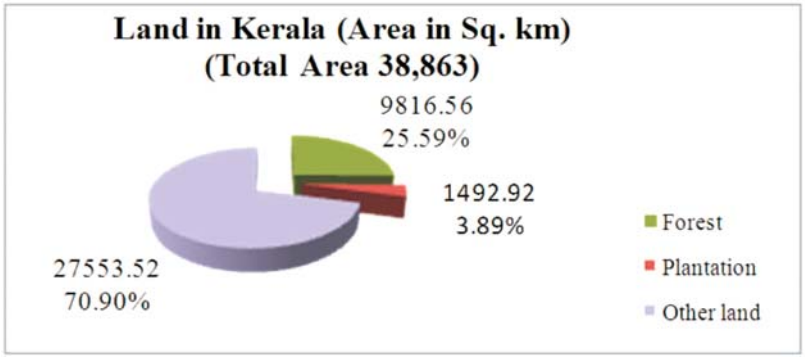
- developing a mechanism to fix lease rent and renew the lease within the time period stipulated in Act/Rules. Fix a mechanism to revise fair value of land at frequent intervals.
- prescribing a heavy fine and punitive action against those who violate lease conditions. Initiate effective action against encroachment and prompt implementation of provisions of KLCA.
- fixing conditions for assignment of land on registry. Put in place a reporting system from village level to Commissioner of Land Revenue level for monthly reporting of lease cases such as total cases, time expired cases, demand, collection and balance of lease rent, resumed cases under resumption procedure etc.

Chapter-III
Management of Forest land

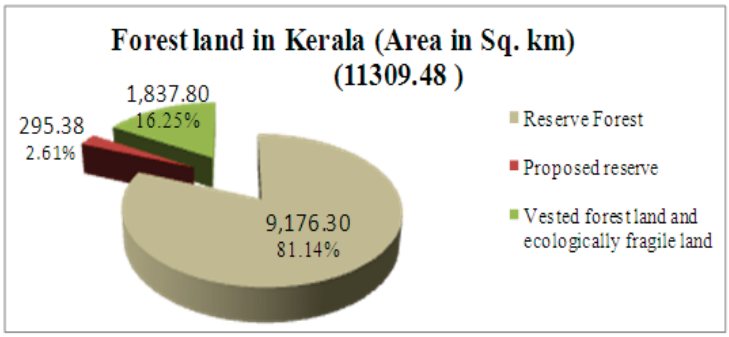
CHAPTER-III: MANAGEMENT OF FOREST LAND

3.1 Introduction

The forest area[1] under the administrative control of Forest and Wildlife Department is 11,309.48 sq. Km which includes plantation area of 1,492.92 sq. Km which is 13.20 *per cent* of the total forest area.



The distribution of forest area according to legal status is 9,176.30 sq. Km (81.14 *per cent*) of Reserve Forest, 295.38 sq. Km (2.61 *per cent*) proposed reserve and 1,837.80 sq. Km (16.25 *per cent*) vested forest & ecologically fragile land.



Vast areas of forest land was leased out or given as grants by the former Maharajas of Travancore and Cochin. The rates of rent for the leases and grants were negligible. Before 1980, ie., prior to enactment of Forest Conservation Act 1980, land was given on lease to PSUs like KSEB, Plantation Corporation, Rubber Board, Kerala Forest Development Corporation, Hindustan News Print Ltd., Malabar Cements etc., through executive orders of State Government. After enactment of Forest Conservation Act, State government is assigning forest land in unavoidable circumstances on lease only after getting consent of Central government. Time expired leases are also being renewed only on the consent of Central government. Kerala Land Assignment (Regularisation of occupation of forest land prior to 1 January 1977) Special Rules 1993, was enacted under Kerala Land Assignment Act 1960, to regularise occupation of forest land prior to 1977.

[1] Statistics based on the Administration Report of the Department for the year 2010-11 (latest position).

3.2. Organisational set up

At Government level Forest & Wildlife Department is headed by the Additional Chief Secretary (Forest & Wildlife). At Departmental level it is headed by Principal Chief Conservator of Forests & Head of Forest Forces (PCCF & HOFF). Department is broadly divided into Territorial, Wildlife and Social Forestry Wings. Territorial Wing is headed by the Principal Chief Conservator of Forests (PCCF) and consists of Circles, Divisions including Timber Sales Divisions, Ranges, Timber Depots, Forest Stations, Section Offices, Check Posts etc. Matters connected with general administration of the Department. including lease of land are also being attended to by the Territorial Wing. The Department also has Vigilance, Planning, Inspection and Evaluation, IHRD Wings etc.

3.3. Objectives of audit

The broad objectives of the study were to assess whether:

- Government has a sound forest land management policy in line with policies of Central government.
- rules framed were adequate for the management and disposal of forest lands.
- a well defined mechanism exists to assign forest lands on lease as well as on registry.
- system to check the encroachment of forest land exists.
- an effective internal control mechanism was available in forest department.

3.4. Scope and methodology of audit

Files and records maintained in Forest & Wild Life Department, three Territorial Circles[2] and five Divisions[3] including Forest Headquarters of the State were test checked. The data collected was analysed with reference to the audit criteria and audit queries raised. Findings of Audit were discussed with the Department and Government. The draft note on audit was sent to the Government on 10 October 2013 for their response.

Entry meeting in respect of the Forest and Wildlife Department was conducted on 22 March 2013. Their views were considered while conducting audit. An exit meeting was conducted on 2 December 2013 in which the points noticed in audit were discussed in detail. The views of Government/Department were considered while finalising the report.

3.5. Criteria of audit

The criteria for this audit were derived from the provisions of Act/Rules viz.,

- The Kerala Forest Act, 1961(KF Act 1961).

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[2] Kollam, Palakkad and Thrissur.
[3] Chalakudy, Nemmara, Punalur, Thrissur and Vazhachal.

- The Kerala Grants and leases (Modification of Rights) Act, 1980 (KGL (MR) Act, 1980).
- The Kerala Grants and leases (Modification of Rights) Rules, 1990 (KGL (MR) Rules, 1990).
- The Forest (Conservation) Act, 1980 (FC Act,1980).
- Kerala Land Assignment (Regularisation of Occupation of Forest Land Prior to 1 January 1977) Special Rules 1993.
- In addition, the notifications/instructions issued by Government and the Principal Chief Conservator of Forests had been taken as the criteria for audit.

3.6. Acknowledgements

Audit acknowledges the help and co-operation extended by Government as well as the Principal Chief Conservator of Forests & Head of Forest Forces, Circle Officers, Divisional Officers etc.

3.7. Audit findings

Several deficiencies/defects in the assignment of forest land were noticed in audit which are given below.

3.7.1 Absence of records of forest land and land on lease

Addl. Principal Chief Conservator of Forest (Protection) and Divisional Conservator of Forest (Protection) are responsible for monitoring land on lease and collection of lease rent. Register showing details of land on lease is not being maintained in the office of APCCF (P). Instead, details are collected from circle offices when required. In circle offices also such registers are not being maintained as a usual practice. Thus the details of land on lease in a consolidated form was not readily available.

On this being pointed out the PCCF & HOFF promised to maintain a consolidated record of forest land in Kerala.

3.7.2 Failure to frame Rules/revise lease rent timely

KGLMR Act, 1980 was enacted to protect the revenue interest of the State. However, the KGLMR Rules, 1990 could be enacted only after ten years, in 1990, fixing the lease rent collectable. Amended provision of Rule 3 (2) of the KGLMR Rules, 1990 which came into force from 25 November 2009 fixes lease rent at seventy five *per cent* of the money value in rupees of the yield obtainable in the year of the revision after deducting the standard expenditure or three *per cent* of land value whichever is higher. But this is subject to limitation that rent shall not exceed the rate applicable to forest lands leased out to public sector undertakings (PSUs) from time to time. As per Rule 3 (2)(b), lease rent should be revised every three years. Thus, as long as the lease rent of PSUs remain unchanged, the provision for revision is meaningless.

Audit scrutiny revealed that no system exists in the department for the periodical revision of lease rent for forest land leased out to PSUs. Rate of

lease rent for PSUs was revised last as ₹ 1,300 per Ha. *per annum* in January 1989. CCF submitted a proposal (May 2000) for revision of lease rent at ₹ 5,000 per Ha. *per annum* with effect from 18 December 1999. But as lease rent applicable to PSUs was not revised so far (March 2013) it continues to be computed at the rate of ₹ 1,300 per Ha. *per annum.*

3.7.3 Loss due to non-revision of lease rent for PSUs

Total land leased out to PSUs and individuals in five forest circles[4] is 1,33,553.44 Ha. as on 31 March 2013. Out of this, land leased out to PSUs is 1,19,178.88 Ha. The main PSUs having forest area on lease along with area of land are given in Annexure X.

The maximum rate of lease rent payable by private entities and individuals are also limited to the rate applicable to PSUs. At the existing rate of lease rent the income from the PSUs and individuals would be ₹ 17.36 crore per year. If the rates were revised to ₹ 5,000 per Ha. *per annum*, income would raise to ₹ 66.78 crore per year. Thus loss of revenue in a year due to non-revision of lease rent for PSUs comes to ₹ 49.42 crore.

On this being pointed out Government stated (January 2014) that a proposal for revision of lease rent had been submitted to the Finance Department. Further report has not been received (May 2014).

3.7.4 Accounting of lease rent

Lease rent on forest land is being collected by divisional officers and accounted under the head of account 0406 Forestry and Wildlife-01-800-90-Forest land lease rent. Audit noticed difference between departmental figures and figures booked by the Office of the PAG (A&E), Kerala from the vouchers and reflected in the approved Finance Accounts of the Government. Further the Department did not complete the reconciliation for the years 2010-11 and 2011-12. During 2012-13, reconciliation was completed and figures booked by the Office of the PAG (A&E) were accepted by the Department. But the difference has neither been rectified nor reason for difference explained.

The difference between departmental figures and figures in finance accounts maintained by the Office of the PAG (A&E), Kerala during the audit period is as follows:

(₹ in crore)

Year	Amount of lease rent	
	Departmental figure	as per finance accounts
2008-09	1.33	*
2009-10	1.55	*
2010-11	2.28	2.65
2011-12	2.09	1.20
2012-13	2.03	0.76

**Upto 2009-10 there was no separate sub head for receipts from lease rent.*

[4] Southern Circle, Kollam, High Range Circle, Kottayam, Central Circle, Thrissur, Eastern Circle, Palakkad and Northern Circle, Kannur.

The difference between departmental figures and figures in finance accounts needs explanation. Reasons for reduction in lease rent during 2011-12 and 2012-13 with respect to preceding years though called for have not been furnished by the Department.

On this being pointed out, Government stated (January 2014) that the Department would take necessary action to reconcile the figures before the close of the financial year. Further report has not been received (May 2014).

3.7.5 Arrears in lease rent collection

Lease rent due to the Government from forest land worked out to ₹ 17.36 crore per year. Against this, lease rent collected ranged from ₹ 1.33 crore to ₹ 2.28 crore at the rate of ₹ 1,300 per Ha. *per annum* in a year as shown below, indicating huge arrears in collection.

(₹ in crore)

Year	Lease rent due at ₹ 1,300 Ha. *per annum* on leased out area[5]	Amount of lease rent collected by Department	Shortage of collection
2008-09	17.36	1.33	16.03
2009-10	17.36	1.55	15.81
2010-11	17.36	2.28	15.08
2011-12	17.36	2.09	15.27
2012-13	17.36	2.03	15.33

Most of the PSUs, though they were running commercial activities were not remitting lease rent due, to the Department. Audit scrutiny of 140 cases (60 PSUs and 80 individuals) showed that total lease rent arrears due from them amounted to ₹ 196.85 crore as shown below:

Sl. No.	Category	Number of cases	Area (in Ha.)	Arrear amount (₹ in crore)
1	Public Sector Undertakings	60	40,858.92	196.72
2	Others	80	1,271.57	0.13
	Total	**140**	**42,130.49**	**196.85**

Divisional forest offices (DFO) are monitoring the collection of lease rent and the clearance of arrears of lease rent. In none of the DFOs test checked, registers showing details of lease, lease rent due, collected and balance to be collected etc., were maintained. Instead collection was watched through files.

Age wise and stage wise details of the arrears were also not available. No effective action has been taken by the Forest and Wildlife Department to realise the arrears.

On this being pointed out, Government stated (January 2014) that action was being taken to revise the lease rent and realise the arrears in consultation with Law and Finance Departments. Further report has not been received (May 2014).

[5] 1,33,553.44 Ha. in five forest circles.

3.7.6 Non-execution of lease agreement with PCK

A lease deed was executed in 1971 leasing out forest land measuring 4,261.05 Ha. in Chalakudy Forest Division to the Plantation Corporation of Kerala (PCK). But PCK was handed over 385.15 Ha. in excess of the land leased out. Audit found that Deputy Conservator of Forest (Protection) and the Additional Principal Chief Conservator of Forest (Protection) had directed the DFO Chalakkudy in 2001 and 2011 to make necessary steps to execute the lease agreement with PCK for the remaining 385.15 Ha. of land with them which was left out while executing the deed in 1971. The agreement has not been executed for the last 42 years.

On this being pointed out, Government stated (January 2014) that they would take appropriate action to constitute a committee to review lease cases. Further, it was stated that the survey work would be completed early and there after agreements would be executed. Further report has not been received (May 2014).

3.7.7 Short demand of dues

Scrutiny of lease files and registers of DFO (Territorial division), Punalur in audit revealed that forest land measuring 2,345.78 Ha. falling in Punalur Division was given to the State Farming Corporation of Kerala Ltd (SFCK) for plantation purposes on lease since 1972. SFCK was permitted[6] to convert the lease rent dues amounting to ₹ 1.40 crore for the period from 1987 upto March 1992 (at the stipulated rate of ₹ 1,300 Ha. *per annum*) as share capital. Though SFCK defaulted in payment of lease rent for the period from 1971-72 to 2003-04, they remitted lease rent from 2004-05 onwards. The arrears of lease rent for the period from 1987 to 31 March 1992 was not converted as share capital till date. Audit found that, as on 31 March 2013 Divisional Forest Officer (DFO) Punalur demanded ₹ 11.53 crore only from the lessee as arrears with penal interest for the period from 1971-72 to 1986-87 and from 1992-93 to 2012-13 instead of ₹ 30.14 crore. This resulted in short demand of dues of ₹ 18.61 crore.

On this being pointed out, Government stated (January 2014) that the arrears of lease have to be calculated afresh in consultation with Law and Finance Departments. Further report has not been received (May 2014).

3.7.8 Failure to check adherence to lease conditions

An extent of 80.71 Ha. of forest land in Kodassery Village within the jurisdiction of Chalakudy Forest Division was leased out by the Dewan of former Cochin State to a society, 'The Alwaye Settlement Colony', for the purpose of establishing a colony for the Cochin depressed classes students. Out of the total extent of 80.71 Ha. land leased out, 67.03 Ha. was apportioned for building a colony. A tribal school was established in 4.05 Ha. of land by the Government and the remaining 9.63 Ha. land is in possession of the society.

The lease rent fixed for the entire land was ₹ 100 per year which was subsequently raised to ₹ 200. The lease of the land has not been renewed in

[6] GO(MS) No.20/93/F&WLD dated 8 March 1993.

accordance with Kerala Grants and Leases (Modification of Rights) Act, 1980 and lease rent was not collected since 2009. The lease rent which had to be renewed from 25 November 2009 had not been renewed.

There was no system in the forest department to monitor the utilisation of leased land during post lease period to see whether the land was used for intended purposes by intended beneficiaries. Since the whole land was not utilised for intended purpose, the Government has to verify the extent of unused land and initiate action to resume the balance land of 9.63 Ha.

On this being pointed out Government admitted (January 2014) that confusion existed on the extent of the land in possession. Further report has not been received (May 2014).

3.7.9 Failure to take action in cases of violations

Audit noticed that in many cases, the lessees violated the lease conditions including alienation. But the forest department did not initiate any action against the assignees. Illustrative cases are given below.

3.7.9.1 Violation of lease conditions in respect of lands leased out in Perumpara Estate

A scrutiny of lease files of DFO, Chalakudy revealed that an extent of 38.04 Ha. of forest land (Perumpara Estate) in Sholayar Range of Vazhachal Division was leased out to one Ramalingam Iyer by the erstwhile Government of Cochin by two lease deeds for 22.05 Ha. and 15.99 Ha. on 11 December 1935 and 26 September 1938 respectively.

Subsequently, 2.86 Ha. was claimed to be set apart for public purposes. The lessee sold his lease hold rights of the remaining land of 35.18 Ha. to another person. Though the government land on lease cannot be transferred by way of sale, the transfer was approved[7] by Government in the above case. Land was transferred many times and registered by Government in favour of the transferees.

On the death of the last occupants, the leasehold right of above property was transferred to their linear descendants. On the above property, the occupants availed two loans amounting ₹ 85 lakh from Urban Co-operative Bank Ltd., Chalakudy in 2004 by furnishing a lease agreement made on 1968. The loans with interest have not been repaid (November 2013). As the loans were availed illegally from bank, the Police have registered a case (Crime No.666/2006).

Even after the violation of lease rules by alienating government land in 1968 and mortgaging the leased land, the resumption procedure has not yet been initiated.

On this being pointed out, Government stated (January 2014) that action is being taken to terminate lease agreement in respect of this estate. The draft show cause notice to be served on the present holders of the estate is under examination. Further report has not been received (May 2014).

[7] Lr.No.21021/ FGI/76/AD dated 03 May 1976.

3.7.9.2 Alienation of forest land given on lease

Scrutiny of files connected with lease of forest land in DFO, Thrissur revealed that 404.76 Ha of forest land in Madakkathara Village (Thrissur *Taluk*) was given on lease in 1905 and 1907 to M/s Cochin Rubber Company. The lessee transferred this land to one Thattil Vareed Kochuvareed. From him the land came in favour of his wife and from her to so many other persons. With passage of time 389.35 Ha.[8] land was transferred and the details of possession of the balance land remains unknown.

On this being pointed out Government stated (January 2014) that it was decided to conduct a survey of the forest land transferred without permission. Further report has not been received (May 2014).

3.7.10 Incorrect assignment of forest land

Forest land can be assigned only with the concurrence of Government of India. Audit noticed cases where forest land was assigned against the above provisions which are given below as illustrative cases.

3.7.10.1 Assignment of forest land in excess of Government of India direction

As per the Rules 5 and 6 of KLA Rules, 1964, maximum land of 20.24 Are can be assigned for personal cultivation and maximum 6.067 Are of land can be assigned for house site.

Audit noticed from the records available in *taluk* offices that 8,115 persons occupied 2,726.39 Ha. of forest land under Thrissur and Chalakkudy forest divisions in three *taluks* viz. Thrissur, Mukundapuram and Thalappally of Thrissur district prior to 1 January 1977. Joint verification was conducted by R&DM department and Forest department and list of persons occupying the land was sent for consent of Central Government for regularisation under the Kerala Land Assignment (Regularisation of occupation of forest lands prior to 01 January 1977) Special Rules, 1993. The details of approval/assignment were as follows:

Details of list approved for assignment/assignment made			
Sl. No.	**Particulars**	**No. of persons**	**Area in Ha.**
1	Assignment permitted by the Government of India	8,115	2,726.39
2	Applications received	5,723	-
3	Balance cases in which applications had not been received	2,392	-
4	Land assigned and *patta* issued	3,901	1,161.39
5	Balance cases pending with department	1,822	-

Audit observed the following irregularities in the assignment of land:

- 16.72 Ha. of land was assigned unauthorisedly by Special *Tahsildar* (LA) I and II, Thrissur to 62 persons who were not included in the list

[8] Peechi Irrigation Canal: 15.54 Ha. (38.41 Acre), K M Augustine & Others: 46.04 Ha. (113.76 Acre), Annamma Antony & Others: 66.01 Ha. (163.12 Acre), Kerala Agricultural University: 261.76 Ha. (646.80 Acre).

approved by the Government of India after joint verification by the R&DM department and Forest department prior to the sanction.

- While assigning 40.57 Ha. of land in 53 cases, 19.12 Ha. of forest land has been given in excess of the area permissible for assignment as per the KLA Rules, 1964 and stipulated by the Government of India instructions.

On this being pointed out, Government stated (January 2014) that the details of land assigned were with R&DM department and hence the details are not available in the Forest Department. Further report has not been received (May 2014).

3.7.11 Impact

Impact of audit observations discussed in this chapter are as follows:

Sl. No.	Para No.	Para	Area in Ha.	Amount (₹ in crore)
1	3.7.5	Arrears in lease rent collection	42,130.49	196.85
2	3.7.7	Short demand of dues	2,345.78	18.61
		Total	**44,476.27**	**215.46**

3.7.12 Conclusion

Review of land management by Forest Department led Audit to conclude that:

- there was no system existing in the department for identification and inventorisation of forest land.
- violations of lease conditions by the lessees were not properly monitored and there was no system to take immediate action to resume the land in cases of violation.
- there was no system to ensure the strict compliance of Government of India directions limiting the assignable area under provisions of KLA Rules, 1964.
- there was no system existing for periodical verification of assigned or leased forest land to ascertain post registry/lease violations which resulted in alienation unnoticed and not reported for years together.
- there existed no system for timely fixation of lease rent, renewal of rate of lease rent.

3.7.13 Recommendations

Audit recommends :

- identifying and inventorising all forest lands on a war footing by surveying and demarcating the land.
- developing a mechanism to monitor and renew the lease/lease rent within the time period stipulated in Act/Rules.
- putting in place a mechanism to realise lease rent dues promptly.
- ensuring that agreements are executed in all lease cases.

Chapter-IV
Acquisition, Development and allotment of land for Industrial purpose by PSUs

CHAPTER-IV: ACQUISITION, DEVELOPMENT AND ALLOTMENT OF LAND FOR INDUSTRIAL PURPOSE BY PSUs

4.1. Introduction

Industrial Policy, 2007 of Government of Kerala (GoK) envisaged a strategy to develop world class industrial infrastructure and balanced regional development in the State through Kerala Industrial Infrastructure Development Corporation (KINFRA), Kerala State Industrial Development Corporation Limited (KSIDC) and Directorate of Industries and Commerce (DIC)[1]. The Information Technology (IT) Policy, 2007 of GoK envisaged a 'Hub and Spoke[2]' model of development for widening the IT industrial base within the State through Kerala State Information Technology Infrastructure Limited (KSITIL).

To achieve the above objectives, the Public Sector Undertakings (PSUs) acquire land, creates basic infrastructure facilities and allots land to entrepreneurs as per their requirement. Land acquisition was done as per the provisions of the Land Acquisition Act, 1894 (LA Act) through normal and Fast Track procedure (FTP) where a District Level Purchase Committee (DLPC) undertakes negotiation with landowners and suggests a price for Government approval. Land was also obtained as transfer from GoK. The area of land and the location for each project is determined as per directions of GoK.

Land being scarce and considering the cost involved, Audit reviewed the acquisition, development and allotment of land for industrial purpose by these PSUs viz. KINFRA, KSIDC and KSITIL during 2008-13. The three PSUs have acquired 5003.78 acres of land up to March 2013 and incurred ₹ 763.74 crore (acquisition ₹ 556.51crore and development ₹ 207.23 crore). From the total area, land used for development of infrastructures such as internal road, power supply facilities, drainage, water supply system, etc., is deducted to arrive at the allottable area. The land is allotted to entrepreneurs on lease, based on their project report and availability of land.

Particulars of land available/allotted as of March 2013 were as shown below:

Entity	Total area (acres)	Allottable area (acres)	Allotted area (acres)	Percentage of allotment	No. of allottees
KINFRA	3283.47	2292.49	1842.12	80.35	489
KSIDC-IGC	1096.12	1009.78	447.14	44.28	68
Mega projects/ other projects	219.29	Not estimated	-	-	-
KSITIL	404.90	Partly estimated	1.00	-	01
Total	**5003.78**		**2,290.26**		**558**

Irregularities noticed by Audit in the process of acquisition, development and allotment of land by the three PSUs are discussed in the following paragraphs:

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1 Government Department.

2 Technopark in Thiruvananthapuram and Infopark in Ernakulam would be hub around which smaller IT parks in other districts would operate.

Kerala Industrial Infrastructure Development Corporation

KINFRA was established in February 1993 as a Statutory Corporation under the Kerala Industrial Infrastructure Development (KIID) Act, 1993 to promote and assist in rapid and orderly establishment, growth and development of industries in the State. It acquires land as per LA Act/transfer by GoK and allots to entrepreneurs on long term lease and helps in establishing industries.

4.2 Irregularities in acquisition of land

KINFRA acquired (December 1995 - March 2013) 3283.47 acres of land at a cost of ₹ 275.82 crore. About 68.55 *per cent* of total acquisition was in three districts[3], 27.47 *per cent* in six districts[4]and 3.98 *per cent* in four districts[5]. Thus, regional balance was not maintained, derailing the concept of balanced industrial development envisaged in Industrial Policy, 2007.

The category- wise acquisition and allotment of land are as given below:

Sl. No.	Category	No. of parks	Total area (acres)	Allotted area (acres)	No. of allottees
1	Small Industries Park	8	587.49	436.28	316
2	Industrial and Textile Park/ Textile Centre	2	899.05	659.89	71
3	Food Processing Park	2	122.00	41.00	38
4	Other Parks	5	899.84	540.73	63
5	Land not forming part of any park		775.09	164.22[6]	01
	Total	**17**	**3,283.47**	**1,842.12**	**489**

As per system in vogue, the land is identified by the Technical Team[7] (TT) constituted by KINFRA. Based on the recommendations of TT, Government accorded sanction for acquisition of the identified land. Audit noticed the following irregularities in the acquisition of 124.62 acres of land at a cost of ₹ 69.81 crore.

4.2.1 Wasteful expenditure due to acquisition of land not suitable for industrial purpose

GoK accorded (July 2007) sanction for acquisition of 80 acres of land for setting up a Knowledge Park at Ramanattukara in Kozhikode District and the Land Acquisition Officer (LAO)[8] issued (December 2007) notification for acquisition. KINFRA acquired (April to October 2010) 77.78 acres of land

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3 Ernakulam, Palakkad and Kannur.
4 Kasargode, Kozhikode, Malappuram, Pathanamthitta, Thiruvananthapuram and Thrissur
5 Idukki, Kollam, Kottayam and Wayand.
6 Allotted to Indian Coast Guard.
7 Consisting of Technical Advisors –Land Management, Civil and Electrical; Dy. Manager (Technical); Manager (Technical); GM (Projects).
8 Officer specially appointed by Government under Section 3 (c) of LA Act to perform functions of a Collector.

incurring an expenditure of ₹ 24.24 crore, which included 69.67 acres (90 *per cent*) of wet land. The Kerala Conservation of Paddy Land and Wet Land Act, 2008 (the Act) enacted in August 2008 prohibits conversion of paddy land for other purposes and Section 10 (1) of the Act, empowers the Government to grant exemption from the above provision. Though KINFRA requested for granting exemption, Government rejected (November 2011) the request based on the recommendation of State Level Committee[9]. Audit noticed that at the time of enactment (August 2008) of the Act, survey and hearing of objections from land owners[10] in the case referred was in progress and KINFRA could have discontinued the acquisition process. KINFRA, however, continued with the acquisition process and the expenditure of ₹ 24.24 crore incurred became wasteful. On this being pointed out by Audit, the Management stated (January 2014) that KINFRA had filed fresh application for exemption as per Section 10 (1).

4.2.2 Acquisition of land at exorbitant price

KINFRA requested (June 2009) GoK for sanction to acquire 200 acres of unoccupied dry land at Thalassery in Kannur District under the FTP for setting up an industrial park. On receipt of Government Sanction (April 2010), land to be acquired was assessed as 139.68 acres with estimated cost of ₹ 68.31 crore after survey and demarcation. Based on the nature (occupied/unoccupied dry land, garden land), accessibility to road, etc., land was classified into three categories and acquisition value under FTP was assessed by the DLPC at ₹ 60,000, ₹ 50,000 and ₹ 45,000 for a cent of A, B and C categories respectively as against ₹ 19,713, ₹ 16,428 and ₹ 13,142 for a cent fixed under LA Act. The fair value of land fixed (April 2010) by the Government in the same area was only ₹ 6,070 for a cent. KINFRA acquired 46 acres of land under FTP. This resulted in excess expenditure of ₹ 11.63 crore[11]. On this being pointed out, the Management stated (January 2014) that KINFRA could not be held responsible for the negotiated land value fixed by the DLPC and approved by State Cabinet. Since the negotiated price was high, KINFRA could have explored the possibility of acquiring of alternate and cheaper lands through normal LA procedure instead of the costly FTP route. This assumes significance as the lands are yet to be developed and allotted by KINFRA to entrepreneurs.

The matter was reported (November 2013) to Government, their response is awaited (May 2014).

4.2.3 Extra expenditure on land acquired for setting up Common Facility Centre

The Ministry of Micro Small and Medium Enterprises (MSME), New Delhi accorded (January 2009) sanction for setting up a Common Training Centre as

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9 Constituted under Section 8 of the Act consisting of Agricultural Production Commissioner, Commissioner of Land Revenue, an expert in the field of environment and a scientist in the field of paddy cultivation.

10 LA Act - Section 5(A) enquiry.

11 Computed at the difference between minimum value as per FTP and maximum value as per LA Act.
(₹ 45000 – ₹ 19713) x 4600 cents = ₹ 11.63crore; (1 acre = 100 cents).

Common Facility Centre (CFC) in 50 cents of land by Kottayam Jilla Mahila Thazhappaya Vikasana Federal Samithy- the Special Purpose Vehicle (SPV) for providing training on processing and manufacturing of natural fiber & allied products, etc.

The SPV entered into (May 2009) an agreement with land owner for purchase of 83.875 cents of land at a price of ₹ 75,000 for a cent and requested (May 2009) Government to procure the land through a Government agency. As per Government direction (May 2009), KINFRA purchased (July 2010) 83.875 cents of land (Vaikom *Taluk*, Kottayam District) as against 50 cents required, at a cost of ₹ 62.91 lakh. The land was leased (December 2010/April 2011) to SPV for 30 years at a nominal lease rent of ₹ 100 *per annum* with stipulation that the land should be used within a period of two years from the date of handing over possession.

Audit noticed that ₹ 75,000 for a cent agreed upon by the SPV with the land owner was far above the average price of ₹ 21,109 for a cent fixed by Revenue Authorities in this area plus solatium. This has resulted in extra expenditure of ₹ 49.19 lakh[12]. Further, neither KINFRA nor the intended beneficiaries could benefit from the investment made as the leased land has not been utilised for the purpose (March 2013).

On this being pointed out (November 2013), the Management stated (January 2014) that the land was purchased and leased out as per specific orders of Government, the compliance of which were mandatory as per Section 11 of KIID Act, 1993.

Audit found that the land was not utilized within two years for the purpose for which it was acquired. The matter was reported (November 2013) to Government, their response is awaited (May 2014).

4.3 Non- utilisation of allotted land

Lease premium can be paid in lump sum or in installments. For lumpsum payment of premium, lease deed is executed and for installment payment of premium, licence agreement is executed with KINFRA. As per the licence agreements, commercial production should commence within two years from the date of the licence agreement. Non-compliance of this provision would result in cancellation of allotment and resumption of plot[13]. Test check of utilisation of plots allotted revealed that 39 allottees holding 176.51 acres of land in eight parks did not use the allotted land even after expiry of two years violating the licence agreement. The period of non utilisation ranged from two to seven years.

The Management stated (January 2014) that it had cancelled allotments and resumed 154.30 acres. The reply is not correct since the unutilised area of 176.51 acres pointed out by Audit is over and above the area mentioned by the management as already resumed.

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12 (₹ 75,000 x 83.875 cents) – (₹ 27,442 x 50 cents)

13 Regulation 26(5)

4.4 Lease premium

4.4.1 Extension of undue benefit by way of unjustified moratorium for repayment of lease premium

As per clause 9 of the Regulations, the allottee has to pay a specified *per cent* of lease premium as down payment within 15/30 days of letter of allotment and the balance, if any, in installments within a period of 10 years with interest as decided by KINFRA. If the allottees fail to remit lease premium within the due date, the allotment is liable to be cancelled and KINFRA can allot such land by collecting the revised lease premium.

Audit scrutiny revealed that in the case of Care Keralam – a private limited company, the Board allowed (April 2008) the allottee to make payment of premium in 10 equal annual installments with moratorium of two years from December 2009.

The moratorium was extended (October 2011) by another eight years (total 10 years) for payment of premium without levying interest. The extension of the undue benefit in violation of the Regulations resulted in loss of interest of ₹ 2.72 crore. On being pointed out, the Management stated (January 2014) that KINFRA had equity contribution of ₹ 1.10 crore in Care Keralam and hence no undue benefits were extended. The reply was not acceptable as the regulation did not permit moratorium without interest even to a company where KINFRA had equity contribution.

4.4.2 Short collection of lease premium due to incorrect fixation

Allotment of land in the Industrial Parks by KINFRA is regulated by the provisions of The Disposal of Land Regulations, 1995 (Regulations). KINFRA allots undeveloped, partially developed and fully developed land to entrepreneurs. The Board of Directors (BoD) of KINFRA approved (September 1999) the basis and guidelines for fixation of lease premium of land. For land, lease premium is fixed based on cost incurred plus overhead at the rate of 15 *per cent*. Apart from this, for developed land, development cost incurred along with five *per cent* over head is also considered for fixing lease premium.

Audit noticed instances of non compliance of above provisions in allotment of 104.71 acres (2007-13) of land to 14 allottees in two parks which resulted in short collection of lease premium of ₹ 12.83 crore as detailed below:

Sl. No	Name of park	No. of parties/ Period of allotment	Area (acres)	Lease premium (₹ in crore)			Remarks
				Due	Collected	Short collection	
1	Hi-techpark, Kalamassery	6 (2007-09)	94.21	68.28	59.37	8.91	15 *per cent* overhead was not considered for fixing premium
2	Hi-techpark, Kalamassery	3 (2010-13)	4.90	7.35	5.96	1.39	Error in charging overhead and non

Sl. No	Name of park	No. of parties/ Period of allotment	Area (acres)	Lease premium (₹ in crore)			Remarks
				Due	Collected	Short collection	
							apportionment of cost of land used for road
3	Hi-techpark, Kalamassery	4 (2012-13)	3.60	7.31	5.97	1.34	Overhead at 15 *per cent* and expenditure incurred on land acquired for road from Seaport Air port road to High tech park were not considered
4	Apparel Park (KIAP), Thiruvana-nthapuram	1 (2010-11)	2.00	1.19	Nil	1.19	Non-revision of lease premium at the appropriate time
		14	**104.71**			**12.83**	

The Management stated (January 2014) that the land was assigned free of cost by Government to KINFRA and hence overhead at the rate of 15 *per cent* was not collected. The lease premium of land in Kalamassery park was fixed based on value fixed by District Collector. KINFRA should have made provision in the pricing policy for charging overhead in such cases, based on the price fixed by District Collector.

In case of non inclusion of cost of land acquired for road, the Management stated (January 2014) that the Board meeting held in December 1996 decided not to consider cost of external infrastructure for fixing land price. This was not acceptable as the decision to exempt cost of land for road was not in line with the subsequent pricing policy of September 1999.

4.4.3 Undue relaxation of Rules and extension of concessions to RUBCO group

KINFRA allotted (November 1999 - March 2001) 23.435 acres (including additional land of 3.605 acres) of land in Small Industries Park, Thalassery to RUBCO group of companies[14]. As per Regulations, the allottees can take possession of the allotted land only after payment of first installment of lease premium and execution of licence agreement. Further, as per the lease deed, payments made towards additional compensation to land owners consequent to settlement of Court cases were to be recovered from allottees in proportion to their land holdings. The Lease deed also provided for utilisation of land within a period of two years failing which the lesser shall be entitled to repossess the entire land and payment of all rates, taxes, charges in time.

[14] RUBCO is a Society registered under Kerala Co-operative Societies Act, 1969 and its group companies are RUBCO Sales International Ltd., RUBCO Huat Woods Private Ltd.

Review of the allotments revealed extension of undue concessions as detailed below:

- RUBCO group, took possession of additional land of 3.605 acres (August 2000) before remittance of first installment of lease premium and execution of licence agreement. Though the premium of ₹ 44.98 lakh still remains unpaid (March 2013), KINFRA has not initiated any action to resume the land (March 2014);
- KINFRA demanded (January 2012) additional premium of ₹ 96.01 lakh on account of additional compensation paid to land owners for the area allotted to them. However, the firms have not remitted the additional premium of ₹ 96.01 lakh ;
- RUBCO failed to remit the common facility charges, water charges and annual licence fee amounting to ₹ 52.80 lakh for the period up to December 2012 ;
- RUBCO sales unit to which five acres of land was allotted (December 2000 - March 2001) has not yet commissioned the unit (March 2013).

On being pointed out, the Management stated (January 2014) that revenue recovery proceedings had been initiated to recover the dues.

A similar undue benefit of ₹ 3.13 crore extended to RUBCO by KSIDC noticed in audit is mentioned in para 4.7.

Kerala State Industrial Development Corporation Limited

KSIDC was established in July 1961 under the Companies Act, 1956 to promote, establish and execute medium and large scale industries. It acts as an implementing agency of Government for acquisition, development and allotment of land at Industrial Growth Centres (IGCs)[15]. Decisions about acquisition, development and allotment are taken by Project Implementation Committee[16] (PIC) of Government. It also implements the Mega projects announced by GoK.

For industrial development of backward areas in the country, Government of India (GoI) launched (1988) a scheme for establishment of IGCs. The scheme envisaged development of infrastructure facilities in backward areas and leasing on long term basis to entrepreneurs for setting up industrial units. As per the scheme, GoK entrusted (1995) KSIDC, the task of development and management of IGCs. KSIDC acquired (1998-2000) 1,096.12 acres of land in four districts[17] for which KSIDC received ₹ 136.77 crore from Government and incurred an expenditure of ₹ 143.05 crore (acquisition ₹ 82.54 crore and development ₹ 60.51crore) up to March 2013. Out of ₹ 53.89 crore receivable

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[15] Centres established under the scheme of Government of India for industrial development of backward areas.

[16] Consisting of Principal Secretary (Industries) as Chairman, Managing Directors of KSIDC and KINFRA, Additional Secretary (Investment promotion), Director of Industries and Commerce, General Manger/Deputy Manager KSIDC and Additional Secretary (Finance).

[17] Alappuzha (Cherthala): 278.80 acres, Malappuram: 258 acres, Kozhikode: 308.27 acres and Kannur: 251.05 acres.

as lease premium from the allottees, ₹ 25.91 crore was outstanding as of March 2013.

KSIDC also acquired (2008-13) 219.29 acres of land identified either by it or transferred by GoK by incurring expenditure of ₹ 85.97 crore for mega projects. The allottable area of land under mega projects has not been estimated so far (March 2013).

4.5 Delayed development of land in IGCs

IGC Scheme envisaged creation of infrastructure facilities like access roads, water supply system, effluent treatment system, telecommunication system, distribution net work for power, banking etc. KSIDC executed developmental works incurring expenditure of ₹ 60.51 crore. Audit noticed that there was delay in developing required infrastructure facilities in IGCs covering area of 1096.12 acres acquired during 1998-2000. Construction of compound walls and street lighting were not completed in any of the IGCs. Supply of power in IGC Kozhikode was provided in 2011 only, water supply system was not operational and Effluent Treatment Plant not yet constructed. Further no infrastructural facilities were developed in IGCs Alappuzha and Malappuram. Consequently, the response from entrepreneurs was poor. On being pointed out, the Management stated (March 2014) that delay in development of land in IGCs was due to non allocation of sufficient fund from Government.

4.6 Undue benefit to a private sector company, INKID

4.6.1 Unusual Joint Venture (JV) arrangements leading to transfer of land to private hands

Infrastructures Kerala Ltd (INKEL) is a company registered (March 2007) under the Companies Act, 1956 stated to be formed for bringing together Government agencies and prominent global investors and NRI industrialists and businessmen for large scale private investment in infrastructure development. The share of Government and PSUs in INKEL was 38.16 *per cent*.

To create basic infrastructure in the State, Industries Department, GoK issued (July 2008)[18] orders for signing MoU with Public Sector Undertakings for forming JV with INKEL. KSIDC executed (January 2010) a JV agreement with INKEL and registered (February 2010) a JV Company by name INKEL – KSIDC Projects Ltd. (INKID) under the Companies Act, 1956. The Share holding of INKEL and KSIDC in the JV was 74 *per cent* and 26 *per cent* respectively.

KSIDC leased out (September 2010) 243.79 acres[19] of land at IGC, Malappuram to INKID for a period of 90 years at a lease premium of ₹ 36.52 crore to be paid in three installments within 24 months along with interest. Out of the above, INKID surrendered 75 acres to KSIDC for onward transfer to English and Foreign Language University[20], Hyderabad (EFLU) as per Government Order (February 2013). The lease premium for the balance

[18] GO (Ord.) No. 836/2008/IND dated 26.07.2008

[19] Out of the allottable area of 251.29 acres held by KSIDC at IGC, Malappuram, it had allotted 7.50 acres (July-October 2005) and remaining land held was 243.79 acres.

[20] A Central University.

allotted land (168.79 acres) was fixed at ₹ 25.28 crore (at the rate ₹ 14,979 for a cent).

In this connection, Audit observed the following:

- INKID decided in May 2010 ie. before execution of lease deed with the KSIDC (September 2010) to sublease 25 *per cent* (60.95 acres) of land to the JV partners (INKEL and KSIDC) for 89 years, in proportion to their share holdings, (74:26) for a lease premium of ₹18,129 for a cent as against ₹ 14,979 for a cent paid to the KSIDC. As the land offered to the KSIDC was not accepted, the total 60.95 acres was taken possession of by INKEL. Thus, one of the JV partners (INKEL) got possession of 60.95 acres of Government land through a sub-leasing route that was not contemplated while forming the JV. On being pointed out by Audit, the Management stated (March 2014) that it was an internal matter of INKID. The reply was not acceptable because the unusual JV arrangements of INKEL and KSIDC has resulted in transfer of Government land to a private party. Further there was no provision in lease deed executed with INKID for subleasing land to promoters.
- As per the pricing policy for land adopted by KSIDC, lease premium to be collected for 168.79 acres was ₹ 34.03 crore (₹ 20,15,944 per acre) against ₹ 25.28 crore received. Thus, there was short recovery of lease premium by ₹ 8.75 crore.
- Though the lease deed provided for payment of interest by INKID for the installments, interest amounting to ₹ 3.16 crore (for the period from September 2010 – April 2013) was not paid by INKID. On being pointed out by Audit, the Management stated (March 2014) that the matter had been taken up with Government. As interest was to be collected as per lease deed, the decision to take up the matter with Government lacked justification.
- The then Additional Chief Secretary (Industries Department) to GoK involved in the decision making relating to the transfer of land to INKID was the Managing Director of INKEL, a post he continued to hold even after his superannuation as well as Chairman of INKID, as a nomine of INKEL, indicating conflict of interest.
- As KSIDC did not create the required infrastructure for attracting industries, 97.02 *per cent* of the allottable area (251.29 acres) remained vacant for 12 years.

Thus, the aim of GoI to create facilities for attracting industries to backward areas was not achieved.

4.6.2 Allotment of land at low premium/holding of leased out land on sublease at higher premium

GoK transferred (August 2009) 30 acres of land at Angamali to KSIDC for infrastructure development and as per the order, the land was leased (August 2010) to INKID for 90 years for promoting projects in the land. The land was

transferred to the JV at a lease premium of ₹ 27.86 crore (at the rate of ₹ 92,914 for a cent). INKID sub leased (November 2010) 5.55 acres to INKEL and 1.95 acres to KSIDC at a lease premium of ₹ 1.12 lakh for a cent.

Audit observed the following:

- The land was transferred (August 2010) to INKID in which controlling stake was held by INKEL at a lease premium of ₹ 92,914 for a cent as fixed by the District Collector (October 2009). The fair value of land with effect from April 2010 was ₹ 4.67 lakh for a cent. Thus, land located at prime area was transferred to INKID, a private sector company at price far below the fair value suffering loss of ₹ 112.35 crore[21]. Due to under valuation of the land, Government suffered additional loss of ₹ 11.23 crore towards stamp duty and registration fee. Further, 5.55 acres of the above land was sub leased to INKEL exclusively for its use at the rate of ₹ 1.12 lakh for a cent against the fair value of ₹ 4.67 lakh for a cent. Thus INKEL got exclusive possession of 5.55 acres of Government land at low price indirectly
- Though the lease deed provided for payment of interest by INKID for instalments of premium till payment was completed, interest amounting to ₹ 1.47 crore (from August 2010 – September 2012) was not paid by INKID.
- INKID subleased 1.95 acres of land to KSIDC for a lease premium of ₹ 2.18 crore (at the rate of ₹ 1.12 lakh for a cent) thus incurring avoidable expenditure of ₹ 82.77 lakh. The purpose for which same was taken on sub lease was also not on record and KSIDC has not yet utilised the land (March 2013). In effect KSIDC took back its own land at higher price.

The Management stated (June 2013) that this was an industrial land and not a commercial land, the losses shown were not realistic and that GoK held 26 *per cent* stakes in INKEL where the Chairman and Managing Director were appointed by GoK. The reply was not acceptable since no condition was put in the lease agreement to guard that the land was used only for industrial purpose and the objectives of INKID included operation, maintenance and selling of commercial complexes. Further, taking back Government land from a private party by paying more is undue favour at cost of public money.

4.7 Undue favour to RUBCO

KSIDC leased out four pieces of land measuring 13.06 acres at IGC, Kannur to RUBCO (lessee) for establishing manufacturing units and executed (January 2003) four lease agreements and handed over possession during 1998-2002. The ten year lease period was to expire between May 2008 and September 2012. As per the lease deed, the lessee was liable to pay ₹ 360.20 lakh (initial deposit of ₹ 52.24 lakh, lease rent of ₹ 212.62 lakh and service charges of ₹ 95.34 lakh) over a period of ten years. The lessee remitted (June 1998 to January 2003) only the initial deposit of ₹ 52.24 lakh. Towards the end of lease period, the lessee requested (2008) KSIDC to convert the period

[21] (₹ 4,67,422 – ₹ 92,914) X 3,000 cent = ₹ 1 12.35 crore.

of lease to 90 years to help them for availing a loan by mortgaging the lease hold land. The proposal was accepted and four revised lease deeds for 90 years were executed (October 2008).

In this connection, Audit observed that:

- The lessee was allowed to convert the period of lease to 90 years commencing from the date of original allotment, instead of from the date of executing the revised lease deed. As per the revised deeds, the lessee was to pay ₹ 66.48 lakh (₹ 5.09 lakh per acre) as lease premium for the entire lease period of 90 years and ₹ 100 per acre per annum as lease rent. KSIDC adjusted (2008) the deposit of ₹ 52.24 lakh paid under the original lease deed against the revised lease premium and received (August 2008) the balance amount of ₹ 14.24 lakh. This action resulted in foregoing the receivables from the lessee as per the existing agreements. Outstanding lease rent and service charge as on date of revision was ₹ 2.41 crore. In effect, the lessee was given benefit of extended lease period of 90 years as against 10 years by accepting a meagre amount of ₹ 14.24 lakh and also lease rent of ₹100 per acre *per annum*.
- The Project Implementation Committee revised (April 2008) the lease premium of IGC Kannur from ₹ 5.09 lakh per acre to ₹ 10.64 lakh per acre. But KSIDC collected only ₹ 5.09 lakh per acre while executing revised lease deeds in October 2008. Collection of lease premium at the rate of ₹ 5.09 lakh per acre for 13.06 acres of land resulted in extending undue benefit to the lessee and loss to KSIDC by ₹ 72.48 lakh.
- Though one plot measuring 3.06 acres (allotted in September 2002) had remained idle for more than ten years, KSIDC did not resume the land.

On being pointed out, the Management stated (March 2014) that as per the new lease agreement, the land was not transferred to the party whereas the original agreement envisaged transfer of land to the party after 10 years. The reply was not acceptable as the allottee violated the terms of agreement by not remitting the annual lease rent and service charges as per original agreement. Thus, waiver of rent and service charges for the period under the possession of the lessee lacked justification. Giving land on lease for 80 years at ₹ 14.24 lakh and lease rent of ₹ 100 per acre tantamount to giving land almost free of cost and undue favour shown to a private party. Further, the KSIDC did not resume the land which remained idle for a very long period.

Kerala State Information Technology Infrastructure Limited

KSITIL was established in January 2008 under the Companies Act, 1956 to develop infrastructure and establish Information Technology Parks in places other than Ernakulam and Thiruvananthapuram. KSITIL is engaged in acquisition, development and allotment of land for IT industries and establishment of techno lodges[22].

Considering the huge potential of IT Sectors to generate employment and urgent need for setting up Special Economic Zone (SEZ) based IT parks, GoK

[22] Small IT industrial units in rural areas.

accorded (March 2008-January 2009) sanction for setting up seven parks[23]. KSITIL acquires land, creates basic infrastructure suitable for use by IT Companies and allots to entrepreneurs on lease for setting up IT industries. The lease premium is fixed based on the cost incurred for acquisition and development and adding three *per cent* overhead and ten *per cent* return on investment. The development work done through co-developers[24] is decided by GoK on terms and conditions fixed by Government. KSITIL acquired (2008-13) 404.90 acres of land for the above parks at a total cost of ₹ 112.46 crore.

4.8 Wasteful expenditure due to acquisition of submerged land

GoK accorded sanction (June 2008) to set up IT park at Ambalapuzha in Alappuzha District in about 100 acres of land. Out of this, 80.58 acres was transferred by Forest Department. For acquisition of 19.77 acres, KSITIL transferred (December 2009/January 2010) ₹ 2.50 crore to Infopark (co-developer) and acquired (January-July 2010) 11.73 acres of submerged land from private parties at a cost of ₹ 17.82 lakh. Meanwhile, the Bio Diversity Board[25] informed (December 2010) the Government that the land was not suitable for IT Park as it was Ramsar site[26] and reclamation of wet land would be violative of Kerala Conservation of Paddy Land and Wet Land Act, 2008. Hence, GoK decided (November 2012) to abandon the project. Thus, the expenditure of ₹ 17.82 lakh incurred for acquisition became wasteful and the balance ₹ 2.32 crore was blocked up with co-developer without earning any interest.

The Management stated (July 2013) that since the land was owned by the GoK, no action was taken to obtain statutory clearance in good faith and that major part of Alappuzha district was below sea level and hence no special importance was given to the fact that the area was submerged. The reply was not acceptable as KSITIL, formed for acquisition of land and development of infrastructure, should have been aware of the prevailing environmental laws and assessed the suitability of land for use by IT companies before acquisition.

4.9 Ineffective pre acquisition survey/defective asset management/ deficiencies in safeguarding revenue interests of KSITIL

GoK entrusted (June 2008) the development of IT Parks in the land owned by the KSITIL to co-developers at their cost. In lieu of development, the co-developers were to be allotted 10 *per cent* of land in the parks free of cost for their own development. The co-developers were to:

- construct IT buildings suitable for use by IT companies for setting up their offices as per IT norms and common facility centres, etc.;

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[23] At Ambalapuzha, Cherthala, Kannur, Kasargod, Kollam, Koratty and Kozhikode.

[24] Technopark, Infopark and Cyberpark who are entrusted the work of developing infrastructure in park.

[25] Established for conservation of biodiversity and sustainable utilisation of biological resources-an autonomous body.

[26] Land coming under International treaty for conservation and sustainable utilisation of wet land.

- develop necessary basic infrastructure for the whole campus such as road network, street lighting, car parking areas, landscaping, infrastructure of power and water supply, sewage collection, treatment and recycling facilities, land development, etc. and run and manage the same;
- make best efforts for marketing of land and the space within the park.

Audit observations on developments undertaken by the co-developers are discussed below:

4.9.1 Issues in IT park, Kozhikode

KSITIL acquired (February 2009-March 2011) 44.39 acres land for IT park (at Nellicode/Pantheeramkavu Villages in Kozhikode District) at a cost of ₹ 40.63 crore and entered into (November 2011) a lease agreement with Cyberpark, Kozhikode[27] for infrastructure development. Audit noticed the following lapses in this regard:

- As per the lease agreement, five acres of land out of available area of 41.89 acres[28] was leased free of cost to Cyberpark against the eligibility of 4.20 acres (10 *per cent*). Thus leasing out 0.80 acre free of cost in excess resulted in loss of ₹ 1.53 crore (₹ 1.91 crore per acre x 0.80 acre) to KSITIL.
- As per agreement, co-developer has to bear the expenditure for developmental activities. However, KSITIL bore the burden of ₹ 9.16 crore up to March 2013 for land development and road works contrary to agreement conditions.
- KSITIL allotted (January 2013) one acre of land to Centre for Research and Education for Social Transformation, an autonomous body formed in 2008 at a lease premium of ₹ 1.91 crore without considering the cost of development to be incurred for road works, etc.
- KSITIL was constructing a road from National Highway to the project site partly through the property of a private firm[29] to whom the work of construction of road and retaining wall was awarded. KSITIL had acquired parcels of land scattered and surrounded by properties of the firm and other private parties which cannot be used productively and hence proposed to exchange 408.97 cents with the land owned by the firm for construction of the road. Though the road will be commonly used by the KSITIL and the firm, no agreement has been executed for sharing expenditure on construction of road including cost of land.

On being pointed out in Audit, the Management stated (December 2013) that lease premium would be collected from Cyberpark as decided by the BoD; premium was fixed at ₹ 1.91 crore as per direction from Government; and when swapping of land was approved by Government, sharing of expenditure

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27 A society registered under Societies Registration Act, 1860.
28 44.39 acres less land for rehabilitation 2.50 acres.
29 Uralungal labour contract co-operative society Ltd.

on road with the private firm would be solved. No response was received regarding allotment of excess land to Cyber park.

4.9.2 Issues in IT park, Koratty

GoK transferred (January 2009) 30 acres of land at Koratty in Thrissur district for setting up IT park. Infopark, Kochi undertook development of infrastructure in lieu of which 10 *per cent* of land (three acres) was reserved for their own development.

Audit scrutiny revealed the following:

- Infopark earmarked 4.50 acres of land for own development without fixing lease premium for 1.50 acres taken in excess of eligible area of three acres. Based on the land cost fixed by Government plus three *per cent* overhead and ten *per cent* return on investment, the undue favour extended to Infopark worked out to ₹ 1.70 crore[30].
- KSITIL disbursed (March-November 2012) ₹ 6.28 crore to Inforpark for development activities without fixing any conditions for repayment.
- Infopark unauthorisedly allotted already existing buildings owned by KSITIL after renovating it and collected (January 2010 to March 2013) floor rent of ₹ 3.22 crore. The amount was not transferred to the KSITIL and Infopark treated it as their income.

The Management stated (December 2013) that agreement would be executed with Infopark for the land taken by them. As regard renting out of existing buildings by Infopark they stated that since KSITIL did not spend any money on renovation, there was nothing wrong in Infopark collecting rentals. The fact remains that leasing out was done unauthorisedly and the income therefrom was appropriated by Infopark without knowledge of KSITIL.

4.9.3 Issues in IT park, Cherthala

GoK transferred (June2008) 66.20 acres of land at Cherthala to KSITIL to set up an IT Park and KSITIL executed (December 2009) a lease deed with Infopark, Kochi for development of the land. As per the agreement, 6.60 acres of land was leased free of cost and 2.4 acres at a premium of ₹ 115.20 lakh (being 80 *per cent* of lease premium fixed ₹ 144 lakh) to Infopark. Against this, Infopark remitted (December 2009) ₹ five lakh only. The balance amount of ₹ 110.20 lakh was to be paid within five years after commissioning of IT building or the first transaction of land by KSITIL with co-developers whichever was later**.** Infopark completed (March 2013) construction of IT buildings and leased out built up space in the ground floor.

Audit observed the following deficiencies:

- While an amount of ₹ 110.20 lakh was due from Infopark, KSITIL paid ₹ five crore to Infopark (March 2013) without fixing any conditions for repayment.

[30] (₹ 1.03 crore per acre (including overhead of 3 per cent) x 1.50 acre) x 1.10 = ₹ 1.70 crore

- KSITIL also leased out (June 2009) 60 cents of land for 90 years to Infopark for constructing a working women's hostel at a nominal lease rent of ₹ one for a cent per year and annual maintenance rent of ₹ 100 per year. Leasing out land to Infopark for construction of women's hostel without collecting lease premium resulted in foregoing premium of ₹ 36 lakh[31]. Further, the land allotted for construction of hostel had been kept vacant since June 2009.
- There was no condition in the lease deed for payment of interest on the balance unpaid amount (₹ 110.20 lakh) of lease premium for excess land allotted. Loss of interest on the blocked fund worked out to ₹ 109.89 lakh[32] from December 2009 to March 2018.
- The reason for waiver of 20 *per cent* lease premium on the allotted land was not on record.
- Though construction of IT building was completed, the rest of the land had not been allotted to any entrepreneurs.

On being pointed out, the Management stated (December 2013) that agreement would be modified with interest on deferred payments and 20 *per cent* discount was allowed as early bird discount. The reply was not acceptable. The chance for realisation of interest is remote as there is no provision in lease deed for payment of interest. Also early bird discount was meant for attracting new entrepreneurs and not for the co developer.

4.9.4 Issues in IT park, Kollam

GoK transferred (March 2009) 44.48 acres of land in Kollam District (out of which 31 acres of land comes under the category of *kayal poramboke* where construction is not possible within 100 meters from the boundary of kayal) to KSITIL. The development of the IT Park was entrusted (September 2009) to Technopark, Thiruvananthapuram. Audit observed the following:

- The *kayal poramboke* land is not marketable and hence affects the prospects of the project.
- Technopark is constructing IT building without executing lease deed with KSITIL for the land taken for development and thus KSITIL has failed to safeguard its assets.
- KSITIL paid (December 2011 – March 2013) ₹ five crore to Technopark for furnishing of IT building without specifying any conditions for repayment.

On being pointed out, the Management stated (December 2013) that lease deed would be executed with Technopark and on receipt of clear guidelines from Government on conditions related to disbursement of funds, required actions could be taken.

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[31] At the rate of ₹ 60 lakh per acre.
[32] At the rate of 12 *per cent* being charged as per Section 23 (1A) of L.A. Act.

4.10 Impact of Audit

The financial impact of audit is given below:

Sl. No.	Para No.	Para	Amount (₹ in crore)
Kerala Industrial Infrastructure Development Corporation			
1	4.2.1	Wasteful expenditure due to acquisition of land not suitable for industrial purpose	24.24
2	4.2.2	Acquisition of land at exorbitant price	11.63
3	4.2.3	Extra expenditure on land acquired for setting up Common Facility Centre	0.49
4	4.4.1	Extension of undue benefit by way of unjustified moratorium for repayment of lease premium	2.72
5	4.4.2	Short collection of lease premium due to incorrect fixation	12.83
6	4.4.3	Undue relaxation of Rules and extension of concessions to RUBCO Group	1.94
		Total	**53.85**
Kerala State Industrial Development Corporation Limited			
7	4.6	Undue benefit to a private sector company, INKID	137.79
8	4.7	Undue favour to RUBCO	3.13
		Total	**140.92**
Kerala State Information Technology Infrastructure Limited			
9	4.8	Wasteful expenditure due to acquisition of submerged land	0.18
10	4.9.1	Issues in IT Park, Kozhikode	10.69
11	4.9.2	Issues in IT Park, Koratty	4.92
12	4.9.3	Issues in IT Park, Cherthala	1.46
		Total	**17.25**
		Grand total	**212.02**

4.11 Conclusion

Audit found that

- KINFRA was not complying with the provisions of the Act/Rules/Regulations scrupulously. Further, there was no system prevailing in the entity for post allotment verification to see that the allotted land is used for specified purpose, within the period stipulated and for resumption of land in cases of violation of conditions of allotment.
- KSIDC showed undue favour to private parties by transferring Government land to them at throw away prices. It also could not achieve the objective of setting up IGCs due to poor infrastructure. There was no system for assessing the actual requirement of land before allotment and to assess the lease premium correctly based on the market value. It failed to incorporate necessary conditions in lease deeds to have control over the land allotted.
- KSITIL did not have an effective system to ensure that the land was suitable for utilisation before the acquisition and to see that the land allotted free of cost are strictly in accordance with Government orders. Asset management of KSITIL was not effective and decisions on fixation of lease premium were taken without protecting the interests of KSITIL.

- KSIDC acted as an implementing agency of Government for acquisition, development and allotment of land for industrial purpose. Establishing KINFRA and KSITIL with more or less same objectives led to multiplicity of agencies, adversely affecting the balanced and uniform activity and resulting in inefficiency and leakage of revenue.

4.12 Recommendations

Audit recommends that

- KINFRA should acquire/allot land strictly in accordance with provisions of the Act/Rule/Regulation. Cases of non-compliance be inquired into and responsibility fixed. Further, inspection may be conducted to see that the allottees are using the land for intended purposes, that also within the stipulated period and in case of violation of conditions; effective action should be taken to resume the land.
- KSIDC may provide sufficient infrastructure facilities so as to achieve the intended objectives in a timely manner. KSIDC should have a system for assessing the actual requirement of land to the entity before allotting the land. Necessary conditions should be provided in the lease deeds to get control over the land allotted and to safeguard the interests of the KSIDC. Action should be initiated against officials who transferred Government land at throw away prices to private parties.
- KSITIL should satisfy before acquisition that the land is suitable for intended purposes. Asset management should be more effective to check the cases of unauthorised utilisation of its assets and to detect non collection of revenue from co-developers. It should be ensured that interests of KSITIL are safeguarded while executing lease deeds.

Chapter-V
Issues in respect of land and ecological impact - Aranmula Airport

CHAPTER-V: ISSUES IN RESPECT OF LAND AND ECOLOGICAL IMPACT - ARANMULA AIRPORT

5.1 Introduction

Kerala, a state stretching 580 kms in length and upto 120 kms in width has three functioning airports (Thiruvananthapuram, Kochi and Kozhikode) and a fourth one is under development at Kannur.

In addition to these four airports in Government sector, a fifth one is proposed as a greenfield airport[1] in Aranmula village, Kozhenchery *Taluk*, Pathanamthitta District. It is to be executed by a private sector developer - M/s KGS Developers Ltd. (Developers). For this objective, the developers, a property development company executing commercial and residential projects in South India, formed (August 2009) a company, namely KGS Aranmula Airport Ltd.[2] (Airport company) under the Companies Act, 1956. The proposed Airport project envisages catering to the needs of the Non-Resident Indians of Pathanamthitta, Kottayam, Idukki and Alappuzha districts. It is within a distance of 117 kms and 136 kms (road distance) respectively from Thiruvananthapuram and Kochi International Airports.

Aranmula, the proposed site for the airport, is a beautiful wet land ecosystem on the banks of Holy River Pamba that represents the epitome of Kerala culture and is a declared heritage village under United Nations Development Programme (UNDP).

There were widespread protests against the proposed airport by social and cultural activists, persons affected by the project and various well known figures and opinion makers[3] of Kerala as there was gross violation of existing land laws and subsequent environmental impact in a heritage site. A joint petition was submitted by 71 MLAs of Kerala Legislative Assembly (out of the total strength of 140 MLAs) and other prominent persons before the Prime Minister of India on which Ministry of Environment and Forest sought for the factual report from the State Government.

The findings of the Committee on Environment (2011-14) of Thirteenth Kerala Legislative Assembly, on the environmental issues raised by the Aranmula Greenfield International Airport Project, placed in the Assembly on 12 July 2012 were also against the activities connected with the airport.

Ignoring all the protests and various violations, successive governments supported the airport project to obtain almost all the necessary clearances as shown below.

- 'In principle' approval from the Government of Kerala (GOK) in September 2010,

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1 Greenfield Airport is one which is built from scratch on a new (undeveloped) site. The Government of India brought in a New Greenfield Airport Policy in 2008, that would govern proposals for setting up Greenfield airports, other than defence airports.

2 The name subsequently changed as KGS Aranmula International Airport Ltd.

3 Poetess Smt. Sugathakumari, Environmentalist, Dr. V.S Vijayan former Chairman of Biodiversity Board etc.

- No Objection Certificate (NOC) for setting up of a new greenfield airport at Aranmula from the Ministry of Defence in August 2011,
- Site clearance approval in October 2011 and the 'in principle' approval from the Ministry of Civil Aviation, Government of India (GOI) in September 2012.
- Environmental clearance for the proposed airport was issued by Ministry of Environment & Forests, GOI in November 2013.

Construction of airport would commence on getting license from the Director General of Civil Aviation, as provided in the Greenfield airport policy.

The company has announced that the first aircraft will take off from the proposed airport in 2015. In this backdrop, an audit was conducted to study the land management issues.

5.2 Audit criteria

The criteria for this study were derived from the provisions of following Central/State laws.

Central laws

- The Aircraft Act, 1934.
- The Airports Authority of India Act, 1994.
- Greenfield Airports Policy, 2008.
- The Registration Act, 1908.

State laws

- The Kerala Land Conservancy Act, 1957 (KLC Act, 1957).
- The Kerala Land Conservancy Rules, 1958 (KLC Rules, 1958).
- The Kerala Land Reforms Act, 1963 (KLR Act, 1963).
- The Kerala Land Utilisation Order, 1967 (KLU Order, 1967).
- The Kerala Conservation of Paddy Land and Wet Land Act, 2008.
- Registration Rules (Kerala).

5.3 Scope and methodology of audit

Audit was conducted from January to June 2013 concurrent with the audit on Assignment of Government land. An entry conference was conducted on 12 February 2013 with R&DM Department and Government. The records connected with 'in-principle approval' granted to the proposed Greenfield Airport at Aranmula and the issues connected with land possessed by the company were verified from the files/records available in four Village Offices[4], *Taluk* office - Kozhenchery, *Taluk* Survey office - Kozhenchery, Collectorate Pathanamthitta, *Taluk* Land Board Kozhenchery and Commissionerate of Land Revenue, Thiruvananthapuram. Audit also test checked the Government files in the administrative departments viz. Transport, Industries, R&DM and Environment of Government Secretariat.

[4] Aranmula, Mallapuzhassery, Kidangannur and Mezhuveli

The issues raised in the audit were discussed with the Commissioner of Land Revenue and the Secretary to Government, R&DM Department in the exit conference conducted on 22 January 2014.

5.4 Land for the Airport

Two societies viz. Kozhenchery Charitable Educational Society[5] and Charitable Educational and Welfare Society[6] and a company (Aranmula Aviations Ltd) registered under the Chairmanship of one 'individual[7]' purchased/illegally occupied 153.31 Ha. of land. Out of this, he sold 94.94 Ha. in three villages - Aranmula (21.62 Ha.), Kidangannur (9.74 Ha.) and Mallapuzhassery (63.58 Ha.) of Kozhenchery *taluk* to Airport company. This includes 7.03 Ha. of paddy fields filled in violation of KLU Order, 1967. The total land under possession of the societies/company, land transferred to the Airport company and the balance land with the societies as on 31 March 2013 were as detailed below:

Sl. No.	Location of land	Land with societies (in Ha.)	Land transferred to airport company (in Ha.)	Balance with societies (in Ha.)
1	Pathanamthitta/ Kozhenchery	113.20 (5 villages)	94.94 (3 villages)	18.26 (2 villages)
2	Pathanamthitta/Tiruvalla	0.07	0	0.07
3	Pathanamthitta/Adoor	13.25	0	13.25
4	Alappuzha/Chengannur	3.53	0	3.53
5	Palakkad/Alathur	23.26	0	23.26
	Total	**153.31**	**94.94**	**58.37**

Apart from the land transferred by the Societies, the Airport company also possessed 39.9285 Ha. of land purchased by them directly. In addition, 24.35 Ha. *poramboke* (*thodu poramboke* and road *poramboke*) encroached in violation of the KLC Act, 1957 was also under the possession of the Airport company as reported by the revenue authorities. Total land under the possession of Airport company was 159.22 Ha.

5.5 Audit findings

Audit found several serious irregularities by the Government at all levels in the manner in which land was allotted/allowed to be acquired to/by the Airport company. They are described in the following paragraphs.

5.5.1 Evasion of land ceiling Rules with connivance of Government

As per Section 82 (1) (d) of the KLR Act, 1963 the maximum extent of land that could be held or possessed by a person - other than a member of a joint family – in the State has been specified as 6 Ha. (15 acres). No person shall be entitled to own, hold or possess under mortgage, land in excess of the above ceiling area (Section 83 of the KLR Act, 1963).

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5 Reg.No.P72/04

6 Reg.No.Q373/83

7 Two societies and one company were registered under the Chairmanship of KG Abraham Kalamannil and his family as its members. R&DM department has also considered the above as belonging to one individual.

A person holding or owning land in excess of the ceiling area shall surrender such excess land to the government as per Section 85(1) of KLR Act, 1963 and file a statement (ceiling statement) under Section 85(2) before the Land Board showing the total area owned or held, including the area proposed for surrender. Where a person fails to file the statement under section 85(2) of KLR Act, 1963 the *Taluk* Land Board shall by order determine the extent and other particulars of the land to be surrendered. The authorities responsible to take action against excess land were thus;

- The State Land Board[8], consisting of a sole member appointed by the Government - Commissioner of Land Revenue.
- The *Taluk* Land Board[9] headed by an officer not below the rank of Deputy Collector as Chairman and consisting of not more than six members nominated by the Government.

The 'individual' purchased parcels of dry/wet land from various individuals in Tiruvalla, Kozhenchery and Adoor *taluk*s of Pathanamthitta district since 2004 and held 126.52 Ha. (312.63 acres) in total in the District. In addition the individual had 23.26 Ha. (57.48 acres) of land in Palakkad district and 3.53 Ha. (8.71 acres) in Chengannur *taluk* of Alappuzha district. The individual owned in all 153.31 Ha. (378.82 acres) of land in the State which was more than 25 times the ceiling prescribed by the provisions of the KLR Act, 1963.

Audit found that, the Revenue authorities took more than nine years (2004 to 2013) to identify the excess holding and to initiate action to resume the excess land to the government. The inordinate delay enabled the 'individual' to transfer the excess holding of land to the Airport company. The action subsequent to the transfer to resume the excess land became ineffective as explained below.

The individual requested (February 2008) the then Revenue Minister of Kerala that 80.94 Ha. (200 acres) of land in Aranmula along with further land to be purchased be exempted from the ceiling under the KLR Act, 1963 to facilitate the construction and operation of an Airport at Aranmula. The request was a clear indication of excess land holding. However, no action was initiated by the Revenue Minister/department to enquire/resume the excess land invoking the provisions of KLR Act, 1963.

The Additional *Tahsildar* Kozhenchery reported[10] (March 2009) to the District Collector Pathanamthitta that an 'individual' acquired land at various villages of Kozhenchery *taluk* in excess of the ceilings prescribed. District Collector reported[11] (August 2009) the matter to the Commissioner of Land Revenue, who is the sole member of the Land Board. The Secretary Land Board directed[12] (November 2009) the Chairman *Taluk* Land Board (TLB), Pathanamthitta to forward proposal to book *suo moto* case under Section 85 (2)

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8 Formed under Section 100 of the KLR Act, 1963 to perform the function related to land reforms under the Act.

9 Constituted under Section 100A of the KLR Act, 1963 to perform the functions under the Act.

10 Letter No C1-16918/07 dated 17 March 2009.

11 Letter No.C4.32821/04 dated 21 August 2009.

12 Letter No. LB.B8 4257/09(1) dated 07 November 2009.

of the KLR Act, 1963 and raised concern that delay in booking the case may facilitate the transfer of the excess holding. However the successive Chairpersons failed to put up proposals to take *suo moto* action as directed. After issuance of various reminders/D.O letters by the State Land Board, Chairman TLB, Kozhenchery forwarded[13] (April 2012) the primary report proposing booking of *suo moto* case as per the KLR Act, 1963 to the Secretary Land Board. The Chairman, TLB took almost three years to act on the State Land Board orders.

On receipt of the proposal (April 2012) of the Chairman, TLB, the Land Board authorised (July 2012) the TLB, under section 85(7) of KLR Act, to proceed against the 'individual'. TLB *suo moto* initiated the land ceiling case[14] and issued (September 2012) draft statements, seeking whether the 'individual' had any objection to the TLB in determining under Section 87(1) and (2), the extent of excess holding and identity of lands to be surrendered. The TLB vide its proceedings in SM01/12 Kozhenchery dated 10 April 2013 identified 136.31 Ha. of land as holding in excess of ceiling to be resumed to the Government as shown below.

Sl. No.	Particulars	Area in Ha
1	Total land as per *Taluk* Land Board, Kozhenchery	149.96[15]
2	Less deduction under Section 81 of KLRA	8.79
3	Net holding (1-2)	141.17
4	Land permitted to hold	4.86
5	Land to be surrendered	136.31

In the meantime the individual transferred (2010-11) 94.94 Ha. to Airport company and the excess land identified (April 2013) had not yet been resumed. The Airport company had obtained the clearances for the airport from the state and central governments highlighting the availability of this land for the Airport. The inaction of the Government machinery needs to be investigated and responsibility fixed against the delinquent officers.

This instance highlights the need for having a procedure to identify the aggregate land holdings of an individual in the State, the details of which may spread over the records of 1,634 villages. But Audit noticed that, there is no such prescribed procedure in the State.

5.5.2 Registration of sale deeds during the currency of the proposal for *suo moto* proceedings to resume the excess holding

The Additional *Tahsildar*, Kozhenchery informed (December 2009) the District Collector, Pathanamthitta that the 'individual' is venturing to transfer the excess land holding at Aranmula, Kidangannur and Mallappuzhassery Villages and that directions need to be issued to the respective Sub Registrars not to register such deeds in view of the steps being taken to book land ceiling case against the individual under the KLR Act, 1963. On 8 March 2010[16], the

[13] Letter No. C8.51855/09 dated 28 April 2012.
[14] Case No. SM 01/2012/KZHRY.
[15] As per information collected by Audit the land under possession of the 'individual' was 153.31 Ha. as against 149.96 Ha. as on 31 March 2013. The difference of 3.35 Ha. remains unreconciled.
[16] Letter No C1-51855/09(1) dated 08 March 2010 of District Collector Pathanamthitta to Sub Registrars Aranmula and Kozhenchery.

District Collector issued directions under Section 120A of KLR Act, 1963 to the Sub Registrars Aranmula and Kozhenchery to stop registration of sale deeds executed by the individual.

In the mean time the local MLA requested (11 November 2010) the Chief Minister (CM) to issue necessary directions to the District Collector to dispense with the ban imposed on the land and to transfer the land. The CM, without further enquiry, on the very next day acceded to the request and directed (12 November 2010) the District Collector, Pathanamthitta on the letter of the MLA itself to take immediate action to facilitate transactions of the land and report the same to CM. Upon the direction of District Collector (18 November 2010)[17], an extent of land of 94.94[18] Ha. was registered in the name of the Airport company in December 2010, violating Section 120A of KLR Act, 1963 as detailed below.

Village	Sub Registry	Deed Nos.	Area in Ha.
Kidangannur	Aranmula	3	9.74
Aranmula	Aranmula	2	21.62
Mallapuzhasserry	Kozhenchery	7	63.58
Total		**12**	**94.94**

Further, Collector directed (November 2011) the Additional *Tahsildar* Kozhenchery to mutate the land in the survey numbers purchased by the Airport company and the same was mutated in their favour during February 2012 to September 2012. The registration of the sale deeds transferring the land acquired by the 'individual' to the Airport company was tantamount to regularisation of the encroachment of unclassified Government land.

5.5.3 Failure to take action against illegal filling of paddy fields

As per clause 6 of KLU Order, 1967 the conversion of any land cultivated with food crops for any other purpose is restricted and needs prior permission. The authority to consider and dispose of the application of conversion as per the provisions of the KLU Order, 1967 is vested (February 2002)[19] with the Divisional Officers/District Collectors subject to certain conditions. *Inter-alia*, Government also ordered that the revenue machinery at *taluk* and village levels should be activated to ensure that the conversions or attempted conversions without sanction are detected promptly and proceeded against and conversion should not be presented as a '*fait accompli*' which need inevitably to be regularised.

Among the 153.31 Ha. (378.82 acres) land held by the societies and company, 92.78 Ha. (229.27 acres) were paddy fields; coming within the purview of KLU Order, 1967.

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17 Letter No. C1-51855/2009 dated 18 November 2010 to Sub Registrar, Aranmula.

18 Out of 134.87 Ha. (excluding 24.35 Ha. encroached) land possessed by KGS the restriction on registration was applicable only for the 94.94 Ha purchased from the 'individual'. In respect of 39.93 Ha. purchased from others this restriction was not applicable.

19 GO(Rt) NO.157/2002/AD dated 05 February 2002.

The illegal filling and conversion of land became a '*fait accompli*' due to the failure of the revenue authorities to take action, on the transfer of land as detailed below:

The 'individual' submitted (April 2004) an application to the then District Collector, Pathanamthitta to sanction reclamation of 25 acres of paddy field[20] in Kozhenchery *taluk* for the construction of a private air strip. The District Collector did not give any permission for the conversion.

However, the investigations and reports by various revenue authorities[21] (July 2004) revealed filling of paddy fields. Further, as per the records of R&DM department, 7.03 Ha. included in the area transferred to the Airport company was paddy fields filled in by the 'individual', as reported by Village Officers of Aranmula and Mallapuzhassery and Principal Agricultural Officer, Pathanamthitta.

The Committee on Environment (2011-14) of Thirteenth Kerala Legislative Assembly in its report (July 2012) recommended to remove soil from the land filled paddy fields and take action against those who converted paddy fields.

The Kerala State Biodiversity Board conducted a study and found that about 28 Ha. of paddy field had been filled in taking soil from the nearby Karimaruthu hills. However the area of paddy field filled in still stands unreclaimed as on 31 March 2014.

Based on the direction (30 November 2011) of the Commissioner of Land Revenue, the Deputy Collector (Vigilance), South Zone, Thiruvanathapuram reported[22] (March 2012) to the Commissioner of Land Revenue that Village Officers of Aranmula, Mallapuzhassery and Kidangannur, Addl. Tahsildar Kozhenchery and Revenue Divisional Officer (RDO) Adoor were not vigilant and the filling of land was due to their inaction.

Clause 12 of the KLU Order, 1967 empowers the District Collector to use force for compliance of the orders issued by him. Though violations were noticed from 2004 onwards the District Collector failed to exercise the power vested with him under the KLU Order, 1967 to check the unauthorised filling of the paddy fields.

The illegally filled paddy fields were subsequently transferred to the Airport company and formed part of the land considered for issuing clearance to the airport.

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20 In survey nos. 387, 388, 389 and 390 of Aranmula village.

21 Letter No C4-32821/2004 (3) dated 20 July 2004 of District Collector, Pathanamthitta to The Director, Agriculture Department ,Thiruvananthapuram.

22 Investigation report No. RVC/A1/1932/09/PT dated 19 March 2012.

5.5.4 Illegal possession of Government land –Violation of KLC Act 1957

KLC Act, 1957 and KLC Rules, 1958 are framed to protect government land from encroachment. The duties of various authorities to prevent encroachment as well as penalties and the measures to evict encroachers are specified in the Act/ Rules.

The 'individual' had illegally taken 24.35 Ha. government land[23] which included unclassified Government land (*Poramboke)* as detailed below.

Sl. No.	Type of land	Area (in Ha.)
1	Pathway	9.95
2	*Thodu poramboke*[24]	12.06
3	Road *poramboke*[25]	1.52
4	Other Government land	0.82
	Total	**24.35**

As per Rule 4 of KLC Rules, 1958 all officers of the R&DM department shall have it as their primary duty to prevent unauthorised occupation of government lands. The Village Officer shall report to the District Collector promptly all cases of encroachments of government land in Form A and he shall inspect the encroached land as per Rule 6. The Village Officers of Aranmula and Mallapuzhassery reported promptly the encroachment in September 2007 and February 2008 to the RDO Adoor and Additional *Tahsildar* Kozhenchery.

Various penalties/remedial measures were available to the District Collector against encroachment like:

- *Summary eviction with recovery of dues (Section 11 of KLC Act, 1957) and*
- *Imprisonment and fine*[26] *(Section 7 (a)) of KLC Act, 1957.*

However Audit found that inspite of the remedial measures provided, the District Collector Pathanamthitta failed to take any action against the encroachment of 24.35 Ha. of land.

The Legislative Committee on Environment (2011-14) in its report (July 2012) also expressed concern regarding inaction on the occupation of the unclassified revenue land and recommended an enquiry and action against the delinquent officials and to resume the unclassified revenue land to Government.

As per report (July 2012) of Joint Commissioner, Land Revenue, the Village Officers concerned had reported the matter to the *Tahsildar* with all statutory records including Form A under Rule 6 KLC Rules, 1958. However, the Assistant Commissioner (LA), Commissionerate of Land Revenue,

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[23] In Kidangannur, Mallapuzhassery, Aranmula and Mezhuveli villages of Pathanamthitta district.

[24] Government land around river.

[25] Government land around road.

[26] The fine was an amount not exceeding ₹ two hundred and additional fine of ₹ two hundred for everyday of continued occupation as may be imposed by the Collector as per Section 7 (upto 07 November 2008).

Thiruvananthapuram in its report dated 2 July 2012 stated that the Additional *Tahsildar,* the *taluk* surveyor and the RDO Adoor were responsible for the omissions.

Section 7 (c) of the KLC Act, 1957 prescribes imprisonment for a term not less than three years which may extend upto five years and fine not less than ₹ 50,000 which may extend to ₹ two lakh for dereliction of duty.

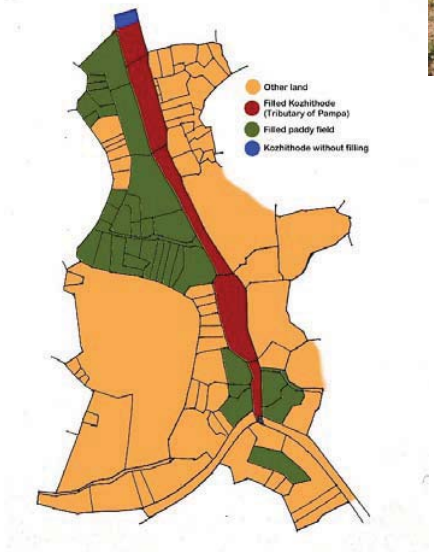
The Joint Commissioner recommended vigilance enquiry to bring out the official lapses which has not materialised (March 2014) even after almost two years.

5.5.5 Illegal encroachment of *'Kozhithodu'* and its environmental impact

One of the major encroachments was that of *Kozhithodu*; a stream about 7 kms long and 4 metres wide (at its narrow point) which runs across the paddy fields of Aranmula, Karimaram and Kidangannur villages.

Partially filled existing *Kozhithodu*

The 'individual' encroached about 800 mtrs of the *poromboke* stream (*Kozhithodu*) and filled it illegally during the period 2004 to 2008. The encroached part of the stream stretching 2.57 Ha. was in Aranmula and Mallapuzhassery villages. This was encroached for maintaining the continuity of the land already purchased by the individual, lying on both sides of the stream. The 'individual' had transferred (2010) the land surrounding this filled-in stream to the Airport company which formed a part of the land proposed for airport. Consequent to filling up of part of this stream, the rest of the paddy fields became water logged and became unsuitable for farming. The *puncha* cultivation[27] had come to an end since the supply of water from *Kozhithodu* was stopped.



Filled and resumed portion of *Kozhithodu*

[27] Cultivation in water logged paddy field.

The Executive Engineer, Minor Irrigation suggested that the Irrigation department would excavate the soil filled in *poramboke thodu* at a cost of ₹ 19 lakh and recover the cost from the 'individual'.

However, though the encroachment was evicted (July 2012) and marked as Government land, the filled in soil was not removed and the water flow not restored (March 2014) at the risk and cost of the 'individual'. Further, the RDO, Adoor failed to initiate punitive action against the encroachment.

5.5.6 Alteration of nature and boundaries of land in the sale deeds

The Registration Act, 1908 requires that the property involved in a transaction be clearly identified in terms of its nature and boundaries.

As per Section 21 of the Registration Act 1908, no non-testamentary[28] document relating to immovable property shall be accepted for registration unless it contains a description of such property sufficient to identify the same. In Rule 23 of the Registration Rules (Kerala) the description of the "territorial division" required by Section 21 states that it shall *inter alia* contain the nature and boundaries of the land. Rule 36 stipulates that a document which relates to land shall, before it is accepted for registration, be checked with the survey numbers and subdivisions in the indexes maintained under Rule 149 and the Settlement Register. Section 71 of the Registration Act, 1908 enables a Sub Registrar to refuse registration of a document, after making an order of refusal and recording the reasons for such order.

Land measuring 134.87 Ha. purchased by KGS Aranmula Airport was registered with Sub registry offices Kozhenchery, Aranmula and Pandalam through 75 deeds (12 deeds relating to 94.94 Ha. purchased from the 'individual' and 63 relating to 39.93 Ha. purchased from others) as in Annexure XI.

Audit verified the 12 sale deeds on 94.94 Ha. and found that in seven sale deeds affecting 19.05 Ha. of land, the nature of the land and boundaries were altered/incorrect.

Alteration in the nature/boundary of land

Village	Area in Ha.	Nature of land	Alteration in nature	Nature of boundary	Alteration in boundary	SRO	Altered Document
Mallapuzhassery	1.88	Residential plot and paddy land	Dry land without road	*Thodu*[29]	Self Property	Kozhenchery	1385/10
Mallapuzhassery	3.24	Paddy land	Dry land without road	*Thodu*	Self Property	Kozhenchery	1382/10
Mallapuzhassery	3.57	Paddy land	Dry land without road	*Thodu*	Self Property	Kozhenchery	1383/10
Kidangannur	4.28	Paddy land	Dry land without road	*Thodu*	Self Property	Aranmula	1929/10
Kidangannur	1.63	Paddy land	Dry land	*Thodu*	Self Property	Aranmula	1932/10

[28] Deeds other than a will or a testament.
[29] Stream.

Village	Area in Ha.	Nature of land	Alteration in nature	Nature of boundary	Alteration in boundary	SRO	Altered Document
			without road				
Aranmula	1.05	Paddy land	Dry land without road	*Thodu*	Self Property	Aranmula	1931/10
Aranmula	3.40	Paddy land	Dry land without road	*Nilam/ Kozhithodu*	Self Property	Aranmula	1928/10
Total	**19.05**						

The documents were registered without verifying the altered nature and boundaries of the land with reference to the previous sale deeds, Basic Tax Register and Settlement Register as required under Rule 36 of the Registration Rules (Kerala). The Sub Registrars, Kozhenchery and Aranmula should have rejected the registration as prescribed in Section 71 of the Registration Act, 1908. No departmental action was seen initiated by the Inspector General of Registration, Kerala on the Sub Registrars who admitted the incorrect documents for registration.

Registration of sale deeds, showing incorrect nature of land and boundaries of land resulted in regularisation of unlawful filling up of paddy land and illegal possession of Government *thodu*.

Audit pointed out (April 2014) the lapses on the part of the Sub Registrars to the Inspector General of Registration calling for the details of disciplinary action taken against the delinquent officers. Reply has not been received (May 2014).

5.5.7 Unauthorised according of approvals by the Industries Department

The Airport company placed their application (April 2010) for No-objection certificate (NOC) for the construction of the Airport to the Addl. Chief Secretary, Industries department, Government of Kerala. Industries department in turn granted (September 2010) in-principle approval for a Green field airport at Aranmula.

As per the recommendation 6 of the Report No.3 (July 2012) of the Legislative Committee on Environment (2011-14) the Transport department of the State is the nodal department for the project of Greenfield Airport. Hence the application for the NOC should have been submitted to the Transport department and the in-principle approval should have been arranged by the Transport department after consulting the allied departments.

The Industries department overstepped their jurisdiction by accepting the application for NOC from the Airport company and granting the in-principle approval. Moreover, having accepted the application, the department did not observe the requirements detailed in the Greenfield Airport Policy of 2008 while giving the in-principle approval. This resulted in the defects depicted in the succeeding paragraphs.

5.5.8. Granting of in-principle approval by State Government without sufficient verification regarding the availability of land

Construction of Aranmula Air Port is a major project requiring vast area of land and can cause irreparable damage to the environment and ecological balance of the area. Airport company requested (April 2010) for NOC for the construction of Greenfield Airport at Aranmula to the Additional Chief Secretary (Addl. CS) (Industries), GoK, stating that they had acquired around 350 acres of land, out of the required 500 acres. Based on their request, Government order[30] granting 'in-principle approval' for the Greenfield Airport at Aranmula was issued (September 2010) by the Addl. CS stating that the company had purchased 350 acres of land from land owners out of the 500 acres required for the project. However, as per note (July 2013) of Commissioner of Land Revenue at the time of issue of in-principle approval the extent of land held by the Airport company was only 264 acres. Also the Airport company started purchasing land only in October 2010.

Thus the Industries department did not consult the R&DM department to ascertain the availability/ownership of the land with the Airport company. The Government also did not consider the environment/ecological issues raised by various social and cultural activists, representatives of organisations, project affected persons and environmentalists before granting in-principle approval to the proposed project.

5.5.9 Acceptance of equity by Government in the project

Aranmula Airport project is a private venture by the KGS Group, Chennai. As per the Green field Airport Policy (April 2008) issued by Government of India (GOI), in the case of airports other than by Airport Authority of India (AAI), financing and development of airport, acquisition of required land, obtaining the various licenses and clearances etc., will be the responsibility of the Airport company.

The proposed Airport company suffered from many drawbacks. They did not have sufficient land with them and land ceiling case was initiated (in September 2012) against the original owner of the land under possession of the Airport company. The Airport company was in illegal possession of government land. Filling up of paddy fields was done by the original owner of the land possessed by the Airport company and the proposed project was facing criticism from all sides regarding the adverse effect on environment, ecology etc. Despite all these, Government of Kerala (Transport department) decided[31] to accept (January 2013) 10 *per cent* equity in the Airport company which was offered free of cost and issued (January 2013) orders to accept the equity. Government also ordered that *poramboke* land essential for the operations of the Airport shall be given at market price. Further, Government would also have one nominee as Director in the Board of Directors of the Airport company.

By accepting the equity offered by the Airport company, Government became a party to the illegal filling of land, encroachments, environmental and

[30] GO(RT)No. 1262/2010/ID dated 08 September 2010.
[31] GO(MS)No. 04/2013/Trans dated 16 January 2013.

ecological problems. They also agreed to give more *poramboke* land necessary for the project.

5.5.10 Land declared as 'industrial area' in excess of requirement

R&DM department, the custodian of the land records in the State, only can authoritatively state the actual area contained in a particular locality or survey number.

The Airport company requested (April 2010) for NOC for the construction of Greenfield Airport at Aranmula to the Additional Chief Secretary (Industries), Government of Kerala. As per their application they required 500 acres of land which was identified by them for the proposed Greenfield Airport at Aranmula. Industries Department declared[32] (February 2011) 200 Ha.[33] (500 acres) of land (as specified in the schedule to the order), to be an Industrial area of the State. But while appending the schedule, the extent of land in the survey numbers suggested by the Company were not verified with reference to the requirement of the applicant in consultation with the R&DM department. Appending the unverified schedule to the notification resulted in wrong declaration of 444.72 Ha. (1,098.90 acres) of land as industrial area instead of 200 Ha. required for the proposed project. The R&DM department though stated to have initiated action for de-notification of the land declared as industrial area, action has not yet been completed.

Thus laxity in verification led to notification of more than double the area required as 'industrial area'.

5.5.11 Environmental clearance obtained through false submissions

Under the Environment Impact Assessment Notification[34] 2006 issued under Environmental (Protection) Act, 1986, all airport projects require prior environmental clearance from the Central Government. Ministry of Environment and Forest, GOI sought a factual report from the Environment Department of Government of Kerala (GoK) on the joint petition filed by 71 MLAs and other prominent persons to the Prime Minister against the proposed Airport Project. The Environment Department issued clean chit to the proposed project recommending[35] (September 2013) that the application for environmental clearance for the Airport project may be processed for clearance on certain grounds which was factually incorrect as shown below:

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32 GO(P)No.54/1/ID dated 24 February 2011.

33 At Aranmula, Mallapuzhassery and Kidangannur villages in Pathanamthitta district.

34 Notification SO 1533 dated 14 September 2006 issued by the Ministry of Environment and Forest, Government of India, published in Gazette of India, Part II and Section 3, Sub Section(ii).

35 Letter No. 565/B1/12/Envt dated 13 September 2013.

Sl. No.	Information/recommendation furnished by the Department	Factual position/result
1	The Department intimated Ministry of Environment and Forest, GOI that the Legislative Committee on Environment has not categorically expressed any reservation against the project.	This was factually incorrect since the Committee in July 2012 had categorically commented that the *Puncha* cultivation had come to an end since the supply of water from *Kozhithodu* (Stream) had been stopped and recommended that the soil from the land filled paddy fields and *Kozhithodu* should be removed to restore the free flow of water. Further, the Committee expressed their disagreement with the development activities in July 2012 that would destroy water resources, acres of paddy fields that had been used for cultivation for centuries and destroying the biodiversity of the locality.
2	The allegation that the project has created hardships to farmers does not seen factual as the fallow paddy land had been sold in 2003 itself and reclaimed immediately thereafter. No petition on environmental consideration has been received from any farmer against the reclamation in 2003 and against the Airport project.	The view that paddy land filling took place before the land was taken for the project and no punitive action was taken at the time of filling of the paddy lands was not correct since the action to restore the land and imposing punitive action as required in the Kerala Land Utilisation Order 1967 was not done by the department or Government. Treating this violation committed as *fait accompli* is not in line with the spirit of the existing land conservation orders or rules.
3	The paddy field filling took place before the land was taken over for the project, but no punitive measures had been taken while filling activities were initiated at that time.	Same remarks as at 2 above.
4	The reclamation was during pre-2008 period when the Kerala Conservation of Paddy Land and Wet Land Act, 2008 was not there. Hence the 2008 Act is not applicable.	The plea that the reclamation was during the pre 2008 is also not tenable since the Kerala Land Utilisation Order 1967 was in force, which prevented conversion of land for any other purpose other than the existing cultivation.
5	The Department stated that details of court cases (criminal/vigilance) were not available with the Committee.	As per note prepared for Chief Secretary's meeting on Aranmula Airport, held on 4 July 2013 there were 7 WP/OS pending disposal.

Verification of Government files has shown that the National Green Tribunal, South Zone, Chennai in its judgement dated 30 April 2013 disposed of the Application No. 38 of 2013 filed by Aranmula Heritage Village Action Council as withdrawn, awarding cost to the State Government. By interpreting the above disposal of the case as thorough consideration of all the points by the tribunal, Government decided to request the Ministry of Environment and Forest for environmental clearance to the Airport Project. Audit found that while giving the recommendations, the Principal Secretary to Government, Environment Department instead of considering the environmental/ecological aspects, took a stand favourable to the proposed project.

5.5.12 'In-principle' approval of Central Government without reckoning the views of Customs

Guidelines for granting license framed under the Aircraft Act by GOI stipulates that Greenfield airport would not be allowed within an aerial distance of 150 kms of an existing civilian airport. Further, in case a Greenfield airport is proposed within 150 kms of an existing civilian airport, the impact on the existing airport would be examined and such cases would be decided by the Government on a case to case basis and the steering committee, will make suitable recommendations to the Central Government (Ministry of Civil Aviation). Central Government (Ministry of Civil Aviation) shall decide whether approval for the airport should be granted in consultation with departments like revenue.

The Central Board of Excise and Customs (CBEC) GOI in consultation with jurisdictional Chief Commissioner of Customs arrived at the conclusion that there was no urgent requirement to construct a Greenfield airport in Aranmula since there were four international airports located in Kerala[36] and number of weekly international flights were only a few. These views were communicated to the Ministry of Civil Aviation in July 2012. Without considering the view of Department of Revenue (CBEC), the Civil Aviation Ministry issued (September 2012) the site clearance and 'in principle' approval[37] for the project. GOK also granted 'in principle' approval to the project.

Audit found that though findings of the Department of Revenue (CBEC) was against the new airport, the Government favoured the project at all stages without studying the impact on the existing airports, of which two were located well within a distance of 150 kms.

5.5.13 Public interest adversely affected by the proposed project

As decided in the steering committee meeting (June 2012), a three member expert committee appointed by AAI made a site visit in July 2012 to study the Obstacle Limitation Surface (OLS) survey report and observed the following obstacles in the site for the proposed project.

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[36] At Kozhikode, Kochi, Thiruvananthapuram, one under construction at Kannur.

[37] Letter No. AV.20015/015/2009-AD dated 04 September 2012 issued by the Ministry of Civil Aviation, AD Section.

- The temple mast (*kodimaram*) of the ancient Aranmula Parthasarathy temple, situated 905 metres away from runway, is 30.8 metres high. But the permissible elevation is just 23.7 metres.
- The four hills in the vicinity of airport, situated around 1.2 to 2.4 kms from the proposed runway, have a height of 98 metres, 74 metres, 70 metres and 99.3 metres. Permissible heights at such distances are 31.7 metres, 46.4 metres, 53.2 metres and 56.8 metres respectively and they need to be removed.
- The rubber plantations and other trees existing on the hills need to be cut and pruned along with cutting of the hills.

The obstacles brought out as per the OLS survey report (2012) was reiterated by an expert team from AAI on 02 July 2012 and it was recommended among other things;

- the threshold to be displaced by 285 metre and the temple mast to be lighted.
- the four hills and rubber plantations to be removed for which the airport operator take appropriate clearance from Environment Ministry.

The recommendations of the expert committee were not analysed by the environment department prior to recommending the issuance of the Environmental Clearance Certificate. This adversely affected the interest of the public.

The above points were discussed in the exit conference conducted in January 2014. The Principal Secretary, R&DM Department, Government of Kerala stated that since the land issues are very complicated in nature, the matter would be presented before the Cabinet and a detailed reply would be furnished. Further report has not been received (May 2014).

5.6 Conclusion

Audit found that Government did not conduct any in-depth study before granting 'in principle' approval to the project.

It also failed to take appropriate action against irregular filling of paddy fields, encroachment on government land etc. Cases of violations of provisions of the Act/Rules were not properly dealt with. Instead of taking action against the encroachers/violators, government machinery aided the illegal activities by becoming a partner to the project and expediting approvals without study.

5.7 Recommendations

Audit recommends that the Government may –

- Conduct an in-depth study on the need for a fifth airport in the small state of Kerala and that too at Aranmula; which is less than 150 Kms from Thiruvananthapuram and Kochi international airports.
- Conduct an in depth study on the impact of the project on the ecology/environment on the basis of the issues raised in the Reports of the Legislature Committee on Environment, Kerala State Biodiversity Board and the Expert Committee appointed by AAI and take effective action to resolve the impacts.
- Conduct an independent enquiry into the cases of violations of provisions of various Act/Rules including the lapses that has occurred at all levels including that of the secretariat departments which supported the illegal acts of the individual/company.

Chapter-VI
Smart City Project, Kochi

CHAPTER-VI: SMART CITY PROJECT, KOCHI

6.1 Introduction

Information Technology/Information Technology Enabled Services (IT/ITeS) has become one of the most significant growth catalysts for the Indian economy over the years. During this booming phase, Government of Kerala (GoK) established two successful IT parks - Technopark, Thiruvananthapuram and Infopark, Kochi (Infopark).

In January 2006, GoK formed a joint venture company with the status of a Special Purpose Vehicle (SPV) termed Smart City (Kochi) Infrastructure Pvt. Ltd., with TECOM Investments FZ LLC, Dubai (Tecom) for setting up a knowledge based IT/ITeS township in Kochi. Tecom is a subsidiary of Dubai Holding, an investment company owned by the Government of Dubai. Tecom develops infrastructure for Internet and Communications Technology (ICT) companies through its subsidiary Dubai Internet City (DIC).

GoK entered (September 2005) into a Memorandum of Understanding (MOU) with DIC for above township in Kochi which is subsequently followed up with a Framework Agreement (FWA). The FWA was executed (May 2007) with GoK, Infoparks Kerala, Tecom Investment FZ-LLC and SPV to implement the project. The scope of the project includes construction of built-up area of 6.22 million sq. ft. IT/ITeS office space, 0.55 million sq. ft. commercial area, 2.11 million sq. ft. residential area and other spaces as approved at an estimated investment of ₹ 1,700 crore.

This project was to take off within a period of 10 years in 8.8 million sq.ft[1] built up space and was expected to generate 90,000 jobs by providing IT infrastructure to IT/ITeS companies. Keeping the objective in view, GoK leased out (in 2007 and 2008) 246 acres of land to SPV for 99 years under FWA in return for a one time lease premium of ₹ 104 crore.

Since transfer of a large extent of land was involved in the project for development of infrastructure, a Performance Audit on the project was conducted for inclusion in this Report.

6.1.1 Capital structure and share holding pattern of SPV

The initial authorised share capital of SPV was ₹ 680 crore with an initial paid up capital of ₹ 120 crore comprising of equity shares of ₹ 10 each. The shares are subscribed by the parties in the ratio of 84 *per cent* by Tecom through its permitted affiliates and 16 *per cent* by GoK. The Board of Directors (BoD) is to make capital calls for funding the cost of the project as may be necessary from time to time.

The SPV had called up 7.5 crore shares to enhance share capital by ₹ 75 crore (in 2011). The present total paid up capital of SPV was ₹ 195 crore.

[1] This does not include other spaces.

6.1.2 Agreements governing Smart City project

The rights and obligations of the partners within the joint venture are governed by mutually agreed terms in a formal agreement. The agreements that governed the relationship were Memorandum of Understanding (MoU), the FWA and lease deeds.

- Memorandum of Understanding - The MoU signed on 9 September 2005, was only an understanding between the parties, which was to be replaced by a legally valid the FWA within 90 days from such date, unless agreed otherwise by both the parties in writing. Though the validity of MoU expired on 9 December 2005 it was not extended further.
- Frame Work Agreement – Using the MoU as a basis, both the partners worked out the modalities for implementing the project and specified the mutual rights and obligations in the FWA. A formal legally binding document was signed on 13 May 2007.

The FWA was the most important document that governed the formation and operation of the project and the future relationship between the partners.

6.2 Audit objectives

The objectives of the performance audit were to assess and evaluate whether the:

- project was conceived in a transparent manner;
- selection of partners of the project was in a transparent manner;
- objectives of the project could be achieved within the specified time frame;
- acquisition/transfer of 246 acres of land for the project was transparent ensures the interest of the State and the period of lease was justified;

6.3 Audit criteria

Audit criteria includes:

- Memorandum of Understanding (MoU).
- Frame Work Agreement (FWA).
- Lease deeds.
- Orders issued by various departments of GoK/Government of India (GoI) with reference to Smart City Project and other Special Economic Zones(SEZ)[2].
- Articles of Association and Memorandum of Association of SPV.
- Board Minutes and Annual Accounts of SPV.
- SEZ Act 2005, SEZ Rules 2006 and Minutes of Board of Approval for SEZ (GoI) in India.

[2] SEZ is an area notified by GoI under SEZ Act, 2005. These areas possess special economic regulations that are different from other areas and companies functioning there will get tax incentives.

6.4 Audit scope and methodology

A Performance Audit was conducted between January 2013 and September 2013 covering the period from the formation of the project till September 2013. An entry meeting was conducted on 17 April 2013 with the Principal Secretary, Information Technology Department (GoK) wherein the scope of audit, objectives and criteria adopted for audit were discussed. Records regarding the initial discussions for the Smart City project, the MoU (2005), the FWA (2007), lease deeds, orders issued by various departments of GoK/GoI with reference to Smart City Project, financial statements of SPV for five years from 2007 to 2011, adherence of SEZ Act, 2005 for the project were scrutinised. The audit findings and conclusions were discussed at an exit meeting held with the Principal Secretary (IT) on 13 January 2014 and the remarks of the Government side have been suitably incorporated.

Audit findings were drawn after scrutiny of the available data by issuing audit enquiries and obtaining replies thereon received from the IT department (GoK) and entities[3] related to the project. Audit relied upon information collected from Government controlled other IT parks like Technopark and Infopark with regard to employment potential and space requirement.

6.5 Audit findings

The major findings observed during audit were as follows:

6.5.1 Project conceptualisation

GoK encouraged and attracted the IT industry through its two successful IT parks and helped the State to emerge as one of the fastest growing IT sectors in India.

Technopark, Thiruvananthapuram established in 1994, with a project area of about 180 acres is the third largest IT park in India, provides direct employment to 42,500 employees. Infopark Kochi established in 2004 has employment strength of 18,500 and is still pursuing/undertaking several other projects to boost the IT industry and also the employment opportunity in Kerala. Infopark has campuses at Cherthala and Koratty also. Infopark has constructed a built-up area of 1.2 million sq ft for IT/ITeS companies across its three campuses. Out of this 2.2 lakh sq ft is yet to be occupied in Infopark Cherthala.

In this scenario, justification and necessity of taking up another IT city with a new SPV within immediate vicinity of Infopark Kochi and using the services of Infopark to acquire the land for the new venture is not appreciated and no records articulating the justification was provided to Audit. No feasibility study has been conducted for the project. Further, justification for taking up a meagre 16 *per cent* equity capital in the SPV by the GoK was also not on record.

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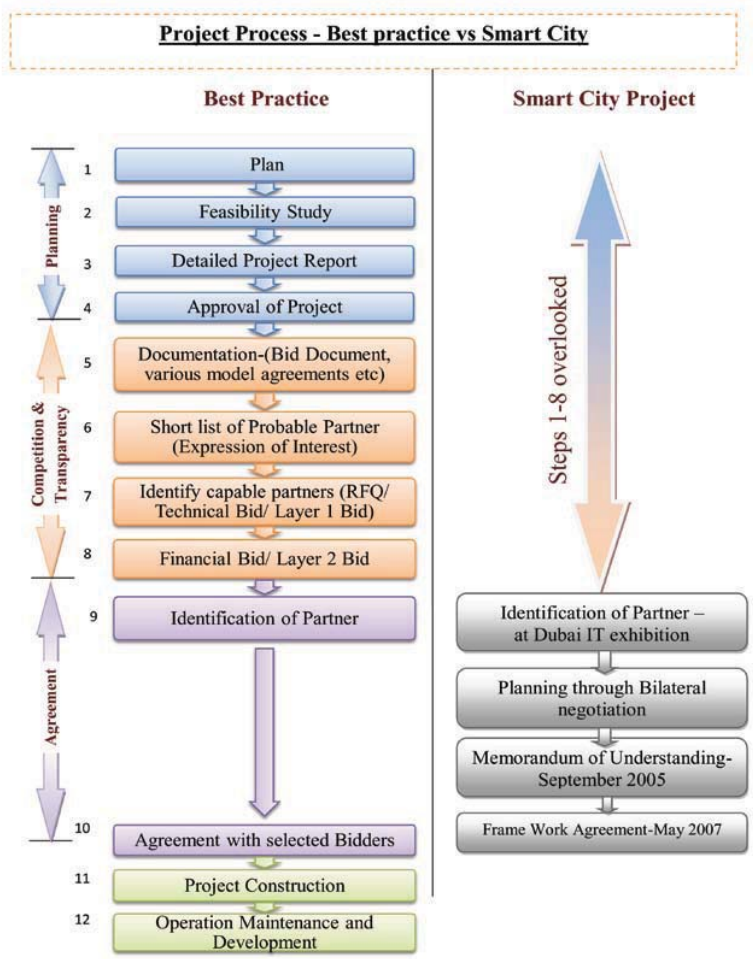
[3] Infopark, Kerala Industrial Infrastructure Development Corporation (KINFRA), KINFRA Export Promotion Industrial Parks Ltd.(KEPIP) and other related institutions such as Offices of Registrar of Companies, Development Commissioner for SEZ (Kochi), Kerala State Electricity Board (KSEB) and Kerala State Electricity Regulatory Commission (KSERC).

6.5.2 Non-transparency in selection of partner

GoK identified the partner, in an exhibition at Dubai. In the selection process, all established practices were overlooked as explained below.

Normally in mega projects, the partner is identified after a series of steps to ensure proper planning, transparency and competition. However GoK initiated the Smart City-Kochi Project without inviting any expression of interest/proposals of other players in the field. It held direct negotiation with Dubai Internet City (DIC) at an exhibition which was visited by a team of officials and awarded the "Smart City-Kochi" project to "Tecom Investment" without conducting any feasibility study or other evaluations as indicated in the diagram below:



GoK tried to justify the action stating that DIC was selected as they are the largest Information and Communication Technology (ICT) business park in the Middle East owned by Government of Dubai and more than 850 companies operate out of it. As part of their programme of "Going Global" DIC had plans to set up an IT Park in South India in association with premium IT companies. GoK had accepted the proposal of DIC after having discussion

at various levels and evaluating the proposals in its totality. However, the files relating to the credentials of DIC were not made available for scrutiny.

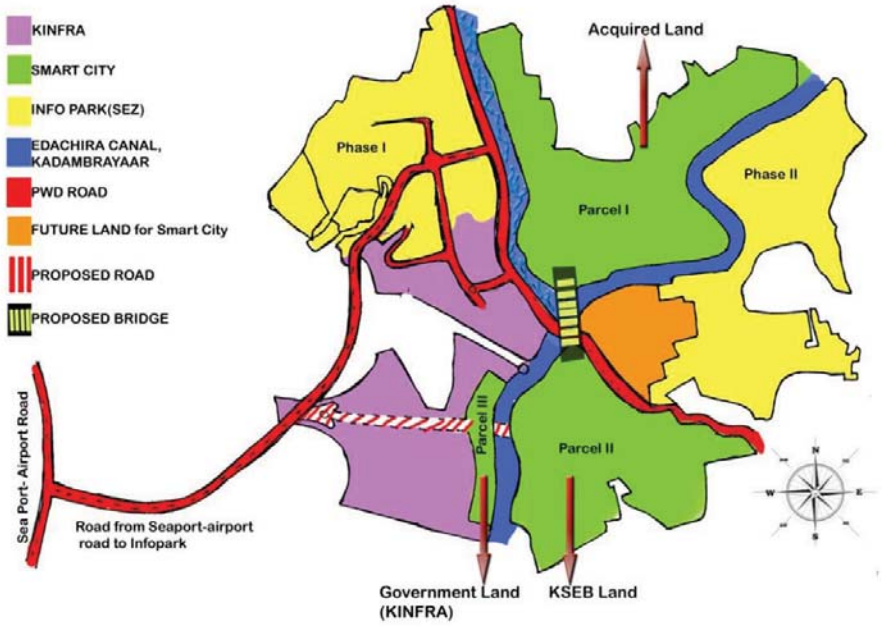
GoK stated that Tecom is a subsidiary of Dubai Holding –a Dubai Government undertaking. However in absence of the share holding pattern, audit was not able to establish the real identity of the owners/promoters of Tecom.

Parties were identified without following the established procedures and practices. After Tecom was identified, GoK had a series of negotiations to chalk out the modalities for implementing the project which led to MoU and the FWA. The IT department of GoK however did not produce copies of minutes of discussion/negotiations with DIC to Audit.

6.6 Land issues

GoK leased out 246 acres of land[4] in three non-contiguous parcels in 2007 and 2008 for a one time lease premium of ₹ 104 crore and annual rent of ₹ one per acre. SPV paid the amount on 15 November 2007 and 29 July 2008 and took possession of the land. Out of this, Parcel I measuring 131 acres received SEZ status in March 2011. In addition an extent of 167 acres was identified as future land to be given when required (details in Annexure XII).

Proposed site of Smart City project



Land being a highly priced finite resource in Kerala, GoK should have ensured that land acquired and handed over to the private partner was not more than what was essential for the project. However GoK not only handed over the land that was more than required but also at a cost below the market value/ acquisition cost. Besides, the SPV/Tecom enjoy the right to convert 12 *per*

[4] Parcel I - Acquired from private parties
Parcel II- from KSEB
Parcel III - from KINFRA

cent of the total leased land as free hold at any point of time which gives scope for the manipulation of the objectives of the project. These points are described below:

6.6.1 Short realisation of land value

Information Technology department, GoK had informed (July 2006) Dubai Internet City (DIC) that Government was willing to acquire land and hand over the same to DIC, provided DIC pays for the land at market prices or at prices normally realised from IT firms.

The lessor (GoK) received ₹ 104 crore as one time lease premium being the full consideration for 246 acres of land. The one time lease premium charged by GoK works out to ₹ 42.27[5] lakh per acre.

Infopark, Kerala which develops IT parks in Kerala also lease out land to IT firms for establishment of IT parks at Kochi. The rate of lease in the adjacent areas of Smart city for 90 years was ₹ 69 lakh per acre during 2007. On one occasion, Infopark Kerala opted for bid system and got ₹ 5.50 crore per acre (2008) for five acres of land leased to a client (M/s Brigade Enterprise) for 90 years. Considering the rate of ₹ 69 lakh per acre by Infopark as the market rate in 2007, the rate fixed by GoK for the SPV was only 61 *per cent* i.e. ₹ 42.27 lakh per acre. In view of the lease premium received for adjacent land of Infopark, the total amount short realised on 246 acres works out to ₹ 65.75 crore.

It was also noticed that land belonging to KINFRA which was adjacent to SPV for IT/ITeS was transferred at the rate of ₹ 1.50 lakh for one Cent at Kakkanad, Kochi. In reply the department stated that high cost lands are not viable, that Government has to support large infrastructure development to create jobs and cost of operation in Kochi compared to other cities like Bangalore was high and rent receivable was low. The remarks of the department are not tenable as the land transferred to Smart City was at the rate of ₹ 42,000 for a Cent as against ₹ 1.50 lakh for a Cent leased by KINFRA and much less than the lease premium received by Infopark. Further remarks are awaited.

6.6.2 Additional liability for KSEB land in Parcel II

KSEB possessed 194.87 acres of land for Brahmapuram Diesel Power Project (BDPP) out of which 100.65 acres (Parcel II) of land was transferred to R&DM department in July 2007 for the purpose of handing over to Smart City project on lease basis subject to the following conditions:

- Value of the land will be determined and paid by Government to KSEB later; and
- Additional compensation ordered to be paid in land acquisition appeal cases in respect of lease land shall be paid by GoK through R&DM department.

[5] ₹ 104 crore/246 acre

R&DM department fixed the land value to be given to KSEB for the transfer of land as ₹ 7.57 crore (April 2008). The compensation was not accepted by KSEB for the reason that the transferee was a purely commercial entity and the compensation was less than the market value. The matter continues in dispute. As against a demand of ₹ 43 crore by Power department/KSEB, Government had fixed the compensation at ₹ 7.57 crore creating a probable additional liability of ₹ 35.43 crore.

6.6.3 Non-assessment of land required

In projects involving transfer of large extent of land, Government should have made an assessment justifying the allotment of land. GoK did not conduct any study to assess the requirement of land to achieve the stated objective as discussed below.

SPV envisaged construction of 8.8 million sq.ft. of built- up space so as to create 90,000 jobs. The construction was to be based on a master plan approved by the BoD of the SPV. Even after a lapse of seven years of execution of the FWA, the department did not prepare the master plan (January 2014). In the absence of a master plan, audit was not able to ascertain the requirement of the built up space and the necessity of 246 acres of land for the project.

Hence, Audit tried to assess the land requirement for 8.8 million sq.ft. built-up space on the basis of Kerala SEZ policy, which stipulates 70 *per cent* of SEZ land to be utilised as processing area and balance 30 *per cent* as non-processing area. Adopting Floor Area Ratio (FAR) of 1.5 to 2.5 as stipulated by Kerala Municipal Building Rules, 60,984 sq. ft. of built up space could be constructed in one acre as shown below:

One acre = 43,560 Sq.ft	
Processing area as per Kerala SEZ Policy	30,492 sq.ft. (70 *per cent* of total area) ie 70% of 43,560 sq ft
Built up space available for an FAR of 2 for one acre of land	60,984 sq.ft. (30,492x2)
i.e. in one acre 60,984 sq.ft. built up space can be constructed.	
Therefore for constructing 88 lakh sq.ft. (FAR 2), only 144 acres of land was necessary.	

IT department failed to explain the basis of estimation as there were no records available with the department on which the estimate of required land was arrived at. In reply, department stated (January 2014) that land provided were in line with development plans and taking Municipal Building Rules and Floor Area Ratio (FAR) as the basis for IT Parks of international standards which require Floor Area Ratio of not more than 1.5 to 2. The reply is not tenable as it would violate the criteria of 70:30 ratio for land utilisation as per Kerala SEZ Policy. Further even after complying with the FAR of 2 as mentioned in the reply, the allotment of 88.06 acres of land in Parcel II and 13.94 acres in Parcel III was not necessary.

Further, there was no connectivity among the parcels of land allotted to SPV. As the SEZ Act stipulates contiguity as a pre-condition for granting SEZ status, the second and third parcel of land were not eligible for SEZ status. The SPV received SEZ status only for Parcel-I (131 acres).

6.6.4 Grant of freehold rights

As per para 5.4 of the FWA, upon completion of master plan, SPV will identify plots to be converted to freehold[6] and such plots will be converted to free hold by GoK forthwith without any further consideration or charges. Cumulative area of the plots converted to freehold will not exceed 12 *per cent* of the total land area at any point of time.

As per SEZ Rules the land inside SEZ is not alienable[7], while that outside is alienable. The SPV has received SEZ status for Parcel-I (131 acres). Thus, it enjoys absolute free hold right of 29.52 acres on the remaining 115 acres of land without SEZ status. Further due to the clause "*at any point of time*", SPV will have a claim for 12 *per cent* of future land also. Thus this clause gives SPV undue advantage in terms of retention of land. SPV also reserves the right to identify the plot to be converted as free hold as per the FWA.

Thus GoK favoured SPV, where Tecom is the major share holder (84 *per cent),* to obtain 12 *per cent* free hold right of the land at any point of time. The department stated that in order to develop a Smart City as an IT township, limited free hold rights are to be enjoyed by the developer. Since the free hold is not saleable and not alienable within SEZ, no undue benefit would be gained by the developer. The reply is not tenable as 115 acres is outside the SEZ and hence, it is alienable.

Development Issues

6.7 Delay by SPV in implementation of development plan

Even though the GoK had provided 246 acres of land for the project in terms of the FWA in 2007, the initiative by SPV was not proactive. A few instances are as follows.

- Delay in Registration: The lease deeds for the 246 acres of land were originally executed between GoK and Smart City Kochi in two parts on 15 November 2007 (131.41 acres) and 29 July 2008 (114.59 acres). But the SPV delayed registration of the lease deeds on the pretext of seeking exemption from stamp duty and registration fees (₹ 9.36 crore at the rate of seven *per cent* stamp duty and two *per cent* registration fee). SPV obtained stamp duty and registration fees exemption for the lease deeds vide Government Orders (GO) dated 14 October 2008 and 8 February 2011 and thereafter registered the deeds on 23 February 2011 only.

  In response, the department stated that registration of original lease deeds were not delayed for non-receipt of stamp duty exemptions but for other reasons. The reasons were however not explained by the department. The fact remains that these documents were registered only in February 2011 (delay of 40 months and 32 months respectively).

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[6] Freehold refers to 'absolute right' over the title of property which gives the title holder all rights to alienate the property.

[7] Alienation includes sale, gift, bequest under a will, mortgage, hypothecation or lease.

- Department of Commerce (DoC), GoI issued formal approval during April 2008 to Smart City Kochi for setting up of a sector specific SEZ for IT/ITES in Cochin and notified (1 March 2011) an area of 53.1809 ha. (131 acres) of land as SEZ. However seven years after signing of the FWA and six years after getting formal SEZ approval for 131 acres of land, no progress was made either in the construction of building or in employment generation except fencing the boundary, construction of a pavilion and appointment of consultants. SPV has not even appointed full time CEO/company secretary/office staff till 2010.
- GoK expressed (3 September 2010) its discontent to SPV for the delays in achieving Closing Date, registering the lease deeds in time and SPVs interpretation of free hold land and cautioned the SPV to expedite the implementation of the project. The reference made by Government was not acted upon by SPV even after three years and this confirms the indifferent approach of SPV towards the objective of the project.
- The request of SPV to acquire about 19 Cents of *patta* land, for rehabilitation of four families living in the project area, at SPV's expenses was agreed to by GoK vide GO dated 29 November 2008. The land had been identified by Infopark and the land acquisition was ordered under Fast Track Project. It was decided to fix the price of land at ₹ 1.09 crore at the rate of ₹ 4,65,854 per Cent. Delay by the SPV in making payment for acquisition is delaying rehabilitation of the four families and initiation of development activities in Parcel II.

6.8 Impact of 'Closing date' and 'Minimum infrastructure' with penalties for default (Article 1.1 and 7.1) of the FWA

A most crucial milestone in the implementation of the project was fulfilment of conditions set forth in the FWA regarding "Closing date".

As per the FWA "Closing date" means the date following the Developer Status[8] Attainment Date on which all of the following events have occurred. The SPV obtained developer status on 21 April 2008.

Table showing the present position of Developer Status attainment date

Sl.No.	Requirements	Responsibility	Present status
1	Completion of Minimum Infrastructure like one MLD water, 10 Mega Watt Power and 24x7 road access through PWD road (Article 1.1).	GoK	The SPV failed to identify the location.
2	Receipt of the SEZ Notification in favour of SPV (Article 4.1).	GoK to assist	GoI – Department of Commerce has provided SEZ status on 1 March 2011 for 131.41 acres only.
3	Receipt of statutory approvals for	GoK to assist	Obtained on 21 April 2008 vide letter No. F.2/74/2006 SEZ dated

[8] Developer Status denotes a letter of approval from GoI to a person or State Government to allocate space or built up area or provide infrastructure service to approved units under an agreement as per Section 3(10) of the SEZ Act, 2005.

Table showing the present position of Developer Status attainment date			
Sl.No.	**Requirements**	**Responsibility**	**Present status**
	construction (Article 4.1).		21 April 2008 – Para 3 (xviii).for 131.41 acres only
4	Execution of the lease deed (Article 2.6).	GoK	Executed on 15 November 2007 and 29 July 2008 which was cancelled on 23 February 2011 and re-executed and registered on 23 February 2011.
5	Completion of the acquisition and transfer of the land in favour of SPV (Article 2.6).	GoK	Original registration 15.11.2007 – 234.54 acres 29.7.2008 – 11.46 acres 246.00 acres On re-registration 23.2.2011– Deed I – 131.41 acres Deed II – 114.51 acres 245.92 acres
6	Transfer of 16 *per cent* share in SPV in favour of GoK (Article 3.3.1).	GoK	GoK had invested an amount of ₹ 31.20 crore in SPV towards share capital.

Out of the above mentioned six conditions, only three (4, 5 and 6) have been fully achieved so far (September 2013). Audit observed that the obligation of SPV as per the FWA begins only on the compliance of conditions by GoK, which however could not be attained without reciprocal commitment on the part of SPV. The conditions agreed upon in the FWA were inadequate to bind the SPV for performing their obligations. This flaw in the agreement enabled SPV to unjustifiably delay the implementation of the project.

Due to non-incorporation of penalty clause for the default by Tecom in achieving the Closing date in the FWA, GoK was unable to take any legal action against Tecom. Audit has further analysed the various reasons and impact of the delays in the following paragraphs.

6.8.1 Delay in providing minimum infrastructure

As per the FWA, steps for providing minimum infrastructure by GoK were to be started within 15 days of signing the FWA and were to be completed within six months [Article 7.1.1 (b)]. Since the FWA was signed on 13 May 2007 the work was to be started on 28 May 2007 and should have been completed by 12 November 2007. While the work was to be completed by GoK the requirements were to be intimated by SPV. GoK agreed to this without ensuring counter obligations on the part of SPV/Tecom and without considering the implications of the stipulation.

GoK was to supply 10 MW of power to the SPV. Audit noticed that as SPV had not forwarded its energy requirement plan to KSEB or KEPIP, GoK could not take any step to provide power connection. As per Article 1.1 of the FWA, one MLD water was to be supplied to Smart City from KEPIP. GoK had

directed[9] KINFRA to provide one MLD of water from the Water Supply Scheme of the KEPIP to the periphery of the Smart City Project. The work was awarded to KITCO by KEPIP. Since SPV didn't finalise the route for pipeline, the work could not be taken up and KITCO was forced to short close the work after incurring an expenditure of ₹ 6.20 lakh on purchase of pipes.

Thus, though GoK initiated steps from January 2008 itself to provide the minimum infrastructure; it could not complete it due to lack of co-operation from SPV/Tecom. Due to the deficient agreement conditions GoK alone became responsible for the failure to provide minimum infrastructure and SPV/Tecom was absolved from penal action in spite of the non-co-operation on their part.

6.8.2 Continuous liability of GoK under the FWA

Audit analysis of the FWA also revealed that in addition to completion of "minimum infrastructure" further obligations were imposed on GoK under the FWA. They were:

- GoK has to continue the development of infrastructure commensurate with the requirement of Development Plan in such a manner that the required amount of power and water supply are made available at the periphery of Smart City when the facilities built by SPV are ready to draw on the said utilities (Article 6.2).
- In addition to this, GoK has to complete acquisition of land for the new four lane road connecting the sea-port – airport and complete the road within two years(Article 6.3)
- Assist (Article 6.5) the SPV in :
  - ❖ completion of fencing at the site
  - ❖ obtaining a permanent source of water supply
  - ❖ obtaining relevant approvals and permissions necessary for the construction of the linkages between different parcels of land to make them inter linked
  - ❖ obtaining relevant permission to construct and operate a power generation system and
  - ❖ obtaining fast track approval for all licenses, permits and registrations required to establish requisite hospitality facilities of international standards within Smart City as per development plan.
- Further, GoK has to ensure supply of adequate power to SPV without disruption and construct, develop and maintain adequate link roads to the airport – seaport road as per NH standards (Article 6.5).

As seen from the above, various provisions in the FWA were imposing responsibility on GoK and the responsibility of SPV/Tecom was specifically limited to development of infrastructure within the notified SEZ area. These clauses were used by the project developers (SPV/Tecom) in their favour by prolonging the implementation of the project by not even providing minimum

[9] GO(Rt)No. 01/2008/ID dated 2 January 2008.

infrastructure like substation and construction of water tank within the project area.

6.8.3 Responsibility of GoK with regard to Parcel II of land

- Diversion of PWD road presently going through the middle of the land proposed for Smart City project in second parcel of land of 100.65 acres. Even though the decision to divert the PWD road was taken by the Government during November 2008, the land was identified only during March 2012 i.e., after a delay of around three and half years. But till date (March 2013) no physical transfer of land has taken place.
- Shifting and re-construction of KSEB installations within 100.65 acres. For the re-location/shifting of KSEB installations (sedimentation, tank, pumping station, filter house, four families living in 19 Cents of land), GoK had released ₹ one crore in April 2009 and ₹ 50.50 lakh in April 2013 towards the share of Smart City. In reply to an enquiry regarding delay on shifting of utilities, Office of the Member (D&GE)[10], KSEB, Thiruvananthapuram had stated (4 July 2013) that the shifting could be started only after getting GO for mutual exchange of land as suggested by District Collector, Ernakulam for which a decision was pending with Power department. GOK. Further the proposed land to be transferred to KSEB for relocating the installation has been identified, but the same has not been swapped with the land of SPV so far (November 2013).
- Demolition and shifting of installation and air monitoring station to outside the project area.
- Establishing contiguity between two parcels of land by way of construction of bridge

In response to the above observation, GoK stated that the closing date had already been achieved by 1 March 2011 the project would be completed by 2021. Though the closing date is stated to be achieved by 1 March 2011, the same had not been achieved as the minimum infrastructure remains to be provided. The remarks of the department are thus not tenable.

6.8.4 Non-adherence to Development Plan

As per the Development Plan in the FWA, the SPV has to complete the project within a period of 10 years by constructing 8.8 million sq.ft. of built up space so as to generate 90,000 jobs. However, the 10 year period starts only with the "attainment of the Closing date" as defined in the FWA ("Closing date" analysed in detail in para 6.9).

In this connection, Audit observed that -

- The closing date as defined in the FWA was not achieved so far (March 2014).
- Even if the closing date is attained in 2014, the SPV will have a permissible period of 10 more years to complete the project. Thus the

[10] D&GE – Distribution and Generation (Electrical).

project is likely to be completed only after 2025 and GoK cannot enforce SPV to expedite the implementation of the Project.

The physical progress achieved during this period (2007 to 2014) is limited to:

- Construction of a 10,900 sq.ft pavilion (2012) for the office and barbed fencing of the leasehold land.
- Appointment of a Project Manager (Synergy Bangalore) and designer B+H Architects (Toronto) to design the first phase building. Design of the building of about six lakh sq.ft. has been completed.

The progress achieved so far (March 2014) does not correspond with the schedule fixed for completion as per Development Plan. Thus, the project expected to deliver much to IT/ITeS industry remained standstill without any precise time schedule for commencement.

6.9 Other deficiencies in Frame Work Agreement

Other deficiencies noticed during the scrutiny of the FWA are mentioned in succeeding paragraphs-

6.9.1 Deficiencies in legal opinion

The Law department of GoK approved the draft FWA on 27 February 2006 with comments regarding "events of force majeure" and venue of arbitration only. The vital aspects regarding "Closing date", low one time lease premium, period of lease, 'best efforts' to create 90,000 jobs, the clause in the FWA that the GoK shall not make any efforts that diminishes the value of Smart City, adequate representation of Government in BoD, transfer of 246 acres of land without adequate cost etc. were not considered by Law department even though these aspects were the corner stones in the implementation of the project. The agreement was referred (February 2010) to the Advocate General by GoK to seek his advice on certain clauses in the agreement. It was observed by him that the clauses pertaining to closing date, and 12 *per cent* free hold rights were deficient and required re-consideration. He also opined that GoK had not taken care to specify the consequences of failure on part of Tecom while Tecom had taken care to incorporate such a clause on failure of GoK. Thus the vetting by the Law department was not comprehensive. It was also noticed by audit that the FWA was modified after vetting by Law department (Ref. Para 6.10.3). The IT department replied (January 2014) that Government has obtained necessary legal opinion and framed the FWA. The remark was not tenable as specific opinion on Closing Date, implication of 12 *per cent* free hold rights and 'best efforts' etc. were not obtained from Law department.

6.9.2 Dilution of agreement conditions

The primary objective of the State in the project was generation of employment opportunities. Section 5 of Special Economic Zone Act, 2005 (Central Act) stipulates that the Central Government while notifying any area as SEZ should be guided, among other things, by requirement of creation of employment opportunities.

Audit scrutiny revealed that Government may not be able to ensure the much proclaimed employment generation of 90,000 jobs as the terms and conditions as well as liability of SPV was diluted in the FWA vis-à-vis MoU as detailed below.

l.No	Subject	MoU	FWA
1	Reference	Article 1.4	Article 9
2	Commitment	DIC undertakes that SPV shall together create 33,300 direct jobs in the Smart City in phases as follows	"Tecom shall make best efforts to generate at least 90,000 jobs in 10 years from closing date"
3	Phases fixed to achieve objectives	Three phases - five years, seven years and 10 years	Phases not provided
4	Penalty for shortfall	The SPV shall pay to the GoK a penalty calculated at the rate of ₹ 6,000 per job as applied to shortfall in targets at the end of five, seven and 10 years	Not provided

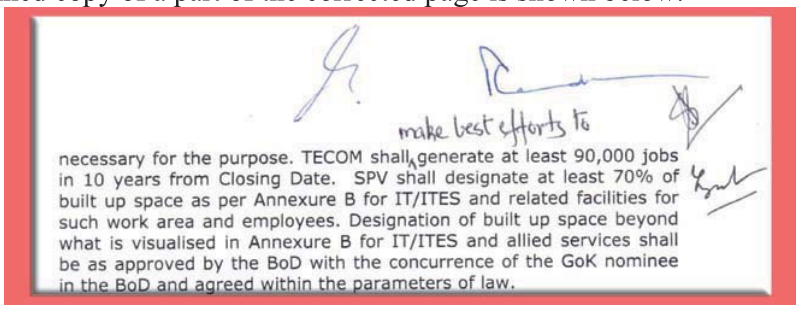
In this connection Audit observed the following:

- The words "make best efforts to" in the FWA absolved the Tecom (SPV) from its obligation to provide employment and slackened their statutory liability.
- The phases of generation of employment, number of direct and indirect employment, penalty for not achieving the target, etc., were not specified in the agreement.

The department replied that the use of the term 'best efforts' would no way allow Tecom to escape from its responsibilities. The remarks of the department are not tenable as a dilution had been made to the original clause. Moreover, no legal opinion was sought for before making the modification 'make best efforts to' ascertain the impact of insertion.

Audit also noticed that the words "make best efforts to" was inserted subsequently by hand in the original typed FWA which goes against the MoU provisions. There was no record to prove that this modification was examined by Law department.

A scanned copy of a part of the corrected page is shown below.


make best efforts to
necessary for the purpose. TECOM shall generate at least 90,000 jobs in 10 years from Closing Date. SPV shall designate at least 70% of built up space as per Annexure B for IT/ITES and related facilities for such work area and employees. Designation of built up space beyond what is visualised in Annexure B for IT/ITES and allied services shall be as approved by the BoD with the concurrence of the GoK nominee in the BoD and agreed within the parameters of law.

6.9.3 Clauses favourable to Tecom on default

There were heavy commitments on Government for attaining closing date requirements, assisting in obtaining SEZ status, assurance regarding water, power, four lane road, making available exemptions, concessions etc. for IT

companies working in the project area for the successful functioning of the project. However, similar condition insisting the developer to commence and complete the built up space and create employment generation were not provided for in the agreement.

As per the FWA, any failure on the part of GoK to fulfill its commitment (Article 7.1.1) would constitute "GoK closing default" or "GoK land default[11]". Similarly any failure to create 90,000 jobs or construct 8.8 million sq.ft. built up space would constitute a default on the part of Tecom.

In case of default, any party could take over the project completely by paying for the share held by the other party. However, these conditions favored Tecom as the possibility of taking over the project by GoK could arise only after ten years of closing date. Also in the event of default by GoK, Tecom and/or its permitted affiliates were not to be subjected to any penal consequences for non-commencement and non-completion of construction of IT/ITeS buildings as per Development Plan. The department did not give any specific reply to the point raised and stated that all steps would be taken to accelerate the pace of the project.

6.9.4 Non-provision of penalty, Security Deposit and Insurance in the FWA

Provisions for penalty, security deposit and insurance are kept in projects to guard against loss due to defaults. However in the FWA, there was no provision for penalty, security and insurance for ensuring the timely construction of infrastructure/built up space. Thus, if the developer were to fail to adhere to the timeframe, there was no option to levy penalty or recover costs from the Security Deposit and risk of any act or omission of the developer.

6.9.5 Absence of Independent auditors, engineers and valuers

The FWA should normally provide for appointment of Independent Auditors and Independent Engineers to enable them to monitor the project activities and act on their behalf to evaluate and co-ordinate construction, technical and commercial activities. These provisions were not considered while framing the FWA. Neither the GoK nor the SPV could effectively monitor the delays in achievement of milestones in the absence of appointment of IA/IE.

In response to the above, Government replied that the affairs of SPV are managed by a Board and the decision regarding the project was taken by the Council of Ministers and IT Secretary. It was also stated that Audit and Executive committees, statutory and internal auditors were appointed in addition to a qualified house team of engineers. The remark is not tenable as it does not address the issue of independent auditors and Engineers as the details of constitution of any of the committee were not produced to Audit for verification. The minutes of Audit Committee, Reports of independent auditors and internal auditors were also not made available to verification.

[11] GoK land default denotes failure of GoK to complete the process of acquisition and transfer of the land to SPV

6.10 Financial impact on Government exchequer

GoK had deposited ₹ 87.28 crore in five instalments between April 2008 and September 2013 with Infopark for meeting the expenditure in connection with land acquisition for parcel I. As per details furnished by Infopark, it had incurred ₹ 86.09 crore during the period between April 2006 and September 2013 for meeting land cost, administrative expenses and interest on KSIDC loan.

In addition to the above expenditure, GoK had to pay/bear indirect/implicit cost of ₹ 43.53 crore as mentioned in para 6.6.2 on additional liability for land in Parcel II.

Audit noticed that apart from the above ₹ 129.62 crore[12] for acquisition and transfer of land in Parcel I and II, actual cost to be incurred on the following has not yet been ascertained:-

- Cost of 13.94 acres of Government land (Parcel III).
- Future liability by way of compensation arising out of land already acquired.
- Construction of four lane road from seaport airport road to Smart City.
- Cost of acquisition of land for the above road.
- Cost for laying electricity line to the periphery of Smart City from the existing substation of KEPIP.

As against the above financial commitment, GoK received ₹ 104 crore[13] from the SPV as one time lease premium as full and final amount for the 246 acres of land. Later GoK paid ₹ 31.20 crore in cash to acquire 16 *per cent* share in the SPV in which GoK has no effective control.

Had the transfer value of the land been fixed considering the market value prevailing in the State, Government could have fetched more revenue. Due to failure to monetise the realistic/market value of land which was transferred on lease for 90 years, Government suffered a huge loss of revenue which was beneficial to the SPV.

6.11 Other findings

6.11.1 Board of Directors

As per the FWA, the BoD at any time comprises of a maximum of 10 Directors unless otherwise provided in its Articles (3.1.1). GoK is entitled to nominate two Directors on the BoD as long as the GoK holds not less than nine *per cent* of the share capital of the SPV. The Chairman is to be nominated by GoK from among its two Directors and has one vote like any other Director. The GoK nominees in BoD shall be an officer not below the rank of a Special Secretary to Government or a Minister. The Government (November 2013) nominees were Minister for Industries (Chairman) and Principal Secretary to Government, IT department (Director).

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[12] ₹ 86.09 crore + ₹ 43.53 crore

[13] ₹ 99.15 crore in January 2007 and ₹ 4.85 crore in July 2008

All decisions of BoD shall be by a simple majority of the Directors present and voting. The quorum shall be five members present and voting of which at least three shall be nominees of Tecom and at least one shall be the nominee of GoK. Thus the clauses concerning quorum of Board meeting gave absolute control over decision making to Tecom.

The Chief Minister shall be the chief patron of Smart City. This title is only an ornamental one with no control over the affairs of the company.

6.11.2 Stamp Duty exemption for free hold land

As per guidelines regarding transactions related to SEZ on Stamp Duty exemptions, the upfront exemption of Stamp Duty sanctioned by State Government was subject to final settlement of the SEZ or the Developer was to pay the Stamp Duty and refund the same after the formal SEZ notification is issued.

GoK granted stamp duty exemption to whole area of 246 acres while registering lease deed (February 2011). However, the third parcel of 13.94 acre being not contiguous was not eligible for SEZ status and it was excluded from the revised application for SEZ on 11 January 2013 (as explained in para 6.6.5). Thus the proportionate amount of lease premium of ₹ 5.89 crore[14] for 13.94 acres was thus not eligible for stamp duty exemption. Hence, granting of exemption of ₹ 53 lakh[15] (approximately) lacked justification and tantamounted to extension of undue benefits to SPV.

Government has not initiated any steps to realise the unintended Stamp Duty exemption.

6.11.3 Failure to produce records to audit

The crucial records such as minutes of the meetings held from July to October 2004 between DIC and GoK, proposal from DIC, (13 December 2004) and other correspondence were not provided to audit, despite reminders and several round of discussions with IT Secretary.

Replies to certain queries raised by audit are yet to be received from the IT department (GoK). Audit intended to scrutinise the Agenda Notes and Board Minutes of the SPV. However IT Secretary refused to provide the records to audit violating the provisions contained in Article 59 of Kerala Financial Code Vol. I.

In the absence of these records, audit was not in a position to comment whether Tecom was the best available option and the selection had been made in a transparent manner. The reluctance to provide records raises serious concerns about the transparency of the process. This doubt has been strengthened by the drafting of the terms of the FWA imposing heavy responsibility on GoK and incorporating many terms to the advantage of Tecom.

To understand the basis for fixing the land area as 246 acres and the one time lease premium as ₹ 104 crore with its justification, audit called for the files. IT

[14] 104/246 x 13.94.
[15] Stamp duty seven *per cent* and registration fees two *per cent.*

department did not produce the records relating to method of valuation of the project, records relating to extent of land required, fixation of lease premium, period of lease etc. This reluctance to hand over the files further pointed towards the lack of transparency and raises strong concerns on an attempt to extend undue favour to the SPV. The department stated that all files and documents were submitted to audit. The reply is incorrect as the initial records pertaining to the minutes of various discussions held between the representatives of GoK and Tecom, project evaluation, DPR submitted by Tecom, fixation of lease premium etc. were not made available to audit.

6.12 Conclusion

There was undue favour given to the SPV at almost every stage of the project starting from the selection of partners without any expression of interest. A low one time lease premium was fixed without considering the market value. Excess land was given. Unlike the IT parks established by Government, the lessor was granted freehold rights over 12 *per cent* of the area of land at any point of time. The agreement conditions in respect of creation of 90,000 jobs were diluted in the agreement and made incapable of being translated into enforceable targets/deliverables. The Government nominee has only a minor role in the Board of Directors.

Agreement conditions in the FWA were strongly tilted in favour of Tecom and against GoK. While legal action was possible against GoK for defaults in providing minimum infrastructure, it was not possible against Tecom for lack of co-operation in this regard. This led to indifferent approach of SPV which did not identify suitable locations inside the project area for the installation of sub-station, construction of water tank for storing one MLD water (one million litre per day) etc., as required in the FWA, delaying Government's efforts in providing minimum infrastructure.

Neither the Government nor the SPV is able to spell out any precise timeframe within which the project can achieve the objectives. Even after seven years from signing the agreement, construction of 8.8 million sq.ft. built up space and creation of 90,000 jobs are far from sight.

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6.13 Recommendations

Audit recommends that:

- Projects and schemes of mega size should be planned, designed and executed in an open and transparent manner, safeguarding the financial and socio-economic interests of the State;
- When prime industrial land is provided to boost economy, GoK should ensure that the land provided is only as per requirement;
- Government should include clauses in agreements to ensure that the land is not used for real estate development purposes by private developers; and
- Government should prescribe a monitoring mechanism to ensure that physical progress goes in tandem with the periodical milestones fixed. A high power body may be constituted for a continuous monitoring mechanism which may address the hindrances in the achievements of the milestones so that undue delay could be avoided and desired results achieved.

Thiruvananthapuram
The

(Dr. BIJU JACOB)
Accountant General
(Economic and Revenue Sector Audit), Kerala

Countersigned

New Delhi
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Annexure

Annexure I

(Reference paragraph 1.1)

List of Act/Rules related to Private/Government land

Land assignment

1. The Kerala Government Land Assignment Act 1960
2. Kuthakapattom Rules 1947 (Travancore)
3. The Kerala Government Land Assignment Rules 1964
4. Rules for Assignment of Land within Municipal and Corporation Areas, 1995
5. The Kerala Land Assignment (Regularisation of Occupation of Forest Lands prior to 1-1-1977) Special Rules 1993
6. The Transfer of Registry Rules 1966
7. The Kerala assignment of Government Land to Scheduled Tribes Rules 2001
8. The Kerala Land Reforms Act 1963

Protection of land

1. The Kerala Land Conservancy Act 1957
2. The Kerala Land Conservancy Rules 1958
3. The Kerala Conservation of Paddy Land and wetland Act 2008

Assignment for Agricultural

1. The Arable Forest land Assignment Rules 1970
2. Special Rules for Assignment of Government Land for Rubber Cultivation,1960
3. Kandukrishi Land Assignment Rules 1958
4. Rules for lease of Government Lands for Cardamom Cultivation,1961
5. Cardamom Rules
6. Rules for lease of Government Lands for Tobacco Cultivation 1963
7. Rules for Sale of Lands for Coffee or Tea Cultivation (Revival) Rules 1974
8. Waste Land Rules Regarding Sale of Lands for Coffee or Tea Cultivation

Assignment for Land Development

1. The Kerala Land Development Act 1964
2. The Kerala Land Development Scheme Rules 1977
3. The Kerala Land Development Corporation Limited (Special Powers)Act 1974
4. The Kerala Land Development Corporation Limited (Special Powers) Rules 1976

Assignment for Industries

1. Rules for Assignment of Government Land for Industrial Purposes
2. The Kerala Allotment of Government Land in Development Areas on Hire Purchase for Industrial Purposes Rules 1969

Settlement/colonisation

1. Co-operative Colonisation Scheme 1971
2. High Range Colonisation Scheme Rules 1968
3. Wayanadu Colonisation Scheme Rules 1969
4. Rules for Assignment of Government Land for Settlement of Agricultural Labourers

Assignment of land for offices/bungalows

1. Rules for Lease of land of Government Offices and Bungalows

Miscellaneous

1. Rules for Allotment of Land in Development plots on Hire Purchase Basis 1970
2. The Bhoodan Assignment Rules 1962
3. Settlement Scheme Patta Rules
4. The Kerala Land Utilisation Order 1967
5. The Kerala Escheat and Forfeitures Act 1964
6. The Kerala Escheat and Forfeitures Rules 1965
7. The Kerala Survey and Boundaries Act, 1961 (KSBA)
8. The Kerala Survey and Boundaries Rules, 1964 (KSBR)

Annexure II

(Reference paragraph 1.6)

Important terminology used in the Report

Terminology	Description
Acquisition	Taking over of a private land for public purpose or for a company on orders of District Collector giving compensation.
Alienation	It includes sale, gift, bequest under will, mortgage, hypothecation, or lease as per Rule 2(a) under any circumstances.
Assignment	Transfer of land by way of registry and includes a lease or grant of license for use of land.
Escheat	Property that falls to the State for want of an heir.
Fair value	As per Section 2(ff) of Kerala Stamp Act 1959 "fair value of land" means the fair value of land fixed under Section 28A of the Act. Under Section 28(1), every Revenue Divisional Officer shall, fix the fair value of the lands situate within the area of his jurisdiction, for the purpose of determining the duty chargeable at the time of registration of instruments involving lands.
Kuthakappattom	Lease of *poramboke* land not immediately required for public purpose or *tharisu* or other Government land available for cultivation.
Kuttikanom	Fee in lieu of customs duty existed prior to Independence.
Are	*A unit of measurement of land. 1 Are = 100 square metre, 100 Are = One hectare, 1 Are = 2.471 cent, 247.1 cent=1 hectare.*
Patta	It is a legal document issued by the Government in the name of the actual owner of a particular plot of land.
Poramboke	Lands unassessed which are the property of Government used or reserved for public purposes or for the communal use of villagers.
Tharisu porambokes	Vast areas of waste or jungle lands owned by Government.

Annexure III

(Reference paragraph 2.1, 2.7.5.2)

Terms and Conditions for assignment on registry/lease of Government Land

Purpose for which assignment can be made/ Act or Rule	Assigning authority	Period /Extent	Remarks
Personal cultivation (Rule 4 of KLAR 1964)	District Collector	Not more than 50 cents in plain and not more than one acre in hilly tracts. (Rule 5(1) (a)&5(1) b of KLAR1964)	Assignment on registry
House site (Rule 4 of KLAR 1964)	District Collector	Not exceed 15 cents, (Rule 6(1) of KLAR1964)	Assignment on registry
House site, Shop sites or other commercial or charitable purposes (Rule 2 of RALMCA 1995)	District Collector (Rule 2 (b)(i), b (ii) of RALMCA 1995) Government for institutions	Not ordinarily exceeding 10 cents in Municipal areas and 5 cents in Corporation areas (Rule 4 (1)(a) of RALMCA 1995)	
Beneficial enjoyment of adjoining holdings (Rule 4 of KLAR 1964)	Revenue Divisional Officer (Note (1) below Rule 6 of KLAR1964) Government for institutions	Not exceeding 15 cent in case of one registered holding. (Rule 6(2) of KLAR1964)	Assignment on registry
Beneficial enjoyment of adjoining holdings (Rule 2 of RALMCA 1995)	District Collector (Rule 2 (b)(i), b (ii) of RALMCA 1995) Government for institutions	Not exceeding 5 cents in Municipal areas and 3 cents in Corporation areas (Rule 4 (2)(a) of RALMCA 1995)	
Agricultural purpose for SC/ST etc. in (Rule 13(a) of KLAR 1964)	*Tahsildar*	Not exceeding two years at a time, Maximum 3 Acres for a family, (Rule 14 (1) of KLAR 1964)	Assignment on lease
Lease of land for agricultural purposes to Co-operative Societies. (Rule 13(d) of KLAR 1964)	*Tahsildar*/RDO/DC (Rule 14 (4) of KLAR 1964)	Ten years at a time (Rule 14 (4) of KLAR 1964)	Assignment on lease
Beneficial enjoyment of adjoining holdings (Rule 13(b) of KLAR 1964)	*Tahsildar*	Not exceeding two years at a time, maximum 50 cents in each case, (Rule 14 (2) of KLAR 1964)	Assignment on lease
Scheme approved by Government (Rule 13(c) of KLAR 1964)	District Collector	Not exceeding 20 years, maximum 20 Acres	Assignment on lease
Any temporary purpose (Rule 12(1) of RALMCA 1995)	District Collector- for house sites, shop sites, beneficial enjoyment Government for institutions	Nil	Assignment on lease.
Temporary purpose (Rule 13 (e) & (f) of KLAR, 1964)	Authority prescribed by Government from time to time (Rule 14 (5) of KLAR, 1964)	Three years at a time Rule 14 (5) of KLAR, 1964)	Assignment on lease or licence.

Annexure IV

(Reference paragraph 2.7.5.1)

The list of lease cases, the details of which were not available with the Commissioner of Land Revenue

Sl. No.	Entity	*Taluk*	District	Extent (Are)	Arrears in lease rent as worked out by Audit (₹)
1	SD Vidyalaya	Ambalapuzha	Alappuzha	71.26	11,525,714
2	Kerala State Civil Supplies Corpn	Ambalapuzha	Alappuzha	4.05	197,844
3	M/S Bosanquet Exports Pvt. Ltd	Fort Kochi, Kochi	Eranakulam	20.23	32,967,290
4	Delta School	Fort Kochi, Kochi	Ernakulam	6.475	2,562,358
5	MSK Kumar	Fort Kochi, Kochi	Ernakulam	4.450	2,523,971
6	Loranse	Fort Kochi, Kochi	Ernakulam	6.839	2,119,444
7	Coronation Club	Fort Kochi, Kochi	Ernakulam	17.810	2,923,212
8	Cochin Club	Fort Kochi, Kochi	Ernakulam	152.630	69,264,928
9	P S Dayanandan	Fort Kochi, Kochi	Ernakulam	6.480	13,200,962
10	State Bank of Travancore	Fort Kochi, Kochi	Ernakulam	12.545	24,565,946
11	Meera Sahib	Kollam	Kollam	7.89	796,811
12	Manakkad Devi Vilasam LPS	Kollam	Kollam	20.20	1,265,926
13	Bharat Petrolium Corpn	Kollam	Kollam	4.05	2,083,768
14	ALIND	Kollam	Kollam	2546.68	51,119,595
15	MATSYFED	Kollam	Kollam	22	1,792,011
16	Sree Bhoothanatha vilasom NSS Karayogam	Kollam	Kollam	8.09	239,074
17	Aryankavu Gram Panchayat	Pathanapuram	Kollam	68.01	1,281,417
18	SN Trust	Kollam	Kollam	126.62	16,661,479
19	Jayesh Petroleum	Koyilandy	Kozhikode	3.640	788,292
20	SILK	Kozhikode	Kozhikode	223.800	20,045,421
21	Indian Oil Corporation	Kozhikode	Kozhikode	2.024	324,268
22	Thoban C Lodaya	Kozhikode	Kozhikode	9.310	8,106,719
23	Sree Sarada Sanghom etc	Thiruvananthapuram	Thiruvananthapuram	41.680	11,900,893
24	Yuvajana Sangham Granthasala	Thiruvananthapuram	Thiruvananthapuram	8.500	3,836,469
25	Minchin Lodge	Thiruvananthapuram	Thiruvananthapuram	26.310	6,685,602
26	V P Thampy Memorial Granthasala	Thiruvananthapuram	Thiruvananthapuram	2.020	487,648
27	CAPE	Thiruvananthapuram	Thiruvananthapuram	76.890	1,619,495
28	Bharat Petroleum Corpn	Thiruvananthapuram	Thiruvananthapuram	48.970	12,011,355
29	Hantex	Thiruvananthapuram	Thiruvananthapuram	4.06	3,683,985
30	St Roches Convent	Thiruvananthapuram	Thiruvananthapuram	51.41	9,895,679
31	Lions Club (Jawahar Bala Bhavan)	Thiruvananthapuram	Thiruvananthapuram	101.21	21,238,266
32	St Thomas CSI Church	Thiruvananthapuram	Thiruvananthapuram	164.68	44,055,087
33	SNDP Sakaha Yogam	Thiruvananthapuram	Thiruvananthapuram	1.21	86,796
34	Young Men's Association and Social Library	Thiruvananthapuram	Thiruvananthapuram	31.57	55,755,068
35	M/s Punj Lloyd	Thiruvananthapuram	Thiruvananthapuram	194.26	5,997,875
36	Jamuna Threads/Vaigai Threads	Mukundapuram	Thrissur	1,237.150	289,224,145
	Total			**5,335.00**	**732,834,813**

Annexure V

(Reference paragraphs 2.7.6.1)

Statement showing details of lease cases test checked

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
1	Coastal Resorts (Brunton & Co)	Kochi	Ernakulam	54.630	3,02,27,558	2,200,000	4,400,000	240,372,000
2	Delta School	Kochi	Ernakulam	6.475	25,62,358	2,200,000	4,400,000	28,490,000
3	FACT	Kochi	Ernakulam	14.923	33,03,659	300,000	600,000	8,953,800
4	MSK Kumar	Kochi	Ernakulam	4.450	25,23,971	500,000	1,000,000	4,450,000
5	Loranse	Kochi	Ernakulam	6.839	21,19,444	300,000	600,000	4,103,400
6	Roman Catholic Church	Kochi	Ernakulam	20.940	40,94,720	Not available	494,200	10,348,548
7	Coronation Club	Kochi	Ernakulam	17.810	29,23,212	600,000	1,200,000	21,372,000
8	Cochin Club	Kochi	Ernakulam	152.630	6,92,64,928	2,200,000	4,400,000	671,572,000
9	HPCL	Kanayannur	Ernakulam	8.397	45,99,203	1,795,500	3,591,000	30,153,627
10	St Alberts College	Kanayannur	Ernakulam	167.420	5,29,62,138	1,248,000	2,496,000	417,880,320
11	Kerala State Construction Corporation	Kanayannur	Ernakulam	21.350	32,60,791	700,000	1,400,000	29,890,000
12	Officers Club	Kozhikode	Kozhikode	27.930	26,08,684	600,000	1,200,000	33,516,000
13	Rifle Club	Kozhikode	Kozhikode	30.910	36,08,226	355,680	711,360	21,988,138
14	Co-Operative Homoeo Hospital	Kozhikode	Kozhikode	6.070	8,34,550	1,500,000	3,000,000	18,210,000
15	Jayesh Petroleum	Koyilandy	Kozhikode	3.640	7,88,292	468,750	937,500	3,412,500
16	SILK	Kozhikode	Kozhikode	223.800	2,00,45,421	80,000	160,000	35,808,000
17	Indian Oil Corporation	Kozhikode	Kozhikode	2.024	3,24,268	Not available	494,200	1,000,261
18	Hantex	Kozhikode	Kozhikode	1.214	8,64,434	2,470,000	4,940,000	5,997,160
19	Thoban C Lodaya	Kozhikode	Kozhikode	9.310	81,06,719	1,605,500	3,211,000	29,894,410
20	Kozhikode District Sports Council (Ground)	Koyilandy	Kozhikode	140.024	1,65,15,736	468,750	937,500	131,272,781
21	Open Air Auditorium (Kozhikode Corporation)	Kozhikode	Kozhikode	32.260	0	1,605,500	3,211,000	103,586,860
22	Kozhikode Dist Sports Council (Swimming Pool)	Kozhikode	Kozhikode	62.720	0	1,605,500	3,211,000	201,393,920
23	Kerala Khadi & Village Industries	Thrissur	Thrissur	41.680	60,43,415	Not available	308,927	12,876,077

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
24	MILMA	Thrissur	Thrissur	467.670	1,75,26,375	Not available	61,775	28,890,314
25	Sree Ramachandra/ Venkiteswara	Thrissur	Thrissur	19.220	50,15,599	300,000	600,000	11,532,000
26	Chattampi Swamy Memorial Lib	Thiruvananthapuram	Thiruvananthapuram	6.070	23,43,093	520,000	1,040,000	6,312,800
27	Kerala State Handloom Development Corporation	Thiruvananthapuram	Thiruvananthapuram	40.470	74,97,122	390,000	780,000	31,566,600
28	University Womens Assn	Thiruvananthapuram	Thiruvananthapuram	10.520	1,53,70,498	1,500,000	3,000,000	31,560,000
29	All India Radio	Thrissur	Thrissur	2073.670	4,87,24,156	112,000	224,000	464,502,080
30	Petta vanitha Club	Thiruvananthapuram	Thiruvananthapuram	11.740	39,30,395	650,000	1,300,000	15,262,000
31	Mannam memorial national Club	Thiruvananthapuram	Thiruvananthapuram	40.870	3,99,63,499	1,500,000	3,000,000	122,610,000
32	Balaramapuram Supply&Marketing	Thiruvananthapuram	Thiruvananthapuram	0.810	16,08,232	Not available	1,606,150	1,300,982
33	Veerakerala Gymkhana	Thiruvananthapuram	Thiruvananthapuram	7.280	38,23,810	900,000	1,800,000	13,104,000
34	Muslim Association	Thiruvananthapuram	Thiruvananthapuram	10.930	58,72,479	Not available	1,729,700	18,905,621
35	Fort High School	Thiruvananthapuram	Thiruvananthapuram	59.890	3,61,25,295	Not available	1,359,050	81,393,505
36	Sreekanteswaram Thandava Kathakali	Thiruvananthapuram	Thiruvananthapuram	2.020	4,56,214	0	0	0
37	Pettah SNDP	Thiruvananthapuram	Thiruvananthapuram	8.170	44,56,104	650,000	1,300,000	10,621,000
38	Sreekanteswaram NSS Karayogam	Thiruvananthapuram	Thiruvananthapuram	4.860	69,23,987	750,000	1,500,000	7,290,000
39	Kerala Khadi & Village Indusatries	Thiruvananthapuram	Thiruvananthapuram	10.120	27,99,623	Not available	864,850	8,752,282
40	SNV Womens Association	Thiruvananthapuram	Thiruvananthapuram	40.470	1,76,66,318	Not available	741,300	30,000,411
41	City Theatres	Thiruvananthapuram	Thiruvananthapuram	3.270	62,84,087	1,800,000	3,600,000	11,772,000

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
42	CV Vilasom Vayanasala	Thiruvananthapuram	Thiruvananthapuram	4.050	8,33,287	Not available	247,100	1,000,755
43	Sree Sarada Sanghom etc	Thiruvananthapuram	Thiruvananthapuram	41.680	1,19,00,893	Not available	803,075	33,472,166
44	Trivandrum Women's Club	Thiruvananthapuram	Thiruvananthapuram	21.850	95,84,643	Not available	1,359,050	29,695,243
45	Cotton Hill Rotery Institute	Thiruvananthapuram	Thiruvananthapuram	16.190	44,14,579	Not available	432,426	7,000,961
46	Yuvajana Sangham Granthasala	Thiruvananthapuram	Thiruvananthapuram	8.500	38,36,469	Not available	864,850	7,351,225
47	Minchin Lodge	Thiruvananthapuram	Thiruvananthapuram	26.310	66,85,602	Not available	555,975	14,627,702
48	Sreemoolam Club	Thiruvananthapuram	Thiruvananthapuram	44.520	4,35,93,130	Not available	3,706,500	165,013,380
49	Chamber of Municipal Chairmen	Thiruvananthapuram	Thiruvananthapuram	6.070	76,56,316	650,264	1,300,528	7,894,205
50	Officers Club	Thiruvananthapuram	Thiruvananthapuram	8.900	49,77,030	2,356,924	4,713,848	41,953,247
51	Bappuji Granthasala	Thiruvananthapuram	Thiruvananthapuram	2.020	17,24,033	1,012,145	2,024,290	4,089,066
52	V P Thampy Memorial Granthasala	Thiruvananthapuram	Thiruvananthapuram	2.020	4,87,648	300,000	600,000	1,212,000
53	SN College, Pangappara	Thiruvananthapuram	Thiruvananthapuram	48.560	20,84,584	160,000	320,000	15,539,200
54	SN College, Chempazhanthy	Thiruvananthapuram	Thiruvananthapuram	180.090	40,24,646	Not available	60,045	10,813,504
55	Viswaprabha Library	Thiruvananthapuram	Thiruvananthapuram	1.210	2,04,938	Not available	199,051	240,852
56	Viswakarma Yuvajana Sangham	Thiruvananthapuram	Thiruvananthapuram	8.000	21,18,536	1,100,000	2,200,000	17,600,000
57	St Antonys HSS, Muttathara	Thiruvananthapuram	Thiruvananthapuram	159.450	88,66,435	150,000	300,000	47,835,000
58	CAPE	Thiruvananthapuram	Thiruvananthapuram	76.890	16,19,495	150,000	300,000	23,067,000

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
59	Bharat Petroleum Corporation	Thiruvanantha-puram	Thiruvanantha-puram	48.970	1,20,11,355	1,000,000	2,000,000	97,940,000
60	Uliyakovil LPS	Kollam	Kollam	20.15	5,61,887	160,000	320,000	6,448,000
61	Pulaya Mahasabha	Kollam	Kollam	2.02	1,13,090	600,000	1,200,000	2,424,000
62	Kadappakkada Sports Club	Kollam	Kollam	8.09	6,29,194	175,000	350,000	2,831,500
63	Asramom SNDP Yogam	Kollam	Kollam	23.07	13,91,674	Not available	350,000	8,074,500
64	Travancore Devaswom Board	Kollam	Kollam	4.50	3,81,493	400,000	800,000	3,600,000
65	Quilon Co Op Urban Bank Ltd	Kollam	Kollam	10.55	21,51,024	600,000	1,200,000	12,660,000
66	Botco Engrs and Contractors	Kollam	Kollam	4.94	33,43,480	775,000	1,550,000	7,657,000
67	Meera Sahib	Kollam	Kollam	7.89	7,96,811	175,000	350,000	2,761,500
68	Quilon Mahila Co Op Society Ltd	Kollam	Kollam	12.88	8,47,108	175,000	350,000	4,508,000
69	Jt Council of Service Organisations	Kollam	Kollam	2.02	1,13,283	125,000	250,000	505,000
70	Government ECS Ltd.	Kollam	Kollam	10.12	11,95,316	200,000	400,000	4,048,000
71	Vadi Coastal Pub Lib & reading Room	Kollam	Kollam	6.07	3,20,584	125,000	250,000	1,517,500
72	Catholic Youngmen Society	Kollam	Kollam	16.90	71,73,401	800,000	1,600,000	27,040,000
73	Manakkad Devi Vilasam LPS	Kollam	Kollam	20.20	12,65,926	250,000	500,000	10,100,000
74	Quilon Athletic Club	Kollam	Kollam	25.91	38,11,667	700,000	1,400,000	36,274,000
75	Kollam Arikkada Masjid	Kollam	Kollam	1.92	2,20,585	999,999	1,999,998	3,839,996
76	Muneeswarasamy Temple	Kollam	Kollam	1.21	1,17,218	775,000	1,550,000	1,875,500
77	Chethu Thozhilali Union	Cherthala	Alappuzha	8.85	8,88,145	Not available	246,912	2,185,180
78	SD Vidyalaya	Ambalapuzha	Alappuzha	71.26	1,15,25,714	Not available	881,834	62,839,491
79	Kerala State Civil Supplies Corpn	Ambalapuzha	Alappuzha	4.05	1,97,844	Not available	370,942	1,502,318
80	Trivandrum Tennis Club	Thiruvanantha-puram	Thiruvana-nthapuram	164.79	6,52,84,182	1,500,000	3,000,000	494,370,000
81	Hindu Vanitha Sangham	Thiruvanantha-puram	Thiruvana-nthapuram	20.24	90,77,276	Not available	1,112,000	22,506,880
82	Indian Oil Corporation	Thiruvanantha-puram	Thiruvana-nthapuram	195.51	2,92,14,063	1,000,000	2,000,000	391,020,000
83	Padmanabha Wood industries	Thiruvanantha-puram	Thiruvana-nthapuram	8.50	92,51,822	Not available	494,200	4,200,700

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
84	St Marys HS	Thiruvanantha-puram	Thiruvana-nthapuram	283.29	2,83,23,281	Not available	494,200	140,001,918
85	Hantex	Thiruvanantha-puram	Thiruvana-nthapuram	4.06	36,83,985	1,250,000	2,500,000	10,150,000
86	St Roches Convent	Thiruvanantha-puram	Thiruvana-nthapuram	51.41	98,95,679	Not available	494,200	25,406,822
87	Young men's Association and Social Library	Thiruvanatha-puram	Thiruvantha-puram	31.57	5,57,55,068	Not available	1,606,150	50,706,156
88	English India Clays Ltd	Thiruvanatha-puram	Thiruvantha-puram	367.43	5,29,17,566	1,000,000	2,000,000	734,860,000
89	Lions Club (Jawahar Bala Bhavan)	Thiruvanantha-puram	Thiruvana-nthapuram	101.21	2,12,38,266	0	0	0
90	Khadi and Village Industries Commission ,	Thiruvanatha-puram	Thiruvantha-puram	0.80	95,458	1,250,000	2,500,000	2,000,000
91	Arya Central School	Thiruvanantha-puram	Thiruvana-nthapuram	104.00	2,11,95,158	1,250,000	2,500,000	260,000,000
92	Indian RedCross Society and Indian Medical Association	Thiruvanatha-puram	Thiruvantha-puram	8.06	908,352	900,000	1,800,000	14,508,000
93	MILMA	Kanayannur	Ernakulam	283.200	4,60,20,000	750,000	1,500,000	424,800,000
94	Modern Food Industries Ltd	Kanayannur	Ernakulam	134.360	3,24,29,125	0	0	0
95	Elamakkara Vayanasala	Kanayannur	Ernakulam	3.04	284,447	212,000	424,000	1,288,960
96	St Thomas CSI Church	Thiruvanantha-puram	Thiruvana-nthapuram	164.68	4,40,55,087	Not available	700,000	115,276,000
97	Subramanyan Caltex Co	Kollam	Kollam	5.40	851,571	775,000	1,550,000	8,370,000
98	Bharat Petrolium Corpn	Kollam	Kollam	4.05	20,83,768	Not available	327,869	1,327,869
99	ALIND	Kollam	Kollam	2546.68	5,11,19,595	80,000	160,000	407,468,800
100	MATSYAFED	Kollam	Kollam	22	17,92,011	Not available	Not available	0
101	Sree Bhoothanatha vilasom NSS Karayogam	Kollam	Kollam	8.09	2,39,074	Not available	Not available	0
102	Aryankavu Grama Panchayat	Pathanapuram	Kollam	68.01	12,81,417	Not available	181,794	12,363,810
103	NGO Association	Thrissur	Thrissur	3.080	9,12,912	2,470,000	4,940,000	15,215,200
104	Jt. Council of Service Organisations	Thrissur	Thrissur	1.210	3,58,644	2,470,000	4,940,000	5,977,400

Sl No	Entity	*Taluk*	District	Extent (Are)	Lease rent arrears upto 31.03.2013 (₹)	Fair Value (₹)	Market Value (₹)	Land Value (₹)
105	Kerala State Civil Supplies Corpn,	Kozhikode	Kozhikode	6.48	45,71,131	937,500	1,875,000	12,150,000
106	P S Dayanandan	Kochi	Ernakulam	6.480	1,32,00,962	2,200,000	4,400,000	28,512,000
107	State Bank of Travancore	Kochi	Ernakulam	12.545	2,45,65,946	2,200,000	4,400,000	55,198,000
108	Damien Institute	Thrissur	Thrissur	523.680	72,00,600	Not available	40,000	20,947,200
109	Jamuna Threads/Vaigai Threads	Mukundapuram	Thrissur	1237.150	28,92,24,145	Not available	247,100	305,700,000
110	Dist Congress Committee	Kollam	Kollam	79.05	11,71,116	500,000	1,000,000	79,050,000
111	All Saints College	Thiruvanantha-puram	Thiruvana-nthapuram	748.28	13,02,73,023	Not available	741,300	554,699,964
112	SN Trust	Kollam	Kollam	126.62	1,66,61,479	700,000	1,400,000	177,268,000
113	SNDP Sakha Yogam	Thiruvanantha-puram	Thiruvana-nthapuram	1.21	86,796	0	0	580,644
114	Kerala Tourism Development Corporation	Thiruvanatha-puram	Thiruvantha-puram	2.02	2,00,000	Not available	1,976,800	3,993,136
115	Kerala Engineering Diploma holders Association	Thiruvanatha-puram	Thiruvantha-puram	2.02	5,16,781	0	0	0
116	Hotel Aryabhavan, Thycaud	Thiruvanatha-puram	Thiruvantha-puram	9.71	17,10,329	0	0	0
117	All India Radio	Thiruvanatha-puram	Thiruvantha-puram	107.24	3,60,19,968	Not available	1,781,808	191,081,090
118	M/s Punj Loyd	Thiruvanatha-puram	Thiruvantha-puram	194.26	59,97,875	Not available	882,498	171,434,061
119	Sasthri Nagar Residence Association	Thiruvanatha-puram	Thiruvantha-puram	72.56	38,62,722	0	0	0
120	M/S Bosanquet Exports Pvt. Ltd	Fort Kochi	Eranakulam	20.23	3,29,67,290	2,200,000	4,400,000	89,012,000
121	Aspinwall & Co	Kochi	Ernakulam	52.220	82,745,380	2,200,000	4,400,000	229,768,000
	Total			**12629.80**	**17,66,881,026**			**8,752,166,997**

Annexure VI

(Reference Paragraph 2.7.6.3)

Failure to collect lease rent arrears from entities whose land was resumed/lease terminated

Sl. No.	Name of lessee	Area of land (Are)	Amount due (₹ in crore)	Period for which lease rent due	Remarks
1	Golf Club	1053.42	63.70	1995 to 2010	Taken by Government in 2010.
2	Kerala Engg. Diploma Holders Association	2.02	0.05	1995 to 1999	Taken by Government in 2002.
3	Arya Bhavan	9.71	0.17	1973 to 1996	Lease terminated in 1973.
4	Punj Loyd	194.25	0.60	2004 to 2007	Lease period over in 2007 and land transferred to another entity.
5	Sasthri Nagar Residents Association	72.56	0.39	1990 to 2004	Land taken back by Government in 2006.
6	Kerala Ceramics	1000.00	0.24	1991 to 2009	Land repossessed by Government in 2009.
Total		**2331.96**	**65.15**		

Annexure VII

(Reference Paragraph 2.7.6.5)

Write off of arrears in violation of provisions of RALMCA, 1995

Sl. No.	Name of entity	Village	*Taluk*	District	Lease rent arrears (₹ in lakh)	Write off (₹ in lakh)	Area of land (Are)	Reference	Remarks
A	**Private entity**								
1	NSS Working Women's Hostel	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	124.50	124.50	28.74	GO (MS) No. 92/2012/RD dated 03.03.2012	Lease rent reduced as ₹ 18/- *per annum*
2	Press Club	Palakkad 3	Palakkad	Palakkad	7.85	7.85	1.82	GO (MS) No. 100/2012/RD dated 08.03.2012	Assigned on registry
3	Indian Red Cross Society/IMA	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	29.75	29.75	8.06	GO (MS) No. 294/2009/RD dated 24.07.2009	For IMA lease rent ₹ 5000 per Cent *per annum*- For IRS ₹ 100 per Cent *per annum*
4	Kerala Grama Panchayat Association	Thycaud	Thiruvananthapuram	Thiruvananthapuram	61.12	61.12	12.14	GO (MS) No. 418/2008/RD dated 09.12.2008	Lease rent revised as ₹ 100 *per annum* for 50 years
5	Petta Youngsters Club	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	6.17	6.17	4.51	GO (MS) No. 373/2010/RD dated 06.09.2010	Lease rent revised as ₹ 100 per Cent *per annum* from 1995
6	Sree Varaham Vanitha Samithy	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	149.48	149.48	49.33	GO (MS) No.242/2010/Rev dated 21.06.2010	Lease rent revised as ₹ 100 per Cent *per annum*
7	Ex Servicemen Co Op Wood Ind	Kawdiar	Thiruvananthapuram	Thiruvananthapuram	83.84	83.84	18.37	GO (MS) No.316/2010/RD dated 03.08.2010	Lease rent ₹ 1000 per month for 30 years
8	Institution of Engineers	Thycaud	Thiruvananthapuram	Thiruvananthapuram	102.13	76.59	22.25	GO MS No. 216/2011/Revenue dated 10.06.2011	Lease rent ₹ 100 per Cent *per annum* for 30 years
9	Jt Council of Service	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	18.22	18.22	13.36	GO (MS) No. 28/2010/RD dated	Assigned on registry

Sl. No.	Name of entity	Village	*Taluk*	District	Lease rent arrears (₹ in lakh)	Write off (₹ in lakh)	Area of land (Are)	Reference	Remarks
	Organisation							25.01.2010	
10	MES College, Ponnani	Ezhuvanthiruthy	Ponnani	Malappuram	264.00	264.00	1049.80	GO (MS) No. 63/09/RD dated 31.01.2009	Assigned on registry
11	Annadana Fund	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	131.01	131.01	19.83	GO (MS) 186/2010/Rev dated 25.06.2010	land to be resumed
12	NSS College for Women	Nemom	Thiruvananthapuram	Thiruvananthapuram	204.00	204.00	1035.66	GO (MS) 401/05/Rev dated 30.12.2005	Assigned on Registry
13	MG College	Kawdiar	Thiruvananthapuram	Thiruvananthapuram	1124.00	1124.00	1738.56	GO (MS) 400/05/Rev dated 30.12.2005	Assigned on Registry
14	St Marys College	Chembukkavu	Thrissur	Thrissur	43.00	43.00	22.55	GO (MS) No. 105/2012/RD dated 13.03.2012	Assigned on Registry
15	St Thomas College	Chembukkavu	Thrissur	Thrissur	76.00	76.00	48.17	GO (MS) No. 104/2012/RD dated 13.03.2012	Assigned on Registry
16	Christ College	Irinjalakuda	Mukundapuram	Thrissur	493.00	493.00	626.32	GO (MS) No. 98/2012/RD dated 08.03.2012	Assigned on Registry
17	Sree Narayana Trust	Vadakkevila	Kollam	Kollam	1480.00	1480.00	1062.18	GO (MS) No. 55/2005/RD dated 23.02.2006	Assigned on Registry
18	District Football Association	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	51.00	51.00	5.46	GO (MS) No. 435/2010/RD dated 03.11.2010	Assigned on registry
19	Chinmaya Mission	Kannur	Kannur	Kannur	25.41	19.06	21.04	GO (MS) No. 36/RD dated 07.02.2008	Assigned on Registry
	Total					**4442.59**			

Sl. No.	Name of entity	Village	*Taluk*	District	Lease rent arrears (₹ in lakh)	Write off (₹ in lakh)	Area of land (Are)	Reference	Remarks
B	**Government sponsored commercial undertakings and autonomous bodies**								
1	Rajeev Gandhi Centre for Biotechnology	Thycaud	Thiruvananthapuram	Thiruvananthapuram	86.16	86.16	121.46	GO (MS) No.74/2008/RD dated 29.03.2008	Lease rent reduced as ₹ 100 per Acre *per annum* for 30 years
2	Kerala Financial Corporation	Kawdiar	Thiruvananthapuram	Thiruvananthapuram	226.72	113.36	29.56	GO(MS)No. 401/2008/RD dt.25.11.2008	lease at the rate of ₹ 1 lakh pa from 01.04.08 onwards
3	Sree Chitra Tirunal Institute for Medical Sciences & Technology	Thirumala	Thiruvananthapuram	Thiruvananthapuram	260.70	260.70	839.27	GO (MS) 175/09/Rev dated 08.05.2009	Lease rent reduced as ₹ 1/- *per annum*
4	Kasturba Gandhi National Memorial	Kanimangalam	Thrissur	Thrissur	6.38	6.38	156.21	GO (MS) No. 326/09/RD dated 18.08.2009	Lease rent reduced as ₹ 100 per Acre *per annum* for 30 years
5	KSEB	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	63.62	62.34	12.15	GO (MS) No. 67/2011/RD dated 08.02.2011	Lease rent reduced to ₹ 100 *per annum* for 30 years
6	CMFRI	Ernakulam	Kanayannur	Ernakulam	981.90	981.90	145.08	GO (MS) No. 432/2007/RD dated 07.12.2007	Lease rent ₹ 100 per Acre *per annum* for 25 years
7	Technical Teachers Training Institute	Thrikkakara North	Kanayannur	Ernakulam	20.37	20.37	40.47	GO (MS) 47/2009/Rev dated 24.01.2009	
8	SBT	Vanchiyur	Thiruvananthapuram	Thiruvananthapuram	152.37	104.29	23.37	GO (MS) No. 291/2008/RD dated 30.08.2008	
	Total					**1635.50**			
	Grand total					**6078.09**			

Annexure VIII

(Reference Paragraph 2.7.7, 2.7.7.1)

Incorrect assignments on registry to educational institutions

Sl. No.	Name of entity	District	*Taluk*	Village	Extent of land assigned on registry (Are)	Lease rent in arrears (₹ in lakh)	Order of assignment	Land value fixed by Gove-rnment	Land value paid/ payable (₹ in lakh)	FV per Are 2010 (₹ in lakh)	Market value per Are (₹ in lakh)	Total Land value (₹ in lakh)	Net Market Value realisable (₹ in lakh)	Institution managed by
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
												(6)x(12)	(14-10)	
1	M G College, Thiruvananthapuram	Thiruvananthapuram	Thiruvananthapuram	Kowdiar	1738.56	1124	GO (MS) 400/05/Rev dated 30.12.2005	₹ 100/ Cent	4.29	4.5	9	15647	15643	Nair Service Society
2	NSS Womens College, Thiruvananthapuram	Thiruvananthapuram	Thiruvananthapuram	Nemom	1035.66	204	GO (MS) 401/05/Rev dated 30.12.2005	₹ 100/ Cent	2.55	4	8	8285	8283	Nair Service Society
3	Sree Narayana Trust Kollam (SN College)-SN Trust, Kollam	Kollam	Kollam	Vadakkevila	1062.18	1480	GO MS 55/2005/Rev dated 23.02.2006	₹ 100/ Cent	2.62	7	14	14871	14868	Sree Narayana Trust
4	MES College, Ponnani	Malappuram	Ponnani	Ezhuvathurithy	1049.80	264	GO (MS) 63/09/Rev dated 31.01.2009	₹100/ Cent	2.59	3.15	6.3	6614	6611	Muslim Education Society
5	Christ College, Irinjalakuda	Thrissur	Mukundapuram	Irinjalakuda	626.32	493	GO (MS) 98/2012/Rev dt 08.03.12	₹ 100/ Cent	1.55	4.5	9	5637	5635	Catholic management
6	St Mary's College, Sulthan Bathery	Wynad	Sulthan Bathery	Kuppadi	1458.30	0	GO MS No.125/2006/ RD dated 09.05.2006	₹ 100/ Cent	0.00	0.494	0.988	1441	1441	Malankara Orthodox Church

Sl. No.	Name of entity	District	*Taluk*	Village	Extent of land assigned on registry (Are)	Lease rent in arrears (₹ in lakh)	Order of assignment	Land value fixed by Gove-rnment	Land value paid/ payable (₹ in lakh)	FV per Are 2010 (₹ in lakh)	Market value per Are (₹ in lakh)	Total Land value (₹ in lakh)	Net Market Value realisable (₹ in lakh)	Institution managed by
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
												(6)x(12)	(14-10)	
7	St Mary's College, Thrissur *	Thrissur	Thrissur	Chembu-kkavu	22.55	43	GO (MS) 105/2012/Rev dt 13.03.12	₹ 100/ Cent	0.05	24.7	49.4	1114	1114	Catholic management
8	St Thomas College, Thrissur *	Thrissur	Thrissur	Chembu-kkavu	48.17	76	GO (MS) 104/2012/Rev dt 13.03.12	₹ 100/ Cent	1.19	24.7	49.4	2380	2380	Catholic management
					7041.54	**3684**			**14.84**			**55989**	**55975**	
* Lease rent has been calculated only upto 1999-2000. In the absence of market value from time to time audit could not calculate up to date lease rent arrears.														

Annexure IX

(Reference Paragraph 2.7.7, 2.7.7.2)

Incorrect assignments on registry to non-educational entities

Sl. No.	Name of entity	District	*Taluk*	Village	Extent of land assigned (Are)	Lease rent in arrears (₹ in lakh)	Order of assignment	Land value fixed by Gove-rnment	Land value paid/ payable (₹ in lakh)	Fair value per Are 2010 (₹ in lakh)	Market value per Are (₹ in lakh)	Total Land value (₹ in lakh)	Net Market Value realisable (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
												(6)x(12)	(14-10)
1	Dist. Football Association, Thiruvananthapuram	Thiruvananthapuram	Thiruvananthapuram	Vanchiyur	5.46	51.00	GO (MS) 435/2010/Rev dt. 03.11.10	Free	0.00	15	30	164	164
2	SNDP Yogam, Kollam#	Kollam	Kollam	Mundakkal	21.10	Encroa-chment	GO (MS) No. 55/2011/RD dated 31.1.2011	Free	0.00	7	14	295	295
3	SN Trust, Kollam/SNDP, Meenachil	Kottayam	Meenachil	Teekoy	1011.74	Encroa-chment	GO (MS) No. 107/2012/RD dated 14.03.12	Free	0.00	NA	0.15	152	152
4	Dist Congress Committee, Kollam	Kollam	Kollam	Mundakkal	79.05	7.54	GO (MS) No.35/2006/Rev dated 04.02.2006	₹ 100 per Cent	0.00	5.00	10.00	790	790
5	Assumption Forane Church, Sulthan Bathery	Wynad	Sulthan Bathery	Sulthan Bathery	181.45	Encroa-chment	GO (MS) No. 116/2012/Rev dated 22.03.2012	₹ 100 per Cent	0	5.19	……..	1882	1882
					1298.80	**58.54**			0.00			**3283**	**3283**
# Assigned land 20.23 Are. Actual government land occupied 21.10 Are													

Annexure X

(Reference Paragraph 3.7.3)

The main PSUs having forest area on lease as on 31 March 2013

Sl. No.	Name of PSUs	Area in Ha.
1	Plantation Corporation Kerala	11525.960
2	Kerala State Electricity Board	7019.432
3	Kerala Forest Development Corporation	5515.543
4	Hindustan News Print Limited	2131.572
5	Malabar Cements	326.540
6	Rubber Board	254.740
7	Tropical Botanical Garden and Research Institution, Palode	121.340
8	Kerala Forest Research Institution	71.529
9	Kallada Irrigation Project	38.594
10	National Research Centre for Oil Palm	19.838
11	Kerala State wood Industries Ltd	17.640
12	State Farming Corporation Kerala	15.011
13	Kerala Water Authority	13.007

Annexure XI

(Reference Paragraph 5.5.6)

Details of land Purchased and registered by KGS Aranmula Airport

Sl. No.	Sale deed Number	Date of Execution	Date of Registration	Village	Date of Mutation	Vendor	Eluka details	Area (Ha.)	K J ABRAHAM (Ha.)	OTHERS (Ha.)
1	67/11	12.01.11	13.01.11	Kidangannur	18.02.12	K J Samuel	Landed property	0.25		0.25
2	250/11	25.02.11	25.02.11	Kidangannur	16.04.12	Mathews Samuel, Kurien	Landed property	0.818		0.818
3	287/11	05.03.11	05.03.11	Kidangannur	13.04.12	P N Gopalakrishnan Nair	Landed property	1.7396		1.7396
4	368/11	19.3.11	19.3.11	Kidangannur	12.04.12	Vijayakumaran Nair, Presenna Kumaran Nair	Landed property	1.2203		1.2203
5	520/11	08.04.11	08.04.11	Kidangannur	12.04.12	Dr. George Kurien, Saji Kumar	Self property, Landed property and ownershipwise	0.849		0.849
6	757/11	04.06.11	06.06.11	Kidangannur	21.02.12	Viswanathan Nair,Venugopalan Nair	Landed property	0.8775		0.8775
7	899/11	25.06.11	25.06.11	Kidangannur	27.03.12	Varghese Mathew, Sosamma	Landed property	0.286		0.286
8	1005/11	16.07.11	16.07.11	Kidangannur	16.04.12	Mathew Scaria, T V George	Landed property	0.206		0.206
9	1047/11	25.7.11	26.7.11	Kidangannur	13.04.12	Kurien Thomas, Annamma John	Landed property	1.6165		1.6165
10	686/11	21.05.11	23.05.11	Kidangannur	16.04.12	Balakrishnan Nair, Ramachandran Nair	Landed property	1		1
11	1487/11	29.10.11	29.10.11	Kidangannur	12.04.12	M M George, TC Thomas	ownerwise and Channel	0.8553		0.8553
12	1585/11	19.11.11	19.11.11	Kidangannur	18.02.12	Sukumaran Nair	ownerwise and Channel	0.3844		0.3844
13	1619/11	24.11.11	25.11.11	Kidangannur	09.02.12	John	ownerwise	0.9027		0.9027
14	1633/11	26.11.11	26.11.11	Kidangannur	27.03.12	P.C.Varghese, Aleyamma Thomas	ownerwise	0.25		0.25
15	1744/11	3.12.11	17.12.11	Kidangannur	09.02.12	Oommen Santhosh,Kunjamma	ownerwise and Channel	0.288		0.288
16	1745/11	17.12.11	17.12.11	Kidangannur	13.04.12	Suresh Kumar, Geetha	ownerwise	0.2075		0.2075
17	454/12	14.03.12	14.03.12	Kidangannur	15.05.12	Issac, Baby Mathai	ownerwise	0.773		0.773

Sl. No.	Sale deed Number	Date of Execution	Date of Registration	Village	Date of Mutation	Vendor	Eluka details	Area (Ha.)	K J ABRAHAM (Ha.)	OTHERS (Ha.)
18	1069/12	13.07.12	13.07.12	Kidangannur	05.09.12	V K Mohanan Nair, Thankappan Nair	Ownership, *Kozhithodu* and Channel	1.5512		1.5512
19	363/13	20.03.13	21.03.13	Kidangannur		Thankachen Kakkanadu	Streamlet, Nilam, Pathway	0.1619		0.1619
20	1928/10	29.10.10	20.12.10	Kidangannur	30.04.12	Kozhencherry Charitable Educational Society	Self property	4.93	4.93	
21	1930/10	29.10.10	20.12.10	Kidangannur	09.03.12	Kozhencherry Charitable Educational Society	Self property	1.48	1.48	
22	1932/10	29.10.10	20.12.10	Kidangannur	03.03.12	Kozhencherry Charitable Educational Society	Self property	3.33	3.33	
Total (Kidangannur Village)								**23.9769**	**9.74**	**14.2369**
23	1929/10	29.10.10	20.12.10	Aranmula	26.04.12	Kozhencherry Charitable Educational Society	Self property	17.75	17.75	
24	1931/10	29.10.10	20.12.10	Aranmula	30.04.12	Kozhencherry Charitable Educational Society	Self property	3.87	3.87	
25	1781/10	08.11.10	16.11.10	Aranmula	16.02.12	Purushothaman Moosad, Anil Kumar	Landed property, Self property and Survey no. wise property	0.9853		0.9853
26	1273/11	17.09.11	17.09.11	Aranmula	10.02.12	Sarasamma	ownerwise	0.08		0.08
27	1311/11	24.09.11	24.09.11	Aranmula		Vijayanandan	ownerwise	0.2834		0.2834
28	1799/11	27.12.11	27.12.11	Aranmula	10.02.12	Anirudhan, Kalyani	ownerwise	0.0225		0.0225
29	47/12	07.01.12	07.01.12	Aranmula	20.04.12	John Chacko,K J Mathai	Landed property	0.268		0.268
30	392/12	03.03.12	03.03.12	Aranmula	20.04.12	Omana Krishnan, Jaya Krishnan	ownerwise	0.4786		0.4786
Total (Aranmula village)								**23.7378**	**21.62**	**2.1178**
31	389/11	18.02.11	18.02.11	Mezhuveli	24.06.12	George	Landed property	0.2516		0.2516
32	655/11	19.03.11	19.03.11	Mezhuveli	27.06.12	James P John, Thomas P John	Landed property	0.283		0.283
33	781/11	02.04.11	02.04.11	Mezhuveli	27.06.12	Sosamma Varghese, Chacko	Landed property	0.3655		0.3655
34	1241/11	31.05.11	31.05.11	Mezhuveli	27.06.12	Annamma,Koshy Thomas	Landed property	0.318		0.318
35	1242/11	31.05.11	31.05.11	Mezhuveli	27.06.12	Kurien Thomas, PG Thomas	Landed property	0.3565		0.3565
36	1243/11	31.05.11	31.05.11	Mezhuveli		Kunjamma, Thomas P John	Landed property	0.238		0.238

Sl. No.	Sale deed Number	Date of Execution	Date of Registration	Village	Date of Mutation	Vendor	Eluka details	Area (Ha.)	K J ABRAHAM (Ha.)	OTHERS (Ha.)
37	1536/11	02.07.11	02.07.11	Mezhuveli	27.06.12	K. George Mathew	Landed property	0.346		0.346
38	762/12	23.3.12	23.03.12	Mezhuveli		Binu Thomas	Ownerwise property	0.197		0.197
Total (Mezhuveli village)								**2.3556**		**2.3556**
39	1380/10	18.12.10	20.12.10	Mallapuzhasserry	31.05.12	Kozhencherry Charitable Educational Society	Self Property	1.33	1.33	
40	1381/10	29.10.10	20.12.10	Mallapuzhasserry	30.05.12	Kozhencherry Charitable Educational Society	Self Property	7.21	7.21	
41	1382/10	29.10.10	20.12.10	Mallapuzhasserry	01.06.12	Kozhencherry Charitable Educational Society	Self Property	3.99	3.99	
42	1383/10	29.10.10	20.12.10	Mallapuzhasserry	01.06.12	Kozhencherry Charitable Educational Society	Self Property	13.79	13.79	
43	1384/10	29.10.10	20.12.10	Mallapuzhasserry	29.05.12	Kozhencherry Charitable Educational Society	Self Property	21.63	21.63	
44	1385/10	29.10.10	20.12.10	Mallapuzhasserry	30.05.12	Kozhencherry Charitable Educational Society	Self Property	14.53	14.53	
45	1428/10	29.12.10	29.12.10	Mallapuzhasserry	01.06.12	Aranmula Aviations Ltd.	Landed property	1.1	1.1	
46	48/11	12.01.11	13.01.11	Mallapuzhasserry	21.03.12	K.J. Samuel, Aleyamma George	Landed property, NO BOUNDARY SHOWN TO SL NO 3 &4	4.5735		4.5735
47	139/11	04.02.11	04.02.11	Mallapuzhasserry	21.03.12	Sivankutty,Rajamma	Self Property	0.281		0.281
48	355/11	08.04.11	08.04.11	Mallapuzhasserry	05.03.12	Sosamma George	Landed property	0.402		0.402
49	696/11	25.06.11	25.06.11	Mallapuzhasserry	17.07.12	Radhamoneyamma,Valsala kumari	Landed property	1.2825		1.2825
50	776/11	16.07.11	16.07.11	Mallapuzhasserry	05.03.12	Radhakrishnan Nair, Mohanan Nair	Landed property	0.3625		0.3625
51	793/11	23.07.11	23.07.11	Mallapuzhasserry	06.03.12	P J Thomas,Martin	Landed property	1.9454		1.9454
52	828/11	29.07.11	02.08.11	Mallapuzhasserry	17.07.12	Chandran, Prasannakumari	Landed property	0.219		0.219
53	889/11	12.08.11	12.08.11	Mallapuzhasserry	21.03.12	Philip Sebastian, John Sebastian	Landed property	0.9917		0.9917
54	898/11	16.08.11	17.08.11	Mallapuzhasserry	05.03.12	Gopinathan Nair, Sarasamma	Landed property	0.2145		0.2145
55	926/11	20.08.11	20.08.11	Mallapuzhasserry		George Mathew, MM Thomas	Landed property	0.2597		0.2597

Sl. No.	Sale deed Number	Date of Execution	Date of Registration	Village	Date of Mutation	Vendor	Eluka details	Area (Ha.)	K J ABRAHAM (Ha.)	OTHERS (Ha.)
56	964/11	27.08.11	29.08.11	Mallapuzhasserry	21.03.12	Gopalakrishna Panicker, Ponnamma	Survey numberwise	1.177		1.177
57	1096/11	04.10.11	04.10.11	Mallapuzhasserry	05.03.12	Joseph T Abraham, M A Varghese	Ownerwise	0.5772		0.5772
58	1143/11	15.10.11	15.10.11	Mallapuzhasserry	05.03.12	G Raveendranathan Nair, Mathai	Ownerwise	0.2863		0.2863
59	1170/11	24.10.11	24.10.11	Mallapuzhasserry	06.03.12	Thankamma,Jayasudha	Ownerwise	0.429		0.429
60	1195/11	29.10.11	29.10.11	Mallapuzhasserry	21.03.12	Thankamma,Thomas Zacharia	Ownerwise	0.251		0.251
61	1233/11	11.11.11	11.11.11	Mallapuzhasserry	21.03.12	Sarama Koshy	Ownerwise	0.418		0.418
62	1241/11	14.11.11	14.11.11	Mallapuzhasserry	05.03.12	Jebin Banerji Abraham,Jerin Thomas Abraham	Ownerwise	0.381		0.381
63	1311/11	03.12.11	03.12.11	Mallapuzhasserry	05.03.12	K V Varghese	Ownerwise	0.206		0.206
64	174/12	13.02.12	13.02.12	Mallapuzhasserry	17.07.12	Thomas	Ownerwise and Channel	0.4242		0.4242
65	175/12	13.02.12	13.02.12	Mallapuzhasserry	17.07.12	Kamalamma	Ownerwise and Channel	0.3602		0.3602
66	272/12	09.03.12	09.03.12	Mallapuzhasserry	17.07.12	Annamma Daniel	Ownerwise, Streamlet	0.1915		0.1915
67	293/12	16.03.12	16.03.12	Mallapuzhasserry	17.07.12	Mathew,John	Self property, Stremlet	0.42		0.42
68	324/12	09.03.12	22.03.12	Mallapuzhasserry	17.07.12	Mathai, Mariamma	Ownerwise and KGS's	0.374		0.374
69	513/12	17.05.12	17.05.12	Mallapuzhasserry	17.07.12	VN Mohanan Nair	Ownerwise and KGS's	1.46		1.46
70	514/12	17.05.12	17.05.12	Mallapuzhasserry	17.07.12	VN Mohanan Nair, Santhakumari	Ownerwise and KGS's and wet land	0.7535		0.7535
71	1386/12	19.12.12	31.12.12	Mallapuzhasserry		Sadanada Pai, Rajendra Pai	Ownerwise	0.61		0.61
72	11/13	01.01.13	03.01.13	Mallapuzhasserry		K P Rajendran Asari	Ownerwise	0.289		0.289
73	17/13	03.01.13	05.01.13	Mallapuzhasserry		Esther Varghese, John Varghese	KGS's property	1.58		1.58
74	312/13	20.03.13	20.03.13	Mallapuzhasserry		Swarnakumari Amma	Survey no, ownerwise	0.056		0.056
75	1181/13	08.11.13	08.11.13	Mallapuzhasserry		Reghu, Ambika Reghu	Thodu, ownerwise	0.4425		0.4425
Total (Mallapuzhasserry village)								**84.7982**	**63.58**	**21.2182**
	G Total							**134.8685**	**94.94**	**39.9285**

Annexure XII

(Reference Paragraph 6.6)

Details of 246 acres of land in three non-contiguous parcels and 167 acres of future land

Sl. No.	Land	Parcel I (North)	Parcel II (South)	Parcel III (South)
1.	Area (hect)	53.838	40.47	5.64
2.	Area (acres)	131	100.65	13.94
3.	Location	Opposite Infopark	opposite KINFRA	SW of Kadambrayar
4.	Block	9	37	9
5.	Survey Nos.	640 to 656, 665, 666, 686, 687, 689, and 704 to 712,	62, 63, 67 to 74, 101, 103 to 109	570/1,570/2,570/28
6.	Village	Kakkanad	Puthencruz	Kakkanad
7.	Taluk	Kanayannur	Kunnathunad	Kanayannur
8.	District	Ernakulam	Ernakulam	Ernakulam
9.	Mode of Acquisition	Acquired from Public	KSEB(Brahmapuram Project) plus four families	KINFRA–a PSU
10.	Cost (₹ crore)	84.68	7.57 (To be paid by Government to KSEB)	Nil

Description of Future Land -

1.	Area in acres	Approx: 70.48 acres	Approx: 96.69 acres
2.	Block	36	37
3.	Survey Nos.	365, 368 to 381 and 384	75 to 93, 96 to 98, 102 to 104, 144 to 146
4.	Village	Kunnathunadu	Puthencruz
5.	*Taluk*	Kunnathunadu	Kunnathunadu
6.	District	Ernakulam	Ernakulam