

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2006-2008)**

**TWENTY FIFTH REPORT**

(Presented on 10th July, 2007)



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

2007

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2006-2008)**

**TWENTY FIFTH REPORT**

**On**

**Paragraphs relating to Information Technology and Local Self  
Government (Urban) Departments, contained in the  
Reports of the Comptroller and Auditor  
General of India for the year ended  
31st March 2001 (Civil)**

KNPP. 811/2007.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

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## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Twenty fifth Report on Paragraph relating to Information Technology and Local Self Government (Urban) Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2001 (Civil).

The Report of the Comptroller and Auditor General of India for the year ended 31st March 2001 (Civil) was laid on the Table of the House on March 15, 2002.

The Committee considered and finalised this report at the meeting held on May 30, 2007.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,  
10th July, 2007.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

### **INFORMATION TECHNOLOGY DEPARTMENT AND LOCAL SELF GOVERNMENT (URBAN) DEPARTMENT**

AUDIT PARA

#### **Avoidable excess expenditure due to over valuation of land Introduction**

Normally, land required for public purpose is to be acquired under the provisions of the Land Acquisition Act as amended from time to time. In case of urgent needs, the Act provides for advance possession of land invoking emergency clause. Market value fixed for the land to be acquired is crucial for determining the compensation payable to the land owners under the Act. For fair and reasonably appropriate determination of land value, sale deeds relating to recent land transactions in the vicinity of the land to be acquired, have to be considered as guiding basic documents. The Kerala Land Acquisition Manual stipulated *inter alia* that price paid for the same land or a portion of it in recent years by owners, should be adopted as the basis for determining market value of land to be acquired. Land Acquisition (Kerala) Rules, 1960 requires that deeds of similar lands should be considered for valuation purposes. Again, transactions relating to small plots need not be taken to guide valuation of larger lands. It was noticed in audit that in the following cases there was overvaluation of land purchased due to deviations from the afore-mentioned salutary principles/instructions. Further, land purchased by two local bodies (Changanassery Municipality and Municipal Corporation of Kochi) were based on negotiated deals although according to Government orders of January 1998, such purchases should have been effected only after initiating land acquisition proceedings. In view of the huge unjustified overvaluation of land price in these cases, the possibility of malpractice cannot be ruled out and the matter calls for investigation. The details are given below:

#### **Electronics Technology Park, Kerala (Technopark)**

##### **Purchase of unsuitable land at exorbitant rate**

The Chief Executive Officer (CEO) Electronics Technology Park, Kerala (Technopark) sought (November 1993) Government sanction to acquire 29 hectares of land in Cheruvikkal, Attipra and Kazhakuttom-Menamkulam Villages, furnishing details of survey numbers and extent of land against each survey number to be acquired. Government in Industries Department accorded sanction

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(December 1993) invoking urgency clause of Land Acquisition Act. Notification under section 4(1) of LA Act was published in July 1995 and draft declaration published in July 1996. CEO deposited a sum of Rs. 5.75 crore between March 1996 (Rs. 50 lakh) and December 1997 (Rs. 525 lakh) with the Deputy Collector (Land Acquisition), Thiruvananthapuram from out of grants released by Government. The award was passed in January 1998 and 22.72 hectares of land was taken possession by Technopark in January 1998.

For valuation purpose, the land was classified into 14 categories A to N depending on its nature i.e. dry land, reclaimed land, wet land, water-logged land etc. In order to work out the compensation, Deputy Collector (Land Acquisition) considered 33 documents registered in sub registries at Thiruvananthapuram (23 numbers). Kazhakuttom (6 numbers) and Pattom (4 numbers). Scrutiny revealed that while fixing the land cost, Deputy Collector (Land Acquisition) did not consider five\* documents of Pattom Sub Registry through which 1.42 hectares of land, forming part of the acquired land ('A' category), was earlier purchased by two owners between July 1992 and October 1993 for a consideration of Rs. 8.86 lakh. This portion of the land was classified as 'A' category. As such, market value of 'A' category land should have been determined on the basis of those five sale deeds. However, Deputy Collector (Land Acquisition) had chosen, as the basic document for valuation, one sale deed of 11 March 1994 of Pattom Sub Registry (one among the four deeds mentioned above) through which only 5 cents of land was transferred for a consideration of Rs. 74000. Adopting this deed as the basic document, value of category 'A' land was fixed at Rs. 16238 for each cent.

The market value of Category 'B' which was similar to the land mentioned in the state deed of 11 March 1994 was fixed at Rs. 13803 for each cent by applying reduction of 15 *per cent* from the land value fixed for 'A' category as 'B' category land is low lying compared to category 'A'. Market value of other categories of land fixed on the basis of six\*\* other documents, ranged from Rs. 12642 for each cent (category 'C') to Rs. 3549 for each cent (category 'N') depending on the locational differences, accessibility, etc.

Based on the price paid by the land owners for category 'A' land and adopting the same method of valuation followed by Deputy Collector (Land Acquisition) for valuation of other categories ('C' to 'N'), compensation for land

\* 2933/92 dated 24-7-1992, 3107/92 dated 6-8-92, 4929/92 dated 18-12-92, 499/93 dated 4-2-1993 and 4497/93 dated 28-10-93.

\*\* 1418/93 dated 12.4.1993 and 1519/93 dated 17.4.1993 of Pattom Sub-Registry. 2088/93 dated 3-6-1993 of Thiruvananthapuram Sub Registry. 1476/95 dated 28-3-1995 and 1606/95 dated 31-3-1995 of Thiruvananthapuram Sub Registry. 3363/94 dated 8-8-1994 of Thiruvananthapuram Sub Registry.

acquired would work out to Rs. 106.13 lakh as against Rs. 5.72 crore assessed and disbursed for the same. The magnitude of the over-valuation could be gauged from the fact that the two land owners of category 'A' land were paid Rs. 92.89 lakh as compensation for the land they had purchased 25 to 40 months back for a consideration of Rs. 8.86 lakh.

Thus, determination of land value on the basis of a sale deed of a small piece of land ignoring the sale deed of 1.42 hectares of category 'A' land which was part of the land acquired, was unjustified and resulted in avoidable excess expenditure of Rs. 4.66 crore.

Though the land was taken possession in January 1998, it was not put to any use (October 2001). Government decided (March 2001) to lease out 15 acres (including 10 acres of dry land) to National Institute of Speech and Hearing (NISH)\* for a period of 99 years. Consequently, Technopark was left with only a small portion of dry land (29 *per cent* of the total useable land) for its own use. Technopark stated (September 2000) that the land was acquired for creating support facilities for residential accommodation, education and other ancillary services. It is doubtful whether large tract of wet/water logged land could at all be used for this purpose. Thus, purchase of mainly water-logged and reclaimed/filled up land at exorbitant rate and investment of Rs. 6.90# crore did not meet any of the objectives of Technopark.

The matter was referred to the CEO in April 2001. The matter was forwarded to the Secretary to Government, Industries Department in June 2001. Reply has not been received from them (October 2001).

[Paragraph 7.7— contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2001 (Civil)].

Notes received from Government are included in Appendix II.

Pointing out the deviation from the Land Acquisition Rules 1960 adopted in assessing the value of land acquired for the Technopark which resulted in over valuation to the tune of Rs. 4 .crore, the Committee wanted to know why the land acquisition officer resorted to an independent method. The L.A. Officer had taken a single document of 5 cents of land as basis eventhough 5 other documents of 1.41 hectares of land were available and were also included in the acquired property. The Additional Secretary, Information Technology submitted

\* A society registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955.

# Cost of land Rs. 575 lakh; establishment charges for land acquisition Rs. 60 lakh and cost of fencing Rs. 55 lakh

that the method adopted by L.A. Officer in assessing land value was not considered as an erroneous one. For 'A' category land the documents were under valued where as for 'N' category they were over valued. Hence the officer had independently arrived at the value for B, C, D, F category land by adopting a criterion of 15 to 20% increase over the value of lower category land. Regarding the undervaluation of land, the Committee opined that a practice of under-valuing documents was a common feature in the Registration Department and hence there should be an effective measure to curb such unfair practices.

2. When asked about the outcome of the review of under valued cases under section 18 of Land Acquisitions Act, the witness replied that it was pending finalisation in the sub-court. The Committee was distressed to note the fact that the land acquired for further development of Techno Park could not be utilised for the purpose envisaged and remained idle for a very long period. The Committee sought the reason for handing over of 15 acres of dry land acquired for Technopark to the National Institute of Speech and Hearing. The witness, (CEO, Technopark) submitted that the Government had decided to purchase 56 acres of land at Akkulam for developing it as residential and educational areas for the community of people working in the Technopark. Though it was initially envisaged to develop the land and lease it out to the companies functioning in the Technopark, none of them was interested in taking the land and hence the land acquired remained unutilized for many years. Now Government had ordered to transfer those land to Tourism Department for starting International call centres.

3. On being asked about the Governing Body of the Technopark, the witness deposed that there was a Project Implementation Board consisting of Secretaries of I T, Industries and Finance Departments and the District Collector. There was also a Governing Council chaired by the Minister for Information Technology at the apex level. To a question about the allotment of land, the witness answered that it was allotted on lease and rent. The Committee observed that the land acquired for the purpose of setting up the Technopark could not be utilised as envisaged and was transferred to another department for their use. The Committee desired the Accountant General to examine and report to the Committee whether such transfer was admissible as per the Memorandum of Understanding.

4. The Accountant General furnished the details as per letter No. Rep (PAC) 4-2/2005-06/15 dated 26-4-2006.

5 The information furnished by Accountant General is as follows:

1. According to clause 4 of the Memorandum of Association and Rule 23(c) of Rules and Regulations of Techno Park, Kerala, the Executive

Body of the park has no authority to transfer the land purchased for its own use to other Agencies. Opinion of Law Department may also please be obtained if the Committee desires so.

2. Audit has no further remarks on the methodology adopted by the Land Acquisition Officers in assessing the value in the purchase of land under reference except that a detailed enquiry may be conducted as to whether the rest of the land is of any use and if not the circumstances under which such land was acquired by Government for Techno Park.

#### **Conclusions/Recommendations**

6. **The Committee finds that the 22.72 hectares of land taken over by the Technopark in 1998 at a cost of Rs. 6.90 crore for developing it into educational and residential areas for the employees working in various companies in Technopark was lying idle due to the disinterest on the part of the companies in establishing such complexes. The Committee feels that the Governing Body of the Technopark had taken the decision to purchase water logged/reclaimed/filled up land at such exorbitant price without ascertaining the requirement of the companies for residential and educational complex for their employees. The Committee understands that a decision had been taken to lease out 15 acres of land including 10 acres of dry land to National Institute of Speech and Hearing for a period of 99 years and that the Technopark is left with only a small portion of dry land ie. 29% of usable land after this. This land is also going to be transferred to the Tourism Department for setting up international call centres. The Committee would like to point out that as per clause 4 of the Memorandum of Association and Rule 23 (c) of the Rules and Regulation of Technopark, Kerala, the Executive Body of the park has no authority to transfer the land purchased for its own use to other agencies. The Committee therefore recommends that Government should examine and conduct a detailed enquiry and take appropriate action in the matter.**

#### **Changanassery Municipality**

##### **Purchase of unusable land at huge price**

Changanassery Municipality decided (January 1998) to set up a multipurpose sports complex at a cost of Rs. 2 crore under the People's Plan. In response to the offers invited through a quotation notice in March 1998, 3 sets of offers were received for 455.288 ares of land at Perunna at Rs. 11737 per are. The land offered was marshy and water-logged and was thus not suitable for a sports complex. The Chairman of the Municipal Council however, recommended that the land was the most suitable for the purpose, though there was no record

to suggest that suitability of the land was verified by the Municipality. The District Collector (DC), Kottayam fixed (May 1998) the land value at Rs. 10,000 per are. Government accorded sanction in June 1998 for purchase of the land. The Municipality purchased (June 1998) 414.73 ares (10.248 acres) of the land for Rs. 47.67 lakh\*. Audit scrutiny (February March 2000) revealed the following:

- (i) DC fixed the land value at Rs. 10,000 per are based on the sale deed of a land on the side of the Main Central Road, registered in the Sub Registry, Changanasserry during October 1994. It was noticed in audit that the valuation for the proposed land was carried out by the concerned Village Officer, Revenue Inspector, Tahsildar and DC in a brief span of five days (between 21st May and 25th May 1998) and Government sanction for the purchase was accorded on 11, June 1998 (i.e. within eight days of receipt of the request from the Municipality). Thus the entire deal was finalised in undue haste.
- (ii) The land purchased by the Municipality on 25, June 1998 at Rs. 10,000 per are included 69 ares of land purchased from three individuals who purchased these plots on 15, June 1998 at Rs. 261 per are. On an enquiry, Sub Registrar, Changanasserry stated that the aforesaid land was submersible in water and hence the land value (Rs. 261 per are) as per the sale deed executed on 15, June 1998 was correct. Since the entire land measuring 414.73 ares was a continuous tract having similar features, its valuation ought to be based on recent land transaction. Based on the recent land value of Rs. 261 per are, cost of the land should have been approximately Rs. 1.24 lakh against which Municipality paid Rs. 47.49 lakh.
- (iii) The land purchased in June 1998 could not be utilised due to its water-logged condition and non-availability of any road access. In January 2001, the Municipality decided to purchase land to construct a road and three land owners offered 4.08 ares of land which was also wet and marshy. Due to selection of an inaccessible and unsuitable stretch of land, the objective of constructing a sports complex could not be achieved (May 2001).

Government justified (August 2001) the land value fixed by DC on the ground that the purchase of marshy area and its subsequent development would be at a lesser cost. The reply is not tenable as the land value adopted (Rs.10,000

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\* Price of land Rs. 42.47 lakh, stamp duty and registration fee 6.02 lakh and writer's fee Rs. 0.18 lakh.

per are) was based on a sale deed of a tiny piece of land, which was sold 4 years back whereas the land value as per the sale deed of land measuring 69 acres purchased by one of the vendors only 10 days prior to its sale to the Municipality was only Rs. 261 per are. Thus the land value as decided by DC was highly inflated and led to excess valuation of Rs. 41.65 lakh. Possibility of malpractice in this case cannot be ruled out and the matter calls for investigation.

[Paragraph 7.7.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2001 (Civil)].

#### **Conclusions/Recommendations**

**7. The Committee observes that there is serious irregularities in the purchase of land to set up a multipurpose sports complex by the Changanassery Municipality. Since the matter is under vigilance enquiry as mentioned in the Government reply, the Committee urges the Government to take the matter seriously and to expedite action to complete the enquiry. The Committee also directs the department to inform the present position of the vigilance enquiry.**

#### **Municipal Corporation of Kochi**

##### **Exorbitant price paid for lands purchased from real estate agents**

(a) Municipal Corporation of Kochi (MCK) decided in February 1997 to purchase, nearly 40 acres of land in Puthencruz Village from two real estate agents to set up a garbage disposal plant. The Tahsildar, Kunnathunadu recommended a land value of Rs. 4300 per are (Rs. 1742 for each cent) on the basis of sale deeds\* through which the land owners had purchased the land in April 1996. However, Revenue Divisional Officer (RDO), Muvattupuzha recommended a higher land value of Rs. 7500 for each cent. MCK purchased 37.33 \*\* acres of land during June 1997 to April 1998 and paid Rs. 2.94 crore to the two agents. The acquired site has not been put to use as of April 2001.

Scrutiny revealed that out of six documents from the Sub Registry, Puthencruz selected as basic documents for valuation by RDO, four documents represented small house plots which were not accepted for valuation by the Tahsildar for specific reasons. The fifth document was a sale deed in respect of a land in another village, viz. Poothrika Village and the sixth document was a

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\*Sale deed nos. 2189/96, 2192/96, 2168/96, 2190/96 and 2191/96.

\*\* In survey nos. 9, 11, 13, 14, 15, 16, 17 and 19 of Puthencruz Village in Kunnathunadu Taluk, Ernakulam District.

mortgage deed executed between a loanee and the Kerala State Housing Board under Maithri Housing Scheme. These lands were also not similar to the lands identified for purchase. On the other hand, the sale deeds considered by the Tahsildar for valuation pertained to lands forming part of the land proposed to be bought and dealt with transactions held within three years, i.e., in 1996. Further, reliance on sale deed of small plots as guide for valuation of large tracts of land was unjustified. Based on the land value of Rs. 4300 per are recommended by the Tahsildar, excess expenditure incurred by MCK worked out to Rs. 2.57<sup>s</sup> crore.

(b) MCK decided to acquire 269.74 cents of land at Edappally through negotiation for construction of the Edappally Zonal Office-Cum-Shopping Complex. The lone offer for sale received was at the rate of Rs. 1.75 lakh for each cent. The Assistant Collector (AC) Fort Kochi fixed (November 1997) the price of land at Rs. 1.59 lakh for each cent. MCK purchased 161,423 cents of land between November 1999 and April 2000 at Rs. 2.96 crore. While the proposal was for acquisition of a large plot of 269.74 cents, three sale deeds relied upon by AC for fixing the land value related to small plots measuring 7.017 cents, 2.925 cents and 4.775 cents respectively.

The land value of Rs. 84,859 for each cent fixed by the District Collector, Ernakulam in April 1998 for a nearby dry land with Pipe-line access and road frontage was not considered by AC while fixing the price at Rs. 1.59 lakh for each cent. The excess payment amounted to Rs. 1.38 crore.

(c) In March 1997, one real estate agent offered to sell 14.470 acres of wet land for the proposed garbage yard at Cheranalloor. Revenue Divisional Officer (RDO), Fort Kochi fixed (July 1997) the land value at Rs. 30,000 for each cent and issued a land value certificate. Consequent on a complaint to Government (in January 1998) regarding the fixation of land value, the land deal was kept in abeyance. However, MCK started dumping waste at the site from April 1997 onwards and formed a road at Rs. 8.20 lakh. MCK also spent Rs. 2.10 crore for covering the dumped wastes with earth and gravel thereby converting an extent of 8.36 acres of wet land into dry land. DC fixed the value at Rs. 23,000 for each cent for Category I property comprising 8.36 acres of land with road access (which was improved by MCK at its own cost) and Rs. 20,000 for each cent for Category II property (2.46 acres of land) having no road access.

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<sup>s</sup> Inclusive of land value, stamp duty and registration fee.

MCK decided to purchase the land measuring 10.82 acres before March 2001 (in three stages) and paid Rs. 25 lakh as advance. According to the purchase agreement, MCK was to provide an accessible road of 8 metres width starting from the public road for providing access by the vendor to his remaining properties. Developing road access to the plot at the expense of MCK led to appreciation in the value of the remaining portion of land (3.05 acres) for which DC did not fix any land value. Government approved (July 2000) purchase of the lands at the value fixed by DC and granted exemption from land acquisition proceedings.

For fixing the land value at Rs. 23000 per cent for Category I property, RDO relied on a document of May 1997 comprising 4.506 cents of land purchased for a total consideration of Rs. 85,000, the value per cent being Rs. 18,864. RDO adopted as basic document the deed of a small developed house plot though land value of small plots could not be comparable to large tracts of land. As per the sale deed registered in November 1997 for 21.50 cents purchased for Rs. 32,250 by the agent, the land value was Rs. 1500 for each cent. Based on this, the excess valuation of the land amounted to Rs. 2.36 crore. Further major portion of the land became dry land only because MCK dumped waste in the land and covered it with earth and gravel at a cost of Rs. 2.10 crore and built a road to the site spending Rs. 8.20 lakh. Thus, the investments (Rs. 2.18 crore) made by MCK on the land ultimately went against its financial interest as it had to pay higher land value while purchasing the land.

The above points were referred to the Secretary, Municipal Corporation of Kochi in April 2001 and to Government in July 2001. Reply has not been received from them (October 2001).

[Paragraph 7.7.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2001 (Civil)].

8. Observing the large scale malpractices committed in the purchase of lands by local bodies was evident in the case of Municipal Corporation, Kochi, the Committee desired to know the remedial measures that could be taken to avoid the irregularities generally seen in the purchase of lands by Local bodies. The Committee was informed that the case under question was land purchased under negotiated price as per the Rules specially framed for the Local bodies under Decentralisation Planning. Under the system the value of the land to be purchased was fixed by the collector and 30% solatium would be allowed on the basic value by the body constituted for the purpose. When enquired what kind of action could be taken to avoid such discrepancies, the witness replied that

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the procedure being followed under Land Acquisition Act by Revenue Department was fool proof and therefore no separate guidelines were issued for land acquisition. But certain guidelines for purchase of land under negotiated price had been issued by the Local Self Government Department. The witness elaborated the method being followed in the purchase of land under negotiated price. Advertisements would be published in leading newspapers inviting offers of sale of property from the general public. Interested parties would supply their quotations and from the quotations so received the most suitable and the cheapest of the land would be selected by the Committee of the local body constituted to deal with the purchase of land and refer the case to the District Collector for fixing basic price. Based on the price recommended by the District Collector the Committee would decide the final price allowing certain percentage of solatium subject to a maximum of 30%.

#### **Conclusions/Recommendations**

**9. The Committee notices that the Corporation of Kochi filled the wet land owned by a private party and constructed an approach road to the property which enhanced the price of the land. Then it was purchased by the Corporation at the enhanced price. The contention of the department that the corporation was dumping the waste is not tenable. The Committee desires the department to take steps to complete the vigilance enquiry immediately and to inform its present position. Steps should also be taken to review the existing practice and frame norms to avoid irregularities.**

Thiruvananthapuram,  
10<sup>th</sup> July, 2007.

ARAYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

APPENDIX I  
SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	6	Information Technology	<p>The Committee finds that the 22.72 hectares of land taken over by the Technopark in 1998 at a cost of Rs. 6.90 crore for developing it into educational and residential areas for the employees working in various companies in Technopark was lying idle due to the disinterest on the part of the companies in establishing such complexes. The Committee feels that the Governing Body of the Technopark had taken the decision to purchase water logged/reclaimed/filled up land at such exorbitant price without ascertaining the requirement of the companies for residential and educational complex for their employees. The Committee understands that a decision had been taken to lease out 15 acres of land including 10 acres of dry land to National Institute of Speech and Hearing for a period of 99 years and that the Technopark is left with only a small portion of dry land ie. 29% of usable land after this. This land is also going to be transferred to the Tourism Department for setting up international call centres. The Committee would like to point out that as per clause 4 of the Memorandum of Association and Rule 23 (c) of the Rules and Regulation of Technopark, Kerala, the Executive Body of the park has no</p>

(1)	(2)	(3)	(4)
			authority to transfer the land purchased for its own use to other agencies. The Committee therefore recommends that Government should examine and conduct a detailed enquiry and take appropriate action in the matter.
2	7	Local Self Government (Urban)	The Committee observes that there is serious irregularities in the purchase of land to set up a multipurpose sports complex by the Changanassery Municipality. Since the matter is under vigilance enquiry as mentioned in the Government reply, the Committee urges the Government to take the matter seriously and to expedite action to complete the enquiry. The Committee also directs the department to inform the present position of the vigilance enquiry.
3	9	Local Self Government (Urban)	The Committee notices that the Corporation of Kochi filled the wet land owned by a private party and constructed an approach road to the property which enhanced the price of the land. Then it was purchased by the Corporation at the enhanced price. The contention of the department that the corporation was dumping the waste is not tenable. The Committee desires the department to take steps to complete the vigilance enquiry immediately and to inform its present position. Steps should also be taken to review the existing practice and frame norms to avoid irregularities.

APPENDIX II

REMARKS/REMEDIAL ACTION TAKEN ON THE AUDIT REPORT OF C & AG FOR  
THE YEAR ENDED 31-3-2001.

Name of Department : Information Technology

No. 7.7.2 : Purchase of unsuitable land at extraordinary rate.

<i>Audit Para</i>	<i>Remarks/Action Taken Report</i>
(1)	(2)
<p>The Chief Executive Officer (CEO) Electronics Technology Park, Kerala (Technopark) sought (November 1993) Government sanction to acquire 29 hectares of land in Cheruvikkal, Attipra and Kazhakuttom-Menamkulam Villages, furnishing details of survey numbers and extent of land against each survey number to be acquired. Government in Industries Department accorded sanction (December 1993) invoking urgency clause of Land Acquisition Act. Notification under section 4(1) of LA Act was published in July 1995 and draft declaration published in July 1996. CEO deposited a sum of Rs 5.75 crore between March 1996 (Rs. 50 lakh) and December 1997 (Rs. 525 lakh) with the Deputy Collector (Land Acquisition), Thiruvananthapuram from out of grants released by Government. The award was</p>	<p>The proposed land extending to 22.8 hectares has been made into 67 sub-division consisting of 14 categories for valuation purpose from A to N. Categorisation was on the basis of nature of land (dry, wet etc.), accessibility (road access etc.) fertility, utility etc. In such a large and acquisition proposal, selecting suitable basis document for each category of land may not be possible, especially documents relating to the area within a radius of 5 KMs and period of 3 years as per statutes have to be found out. If no suitable document is available for a particular category, the method usually adopted is to work out a reasonable rate proportionate to the detail available depending upon the nature of land, details of documents, value shown in the documents etc.</p> <p>The 14 categories are made on the following basis:—</p> <ol style="list-style-type: none"> <li>A. Dry land having access to tarred road.</li> <li>B. Low lying land having access to Panchayat road.</li> <li>C. Wet converted land with access to panchayat road</li> <li>D. Dry land having no road access.</li> <li>E. Low lying land having access through other plots only.</li> </ol>

(1)

passed in January 1998 and 22.72 hectares of land was taken possession by Technopark in January 1998.

For valuation purpose, the land was classified into 14 categories A to N depending on its nature i.e. dry land, reclaimed land, wet land, water-logged land, etc. In order to work out the compensation, Deputy Collector (Land Acquisition) considered 33 documents registered in sub registries at Thiruvananthapuram (23 numbers), Kazhakuttom (6 numbers) and Pattom (4 numbers). Scrutiny revealed that while fixing the land cost, Deputy collector (Land Acquisition), did not consider five documents of Pattom Sub Registry through which 1.42 hectares of land, forming part of the acquired land ('A' category), was earlier purchased by two owners between July 1992 and October 1993 for a consideration of Rs. 8.86 lakh. This portion of the land was classified as 'A' category. As such, market value of 'A' category land should have been determined on the basis of those five sale deeds. However, Deputy collector (Land Acquisition) had chosen, as the basic document for valuation, one sale deed of 11 March 1994 of Pattom Sub

(2)

- F. Partially wet converted land having access to pathway.
- G Low lying land having no direct access.
- H. Wet land (Partially converted ) leaving access through other plots.
- I. Converted land having no direct access.
- J. Partially converted water logged area having road access.
- K. Partially converted water logged area having access through other plots.
- L. Water logged area having limited access to road.
- M. Water logged area having access through other plots.
- N. Water logged area having no access.

Genuine sale deeds were not available for all categories. However sale deed relating to similar and similarly situated lands were available for five categories of land viz. B, C, D, F and N.

Details of sale deeds found suitable for fixing basis for valuation are furnished below :

Category	Document No.	Date	S.R.O.	Area	Value	Rate Proposed	
						Per cent	Per Acre
1	2	3	4	5	6	7	8
1 B	1295	11-3-94	Pattom	5 Cent	74000	13803	34093

Registry (one among the four deeds mentioned above) through which only 5 cents of land was transferred for a consideration of Rs. 74,000. Adopting this deed as the basic document, value of category 'A' land was fixed at Rs. 16,238 for each cent.

The market value of Category 'B' which was similar to the land mentioned in the sale deed of 11 March 1994 was fixed at Rs. 13,803 for each cent by applying reduction of 15 per cent from the land value fixed for 'A' category as 'B' category land is low lying compared to category 'A'. Market value of other categories of land fixed on the basis of six other documents, ranged from Rs. 12,642 for each cent (category 'C') to Rs. 3,549 for each cent (category 'N') depending on the locational differences, accessibility, etc.

1	2	3	4	5	6	7	8
2 C	(1) 1418	12-4-93	Pattom	22 Cent	198000	2642	31226
	(2) 908	12-4-93	Kzm	18 Cent	189000		
	(3) 925	13-4-93	Kzm	13 Cent	143000		
	(4) 1549	17-4-93	Pattom	10 Cent	150000		
	(5) 985	20-4-93	Kzm	15.5 Cent	189700		
				78.5 Cent			

These five documents relates to purchase made by same person within a period of 8 days lying as a compack area, and hence average of the total value has been taken as basis of similar land which is categorised as 'C'

Category	Documents No.	Date	S.R.O.	Area	Value	Rate Proposed	
						Per cent	Per Acre
1	2	3	4	5	6	7	8
3 D	2088	3-6-93	Tvpm	15 Cent	120000	9532	23544

(1)				(2)			
1	2	3	4	5	6	7	8
4 F	(1) 1476	28-3-95	Tvpm.	85 Cent	727693	6990	17265
	(2) 1606	31-3-95	Tvpm.	80 Cent	732307		
5 N	3363	8-8-94	Tvpm.	15.5 Cent	50000	3549	8766

It was found that these documents were executed in the normal course of transaction and they represent the prevailing market value of similar land in the area. According to the nature of the land also they represent a correct picture of the market value. Five documents selected for fixing value for category 'C' relates to the land lying just opposite to the proposed site having an area of 78.5 cents. Documents selected for fixing value of category 'F' relate to the land purchased by English Indian Clays Limited, having an area of 1.66 acres. Documents relating to larger area were not available in respect of other categories. It may be noted that documents executed before 2-9-92 cannot be taken into consideration, as the date of notification was 2-9-1995. The documents selected by audit do not represent the prevailing market value of similar type of land and hence cannot be considered and selected. It can be understood that when partially wet converted land having access through water (Category 'F') is valued for Rs. 17265 per acre based on document for an area of 1.66 acres and converted land having road access (Category 'E') is valued for

Rs. 31226 per acre based on document for an area of 78 cents, value of dry land with tarred road access (Category 'A' ) shown in the documents selected by audit i.e. Rs. 7482 per acre do not represent prevailing market value of land. This is more evident when compared with other documents relating to land of similar nature, small in area. Two of the five documents selected by audit relate to a period before the statutory limit of three years from the date of notification u/s. 4 (1) of LA Act and hence cannot be considered. The other three documents do not represent the prevailing market value of similar and similarly lands where compared with other documents. The rate proposed by Land Acquisition Officer and accepted by the District Collector will be reviewed by the sub-court in connection with reference application u/s. 18 of L.A. Act. The land acquisition officer has to justify that the rates proposed by him represent prevailing market value of similar and similarly situated lands of the locality. It was not possible for the Land Acquisition Officer to select the documents proposed by audit to arrive at the rate for category 'A' as the same do not represent the prevailing market value of similar land. These documents were executed without showing actual value in order to evade stamp duty. Land Acquisition officer has no role on such cases.

It may also be noted that document No. 1690 dated 29-5-95 of Kazhakuttom S.R.O. relates to proposed land under category 'N'. The documents shows a value of Rs. 1,96,000 for 10 cents i.e. Rs. 19,600 for a cent which is not actual value. Land under category 'N' was never bought or sold for such a higher value. It was a motivated document to claim higher compensation as the document was created four months before notification U/s. 4 (1)

(1)	(2)
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after the proposal for acquisition was known to the public by other means. Hence the documents was not selected for arriving the basis for category 'N'. If the principle adopted by audit is taken for guidance this document can be considered for fixing basis for category 'N' as this is the later document showing price paid for a portion of the proposed land in recent years by owners.

The instruction contained in the land Acquisition manual is for guidance only. It is for the Land Acquisition Officer to find out prevailing market value of similar and similarly situated lands. On verification of the entire documents covering the area and period as per statutes. Land Acquisition Officer has proposed 10 documents for fixing basis for five categories of land viz. B. C. D. F. & N. As there was no suitable document for fixing basis for other categories. Proportionate increase and decrease has been proposed. But unfortunately Audit did not consider this aspect. Value for category 'A' was fixed as the basis of document selected for category 'B'. Some documents relating to land under category 'A' have been available, but they were not selected, as they do not represent prevailing market value.

Based on the price paid by the land owners for category 'A' land and adopting the same method of valuation followed by Deputy Collector (Land Acquisition) for valuation of other categories ('C' to 'N') compensation for land acquired would work out to Rs. 106.13 lakh as against Rs. 5.72 crore assessed and

The principle adopted by Land Acquisition Officer was not really considered by audit, as they had worked out rate for 14 categories based on the undervalued document relating to category 'A'. The calculation based on the unreal situation led to the exaggerated figure of Rs. 4.66 crores. Land Acquisition officer had selected ten documents having area ranging from 5 cents to 1.66 acres. On detailed analysis these documents were found suitable for fixing

disbursed for the same. The magnitude of the over-valuation could be gauged from the fact that the two land owners of category 'A' land were paid Rs. 92.89 lakh as compensation for the land they had purchased 25 to 40 months back for a consideration of Rs. 8.86 lakh.

Thus, determination of land value on the basis of a sale deed of a small piece of land ignoring the sale deed of 1.42 hectares of category 'A' land which was part of the land acquired, was unjustified and resulted in avoidable excess expenditure of Rs. 4.66 crore.

Though the land was taken possession in January 1998, it was not put to any use (October 2001). Government decided (March 2001) to lease out 15 acres (including) 10 acres of dry land) to National Institute of Speech and Hearing (NISH) for a period of 99 years. Consequently, Technopark was left with only a small portion of dry land (29 per cent of the total useable land) for its own use. Technopark stated (September 2000) that the land was acquired for creating support facilities for residential accommodation, education and other ancillary services. It is doubtful whether large tract of wet/water logged land could at

basis for 5 categories viz. B, C, D, F, & N. These five categories represent different nature of proposed land. As no suitable documents were available for fixing basis for other 9 categories, Land Acquisition Officer has to propose different rates for other 9 categories considering the merits and demerits of each category. Rate proportionate to the merits and demerits were proposed for the other 9 categories.

It may also be noted that the Deputy Collector (LA) has proposed documents relating to similar and similarly situated land for five categories out of 14 categories. The area covered by these five categories come to nearly half of the aquired area. Prevailing market value of similar land has been proposed for all these five categories. This fact was not considered by audit. Land Acquisition Officer did not work out rate for all 14 categories on the basis of a document for five cents. Details of categories and documents are furnished below :

<i>Category</i>	<i>Area acquired</i>	<i>Area of Basic Documents</i>	<i>Rate Per cent</i>	<i>proposed Per cent</i>
B	25.60 Acres	5 cents	13803	34093
C	233.04 „	78.5 „	12642	31226
D	126.50 „	15 „	9532	23544
F	16.40 „	1.65 acres	6990	17265
N	726.13 „	15.5 cents	3549	8766
Total	11.2767 Hects.			

Total acquired area is 22.8 hectares.

(1)	(2)
<p>all be used for this purpose. Thus, purchase of mainly waterlogged and reclaimed/filled up land at exorbitant rate and investment of Rs. 6.90 crore did not meet any of the objectives of Technopark.</p> <p>The matter was referred to the CEO in April 2001. The matter was forwarded to the Secretary to Government, Industries Department in June 2001. Reply has not been received from them (October 2001).</p>	<p>The observation of audit that ‘ The Kerala Land Acquisition Manual stipulated that price paid for the same land or a portion of it in recent years by owners, should be adopted as the basis for determining market value of land to be acquired cannot be applied in all cases. Land Acquisition Act stipulates that prevailing market value of similar land has to be found out document No. 1690 dated 29-5-95 of Kazhakootam S.R.O related to acquired land in Sy. No. 565/1 for a consideration of Rs. 1,96,000 for 10 cents i.e. Rs. 19,600 per cent. This document is not genuine as it does not show the prevailing market value. Water logged area (Category ‘N’) was never bought or sold for such a higher price recently. Hence this document was considered and rejectd. Rate for category ‘N’ was fixed as Rs. 3549 per cent. If the principle proposed by audit is taken, this documents has to be adopted as it is the recent one, just four months before the notification of this document was selected for category ‘N’ and amount worked out as the basis of that, compensation would be much higher. Land Acquisition Officer cannot accept such documents. Similar in the case of documents pointed out by audit in the case of category ‘A’. Dry land having tarred road access (Category ‘A’) has market value more than that of wet converted land having Panchayat road access (category ‘C’). Value of category ‘C’ was fixed on the basis of documents for 78.5 cents as Rs. 12642 per cent (Rs. 31226 per acre). The document proposed by a audit shows Rs. 7842 per acre where as inferior land is having market value much higher during the period. It is clear from the circumstances that the document pointed out by</p>

audit is under valued one. The genuineness of the document cannot be accepted when compared with the market value of similar lands and other types of land during the period. Based on the above mentioned details it may be seen that there was no loss to Government since the land acquisition officers has performed his duties according to the statutory stipulations. In the circumstance the audit para in this regard may be dropped.

## ACTION TAKEN STATEMENT TO PARAS 7.7.3 AND 7.7.4

<i>AUDIT PARAS OBSERVATIONS/RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
<p>Overvaluation of land purchased by Technopark (56.14 acres). Changanassery Municipality (10.248 acres) and Municipal Corporation of Kochi (49.76 acres) between June 1997 and March 2001 result in avoidable excess expenditure of Rs. 11.39 crore. The land value was fixed on the basis of sale deeds relating to either small piece of land or land not similar to the marked land. The deeds of plots recently purchased by the owners were also overlooked. In two cases wet lands were purchased which were unsuitable</p>	<p>A vigilance enquiry is going on in the land deed of Changanassery Municipality and Cochin Corporation mentioned in the report of comptroller &amp; Audier General para 7.7.3 and 7.7.4. A final reply can be given only after finalising the enquiry by the Vigilance Department.</p>