

CHAPTER - 1

PLANNING

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1.1 Planning for housing projects

1.1.1 Programme formulation

Under section 19 of the KHB Act, 1962, KHB is mandated to prepare and submit to the Government, the annual housing programme and land development programme before the first day of December in each year.

KHB was required to assess the appropriate number of projects that could be implemented in part/whole during the ensuing financial year.

Audit, however, observed that the locations and the extent of land had been selected on an arbitrary basis, as there was nothing on record to show that KHB had conducted a proper demand survey before finalising the location as well as determining the extent of land required. Further, Audit observed that KHB had neither identified nor ascertained the availability of land at these locations. This resulted in

- Non-execution of projects in the approved places due to non-availability of land;
- Execution of projects shifted to locations other than identified;
- Modifications in execution of project due to variation in extent of land, and fragmented purchase of land.

Instances of audit observations in this regard are discussed in subsequent paragraphs:

(a) *Arbitrariness in the selection of locations for the implementation of housing projects under Suvarna Karnataka Housing Scheme*

A Cabinet Sub-committee, which was constituted under the Chairmanship of the Minister for Medical Education, conducted a meeting on 9 December 2003, wherein it was decided that as part of the Suvarna Karnataka celebrations all the departments should formulate the appropriate programmes, on a priority basis. The Commissioner, KHB (Commissioner) in letter dated 17 November 2004 submitted that KHB would undertake 50 Model Housing Schemes at 50 locations across the State to commemorate this event and that the detailed proposals would be submitted along with Board resolution, in due course.

The Board approved (December 2004) the proposal and in order to finalise the appropriate locations for the implementation of the 50 Model Housing scheme, the Commissioner directed (January 2005, March 2005 and May 2006) all the Executive Engineers of the divisional offices of KHB to identify

suitable land and to send proposals, for which there was absolutely no response. After having failed to receive feedback from the divisional offices, the Commissioner submitted (May 2007) proposal to the Government.

After forwarding the proposal, KHB in its Board meeting (July 2007) resolved that in case land was not available at the places approved by the Government, the projects would be undertaken at other such locations wherever land were acquired /purchased henceforth and would be included in the demand under Suvarna Karnataka Housing scheme. This indicated that the location proposed was selected randomly without any demand survey or ascertaining availability of land.

The Government¹ accorded sanction (July 2007) to the programme after obtaining approval from the Cabinet.

Though the scheme was formulated in February 2004, KHB, even after taking 3½ years, ended up framing only a tentative plan for the housing schemes under the Suvarna Karnataka Housing scheme.

(b) Alteration in the location of approved housing projects

Test-check of three approved housing projects revealed arbitrariness in selection of location resulting in alteration in their location as detailed below:

• ***Suvarna Karnataka Housing Scheme***

In accordance with the provisions contained in Rule 20 (1) (a) and 21 of the Karnataka Government (Transaction of Business) Rules, 1977, framed in exercise of powers conferred by clauses (2) and (3) of Article 166 of the Constitution of India, all cases which require modification, alteration or reversion of decisions already taken by the Cabinet should be brought before the Cabinet, after submission to the Minister-in-charge of the Department.

Out of 21 projects so far completed under the Suvarna Karnataka Housing Scheme, only eight were formed at the approved locations, while remaining 13 had been executed at places which had not been approved by the Government. The reason for change in location was attributed to non-availability of land and also less demand from the public.

Relaxation/revision of any of the conditions already approved by the Cabinet would necessarily require consent of the Cabinet, in terms of Rule 20 (1) (a) and 21. However, there was nothing on record to show that the revised locations had been duly approved by the Cabinet.

¹ Housing Department, Government of Karnataka is referred to as Government in the Report

- **225 Housing Scheme**

The Government in its order (May 2010) accorded approval for the implementation of the new project, namely “225 Housing Scheme” for the year 2010-11 across 225 locations in the State.

Six works (one completed and five under progress) detailed in **Table-2** had been executed, which had not been included in the said order:

Table-2: Details of works executed which were not in the Government Order

| Location/Particulars | District | Extent (Acres-Guntas) ² | Project cost (₹ in crore) | Remarks |
|--|-----------------|------------------------------------|---------------------------|-----------|
| Basavanakudachi Phase II | Belgaum | 22-00 | 17.70 | Completed |
| Construction of high rise LIG apartments at Suryanagar Phase I | Bangalore Urban | 5-00 | 34.00 | Ongoing |
| Construction of high rise MIG apartments at Suryanagar Phase I | Bangalore Urban | 5-00 | 58.00 | |
| Construction of 10 MIG and 10 LIG houses at Idenahally, Tiptur Taluk | Tumkur | Not mentioned | 2.90 | |
| Composite Housing Scheme at Itagihal | Bijapur | 4-20 | 4.81 | |
| Composite Housing Scheme at Gulur | Tumkur | 63-00 | 36.64 | |

(Source: Information furnished by KHB)

- **53 Housing Scheme**

KHB was unable to implement all the projects at the locations approved by the Government due to non-availability of land and certain other considerations. KHB, therefore, submitted revised proposals to government which underwent several changes before final approval. The chronology of developments is tabulated below:

| Period | Developments |
|----------------|--|
| May 2010 | Government approved the housing project for the year 2010-11, which included 225 housing projects at different locations |
| May 2011 | KHB resolved to seek approval of the Government for change of location in respect of 12 projects out of 225 projects due to non-availability of land and other considerations |
| June 2011 | KHB submitted proposal requesting change of location for the 12 out of 225 projects KHB also submitted housing plan for the year 2011-12 requesting sanction for 32 projects at different locations |
| August 2011 | Government rejected both the proposals as the Finance Department directed to treat them as fresh proposals and also to examine the feasibility of the projects |
| September 2011 | KHB submitted revised proposal indicating 50 projects seeking approval for the year 2011-12 |

² Forty guntas make one acre. While the numerical before the hyphen indicates the extent of land in acres, the numerical after the hyphen represents the extent of land in guntas – This has been uniformly adopted in the Report.

| Period | Developments |
|----------------|--|
| December 2011 | Finance Department disapproved the proposal on the ground that it was premature to seek informal decision from the Cabinet for projects estimated at ₹ 14,443 crore without preparing detailed project reports, without specifying time schedule for completion and without assessment of financial and administrative capacity of KHB to execute the projects |
| May 2012 | KHB submitted revised proposal for 61 projects, informing that the projects would be implemented in a phased manner |
| June 2012 | KHB again reduced the number of projects to 53 locations |
| September 2012 | Government approved 53 projects for the year 2011-12, indicating the remarks of the Finance Department that old projects were lingering and not even 50 <i>per cent</i> of the earlier approvals had started |

Thus, the process of seeking approval which commenced with the submission of the first proposal during June 2011 was revised time and again in terms of number of projects, their location, extent as well as the estimated cost. This resulted in protracted correspondence between KHB, Housing Department and Finance Department taking more than 14 months for the clearance of the proposal. The programme was finally approved by the Government during September 2012, after the completion of the financial year 2011-12, to which the programme related.

It was also observed that despite the Finance Department insisting upon a time schedule for the completion of projects, neither KHB nor the Government fixed up a time frame.

(c) *Poor planning and assessment leading to shelving of approved land acquisition plan*

The Executive Engineer, coordinating Unit of Bangalore Urban District submitted (October 2009) a proposal for acquisition of 1,135-09 acres of land in two villages of Bangalore South Taluk for the formation of a composite housing scheme. Though demand survey had not been conducted, it was opined that there would be huge demand for the sites/houses, as the proposed land was situated at a distance of 25 kms from Bangalore City, KHB approved (January 2011) the proposal.

Though approval had been accorded, Audit observed that the housing scheme was ultimately not implemented due to non-acquisition of land. Chronology of activities leading for shelving of the project is tabulated below:

| Period | Developments |
|---------------------------|--|
| October 2009 | Executive Engineer submitted proposal for acquisition of 1,135-09 acres of land in two villages. |
| January 2011 | KHB approved the proposal |
| January 2011 | After approval, Executive Engineer submitted revised proposal for acquisition of only 310-15 acres of land in one village. |
| March 2011 | Preliminary notification under Sec 4(1) of the LA Act, 1894 for acquisition of 312-18 acres of land issued. |
| April 2011 to August 2012 | KHB deleted 96-16 acres out of 312-18 acres included in the preliminary notification for several reasons. |

| Period | Developments |
|----------------|---|
| August 2012 | KHB sent draft notification under Sec 6(1) of the LA Act, 1894 to the Government for acquisition of 232-35 acres. |
| August 2012 | KHB resolved to delete 13-19 acres as per the directions of the Housing Minister. |
| September 2012 | Final notification issued included only 219-16 acres |
| October 2012 | KHB resolved to denotify the entire land as per the directions of the Housing Minister. |
| November 2012 | Proposal sent to the Government with the request to denotify the land. |

Thus, the extent of 1,135 acres of land originally proposed during October 2009 for the residential layout was reduced to 312-18 by the time preliminary notification was issued. This was further down sized to 219-16 acres in the final notification and ultimately, the scheme was dropped. The proposal for denotification was pending with the Government.

1.1.2 Delay/non-submission of annual housing programmes

During the period covered under review (2008-13), KHB did not prepare annual programme for two financial years (2008-09 and 2012-13), while the programme related to remaining three years had been submitted with a delay ranging from 2½ to 8½ months as detailed in **Table-3**:

Table-3: Details of delay in submission of housing programmes

| Year to which programme related | Date of forwarding | Delay involved | Date of approval |
|---------------------------------|---------------------|----------------|------------------|
| 2008-09 | Programme not drawn | - | - |
| 2009-10 | 14.8.2009 | 8½ months | Not approved |
| 2010-11 | 15.2.2010 | 2½ months | 18.5.2010 |
| 2011-12 | 29.6.2012 | 7 months | 4.9.2012 |
| 2012-13 | Programme not drawn | - | - |

(Source: Information furnished by KHB)

Delay in submitting the yearly programmes by KHB resulted in consequential delay in approval of the same by the Government which in turn resulted in reduction of actual available time for implementation of the yearly programmes.

1.2 Developmental plans

1.2.1 Activities of KHB for preparation and execution of development plans

In the absence of powers as Town Planners in the Karnataka Town and Country Planning (KTCP) Act, 1961 as well as in KHB Act, 1962 and KHB Rules, 1964, KHB had to co-ordinate with various departments for obtaining approval for formation of layout, construction of houses and land development scheme under joint venture policy. Major activities and the concerned Department/Authority to co-ordinate with for obtaining necessary approval are detailed in **Table-4**.

Table-4: Details of major activities of KHB and concerned Departments

| Sl. No. | Activity | Department |
|---------|---|---|
| 1 | Land acquisition | Revenue |
| 2 | Change of land use | Urban Development |
| 3 | Approval of scheme and layout plans | Town Planning/ Urban Development Planning Authority |
| 4 | Approval as per provisions of Zoning Regulations | |
| 5 | Certificate with regard to impact of the project on the environment | Karnataka State Pollution Control Board/ Ministry of Environment and Forest |
| 6 | Clearance certificate with respect to Multi Dwelling Apartments | Fire Force |
| 7 | Handing over of developed layouts | Local Bodies |

(Source: Information furnished by KHB)

Observations in respect of major activities are brought out in succeeding paragraphs.

(a) Land acquisition without consultation of Comprehensive Development Plan/Master Plan

Various provisions under KTCP Act, 1961 regarding preparation of Master Plan and land acquisition which KHB is required to follow while fixing the compensation are:

Section 12(1) of the KTCP Act, 1961 stipulates the contents of Master Plan prepared in accordance with Section 9 of the same Act. It further states that these plans shall include proposals for zoning of land use, street pattern including national highways, areas reserved for parks, playgrounds and other recreational uses, public open spaces *etc.*

Further Section 69(1) of the said Act also stipulates that, the Planning Authority may acquire these land or for any public purpose under LA Act, 1894 and for determining the compensation, Section 72 of this Act will apply.

Also Section 72 of KTCP Act, 1961 stipulates determination of compensation when any land is compulsorily acquired for the purposes of a Town planning scheme or a development plan under this Act,

Instances of not adhering to the provisions of KTCP Act, 1961 while acquiring land are discussed below:

• **Housing project at Bidadi, Ramanagara**

KHB acquired land measuring 499-21 acres during June 2008 for housing project at Kakaramanahalli, Borehalli and M Kwerenahalli in Bidadi Hobli, Ramanagara. While general award³ (May 2006) was passed for 28-13 acres at ₹ 1.02 lakh per acre, consent award⁴ (June 2008) was passed for ₹ 26 lakh per

³General award: passed for giving compensation under LA Act.

⁴Consent award: mutually agreed compensation during land purchase.

acre for 471-08 acres of land. These 499-21 acres of land included 31-09 acres of land reserved for the proposed ring road of the Bangalore Metropolitan Region Development Authority (BMRDA) as per the approved Master Plan. KHB had acquired the said land in violation of Section 69(1) of KTCP Act, 1961 both through general award (3-26 acres) and consent award (27-23 acres). Hence, KHB incurred extra expenditure of ₹ 6.89 crore⁵ for purchase of 27-23 acres of land through consent award.

Further, scrutiny showed that the land compensation was paid in respect of only 293-14 acres and KHB was yet to take possession of land acquired. The land was also not transferred in favour of KHB (April 2013). However, KHB had commenced the work without ensuring the availability of land which indicated absence of control mechanism.

- ***Housing project at Kundawad, Davanagere***

For housing project at Kundawad, Davanagere, KHB acquired land measuring 275-15½ acres which included land measuring 9-08 acres and 10-05 acres reserved for highway and park respectively as per the Master Plan. Scrutiny of the records showed the following:

- Initially, consent award for ₹ 2.72 lakh per acre was passed for acquisition of land for the said project. However, after intervention of the Government, the land was purchased directly at a consent price of ₹ five lakh per acre.
- KHB had issued (October 2007) final notification under Section 6(1) of LA Act, 1894 for the land measuring 77-20½ acres belonging to those who had refused to sell in the first instance. Meanwhile, land owners of 24-11½ acres agreed for compensation in the form of developed land in the ratio of 60:40. According to this arrangement, KHB had to allot 9,600 square feet (sft) of developed land in lieu of one acre acquired. The Government approved the proposal in April 2011. The allotment rate was fixed at ₹ 380 per sft for sites.
- Out of 24-11½ acres of land acquired, land measuring 10-05 acres had been earmarked as park in the Master Plan of Davanagere-Harihara Urban Development Authority. KHB requested (September 2010) the Urban Development Authority to convert the above said land as commercial and public and semi-public. However, the Authority conveyed its inability to do so (September 2011) as it was vested with no powers for the conversion of land earmarked as park.
- Thus, KHB by not ascertaining the land use pattern in the Master Plan incurred extra expenditure as detailed below:

⁵ Excess award = consent award – general award
 ₹ 26 lakh – ₹ 1.02 lakh = ₹ 24.98 lakh per acre
 Extra expenditure = ₹ 24.98 lakh * 27-23 acres = ₹ 688.82 lakh

- By not limiting the compensation to the initial award of ₹ 2.72 lakh per acre for 9-08 acre reserved for highway KHB incurred extra expenditure of ₹ 20.98 lakh⁶.
- The compensation in the ratio of 60:40 for land earmarked as park worked out to ₹ 29.38 lakh⁷ per acre, while the compensation through consent award was ₹ 7.10 lakh (including solatium at 30 per cent and additional market value at 12 per cent). Thus, the excess compensation for 10-05 acres worked out to ₹ 297.47 lakh.

- ***Housing project at Kalagnoor/Kushnoor Phase-I, Gulbarga***

KHB acquired 97-12 acres of land for the housing project at Kalagnoor/Kushnoor, Gulbarga at a cost of ₹ 8.90 lakh per acre. Of these, 12-23 acres for future road connectivity, 8-15½ acres for construction of ring road and 9-12 acres were reserved for park in the Master Plan. The guidance value was ₹ 1.80 lakh per acre. KHB had violated Section 69(1) of KTCP Act, 1961 while acquiring the said land and also had violated Section 72 of KTCP Act, 1961 while paying compensation. Hence, KHB incurred avoidable expenditure of ₹ 214.78 lakh⁸ for land measuring 30-10 acres.

In the exit conference (August 2014), the Commissioner accepted the observations and stated that a joint meeting was being proposed with the local authorities for settlement of issues.

(b) Change of land use

Section 14(2) of the KTCP Act, 1961 envisages that no change in land use or development shall be made except with the written permission of the Planning Authority. Further as per Section 14(A), after the date on which the Master Plan for an area comes into operation, the Planning Authority may, with the previous approval of the State Government, allow such changes in the land use or development from the Master Plan as may be necessary. Further, Section 70 of the Karnataka Urban Development Authorities (KUDA) Act, 1987 states that, KHB shall not undertake any housing scheme in any area within the urban area, except in conformity with the layout plan of the Urban Development Authority.

Out of 60 cases test-checked, KHB had obtained orders for conversion to residential use in respect of only six cases⁹. Further, in respect of three

⁶ Consent price – initial consent price = extra expenditure
₹ 5 lakh – ₹ 2.72 lakh = ₹ 2.28 lakh

Extra expenditure = ₹ 2.28 lakh * 9-08 acre = ₹ 20.98 lakh

⁷ Compensation through land (60:40) = 9600 sft x ₹ 380 per sft = ₹ 36.48 lakh. The general award was passed at ₹ 7.10 lakh per acre. Therefore, difference is ₹ 29.38 lakh per acre

⁸ Avoidable expenditure = Purchase rate – guidance value
₹ 8.90 lakh – ₹ 1.80 lakh = ₹ 7.10 lakh per acre

For 30-10 acre, avoidable expenditure = ₹ 7.10 lakh * 30-10 acre = ₹ 214.78 lakh

⁹ Koppal, Chitta-Bidar, Biddapur-Gulbarga, Chamanahalli –Maddur, Somanakoppa-Shimoga, Amargol-Hubli

projects¹⁰, KHB acquired/purchased and developed land in violation of Section 70 of the KUDA Act, 1987 as the land had been reserved for industrial use as per the master plan. Land as per the master plan had been reserved for industrial/open space and park/public use. Though Section 76 FF of the KTCP Act, 1961 permits regularisation of certain development and change of land use, it prohibits regularisation of land reserved for parks, play grounds, open spaces and for providing civic amenities.

(c) Approval of schemes and layout plans

Section 32 of KUDA Act, 1987 states that no person shall form or attempt to form any extension or layout for the purpose of constructing building thereon without the express sanction in writing of the authority and where any such extension or layout lies within the local limits of a Local Authority, the authority shall not sanction the formation of such extension or layout without the concurrence of the local authority. Further, no modifications to the approved layout plans shall be made as per Section 33 of KUDA Act, 1987.

Out of 65 test-checked projects, KHB had executed 38 development schemes without the approval of layout plans by the concerned Local Authority or Urban Development Authority. In Hassan, Hassan Urban Development Authority had not sanctioned the layout plans in respect of two projects at Sathyamangala and Channapatna Tank bed. Hence, the Local Authority refused to issue khata¹¹ to the allottees. Further, of the 27 projects approved by the Local Authority, in five projects¹² subsequent modifications were made during execution without approval of the Local Authority.

(d) Zoning Regulations

The Master Plan prepared by local planning authority consists of a series of maps and documents indicating the manner in which the development and improvement of the entire planning area within the jurisdiction of the Planning Authority are to be carried out and regulated. Such plan shall include proposals for zoning of land use for residential, commercial, industrial, agricultural, educational and other purposes, areas reserved for parks, playgrounds and other recreational uses, public open spaces *etc.* The zoning regulations prescribed by various development authorities are shown in the **Table-5** below:

Table-5: Zoning regulations

| Extent of reservation towards | Percentage |
|-------------------------------|------------|
| Parks/open spaces | 10-15 |
| Civic amenity | 5-10 |
| Commercial space | 2-3 |

(Source: Information furnished by KHB)

¹⁰ Halladakeri-Bidar, Kundawad-Davanagere, Channapatna-Hassan

¹¹ Khata is an account of the assessment of a property that records the details of a property such as size, location and its built up area

¹² Chittapur-Gulbarga, Ramadurga-Belgaum, Chamarajanagar Stadium land- Chamaraja nagar, Lakkamanahalli Phase II – Dharwad, Nalawad-Bijapur

Scrutiny of 65 project records showed the following deviations and violations:

- In nine projects, the percentage of area reserved for parks and play grounds was less than the norms fixed by the respective urban development authority. The shortfall ranged from 0.3 to 6.71 *per cent*.
- In five schemes, the area reserved for civic amenity was less than the statutory requirement of the concerned zoning regulation. The shortfall ranged between 0.13 and 6.86 *per cent* as compared to norms.
- Commercial space provided in 12 projects was in excess of the norm prescribed by the respective zoning regulation and the excess was between 0.05 *per cent* and 8.16 *per cent* in relation to norms.

(e) Clearance certificate with respect to Multi Dwelling Apartments

KHB is further required to obtain clearance from the Fire and Emergency Department for high rise buildings. During 2008-13, KHB had undertaken seven¹³ high-rise projects and it was not evident from the records whether the clearance had been obtained from the Fire and Emergency Department.

1.2.2 Reservation of land for Information Technology Park

KHB is required to acquire/purchase land under provisions of KHB Act, 1962 for any housing scheme or development scheme. Section 33 of the said Act envisages that KHB may enter into an agreement with any person for the acquisition of any land for purpose of a housing scheme or land development scheme with the previous approval of State Government. Further Section 2(h) and 2(i-1) define 'housing scheme' and 'land development scheme' as housing scheme under this Act and scheme framed under this Act for the purpose of providing house/sites in any area respectively.

However, scrutiny of development plan of Suryanagar Phase III showed that in contravention of the above provision, KHB had earmarked 19 acres of land for IT Park. Further, KHB Act, 1962 provides for measures to be taken to deal with and satisfy the need of housing accommodation and does not provide any provisions for allotment and development of industrial sites.

1.2.3 Housing project in defence firing range

KHB acquired (January 2006) land measuring 72-50 acres in Survey Number (Sy.No.) 83, 97, 98 and 99 at Benakanahalli, Belgaum for a housing scheme. During June 2005, Defence Estate Officer, Karnataka and Goa Circle requested Station Headquarters, Belgaum to convey their decision regarding issue of 'No objection certificate' for the housing scheme in Sy.No.83. The Station Headquarters during February 2006 informed KHB that the Sy.No.83

¹³ Bangalore – Bandematt, Suryanagar, Valgerehalli, Vijayanagar, Yelahanka
Belgaum-Jakkerehonda, Mangalore -Kotekar

was within the danger zone as it was adjacent to the firing range of the military area.

Disregarding the above, KHB undertook the project in the said survey number and allotted the sites to the unsuspecting applicants.

1.2.4 Non-inclusion of Economically Weaker Section (EWS) category in the housing projects

The proposed State Housing Policy–Karnataka Housing and Habitat Policy, 2009 tackles the core issue of ‘adequate and affordable housing’ with special emphasis on urban poor by reserving 10 *per cent* of the land developed for EWS.

Scrutiny of 112 housing projects undertaken and allotments made during 2008-13, showed that KHB had undertaken sites/houses for EWS category only in 37 projects, thus defeating the basic objective of providing housing for all.

