

SUBJECT NO. 59

Sub: VUDA – Reports on illegal and irregular allotment of plots made in the past to the Government – government ordered detailed enquiry by V&E department by issuing GOs – Subsequent Court cases in the Honourable High Court –Departmental Action by VUDA towards cancellation of such illegal and irregular allotment with the knowledge of the Board in consonance with the recommendations sent to the government in this regard in the year 2012 –Communication of the latest status of the course of action – for kind perusal and necessary directions and for the approval of the Action plan – Communicated to Government – Government communicated five broad directions – Carrying out the directions – Special direction on creation of Internal Audit wing & Vigilance wing - Reg.

- Ref:**
1. D.O.Lr.No.25922/H2/dt:12.10.2011 of Principal Secretary, MA&UD Department, Hyderabad to VC, VUDA
 2. Lr.Rc.No.11639/07/I-1 dated 11.11.2011 of VC, VUDA, Visakhapatnam
 3. Lr Rc.No.11591/2001/F4 dated 21.2.2012 of VC, VUDA, Visakhapatnam
 4. G.O.Rt.No.75, MA & UD Department dated 18-1-2012.
 5. Lr Rc.No.11693/07/ I-1 dated 12-3-2012 of VC, VUDA, Visakhapatnam
 6. G.O.Rt.No.341, MA & UD Department dated 21-3-2012
 7. Orders of the Honourable High Court dt.5.9.2012 in WP.No.8144/2012
 8. Clarification Memo No.433/MI/2013 of MA&UD Department dated 29.4.2013
 9. Orders of the Honourable High Court in Writ Appeal No.1550/2012 and directions of the Court during the personal appearance thereon on 23.7.2013
 10. VUDA Board resolution No.47 dated 20.7.2013
 11. Lr No.20407/H2/2011 of MA&UD Department dated 31.7.2013
 12. VUDA Board Resolution No.54 dated 5.8.2013
 13. Lr No.17580/H2/2013 of MA&UD Department dated 14.8.2013 received on 22.8.2013 in this office.
 14. Notices issued in all these 94 cases vide 23.9.2013
 15. Opinion of the Advocate on Record on the proposed action plan to deal with these cases dated 29.10.2013
 16. Writ petitions filed by the addressees of Honourable High Court against the show cause notices dated 23.9.2013
 17. VUDA Board Resolution No. 60 dated 14.12.2013
 18. VUDA Board Resolution No. 61 dated 14.12.2013
 19. VUDA Board Resolution No. 129 dated 14.12.2013
 20. Letter of this office vide RC No.11693/2007/I-1/F4 dated 23.1.2014

I. BRIEF HISTORY OF IRREGULAR ALLOTMENTS IN VUDA

It is submitted that adverse news items have been published in different news papers both in the main edition and district editions alleging that certain benami

persons have been allotted Rs.500 Crores worth of lands in the name of land losers by VUDA in Visakhapatnam region.

- The Principal Secretary to Government, M.A. & U.D. Department vide ref.1 instructed the then Vice-Chairman, VUDA to furnish a detailed report on the matter.
- The Vice Chairman, VUDA, Visakhapatnam, vide references 2,3 and 5 has submitted detailed reports to the Government informing that, VUDA has sustained a total loss of Rs.539.49 Crores in different layouts due to allotments of developed plots to unauthorized 'D' patta claims in vacant Government lands and to the land losers in Zeroyithi lands.
- Government after considering the reports of the then Vice- Chairman, VUDA, Visakhapatnam, have ordered for detailed inquiry by Vigilance & Enforcement Department vide references 4 and 6.

The reports cover allotments of plots made in 14 Layouts and Alternative plot allotment in Ocean view layout with the details of allotment of plots done in Open Space of MVP Colony Layout. The salient features of the reports submitted;

- a. There is neither any established policy of the government to allot land to land compensation to land losers under any road projects nor any VUDA Board Resolution to that effect to allot developed lands directly
- b. Layouts are developed without peg marking or without field survey and in cases, without change of land use as master plan does not permit residential purposes.
- c. The Writ petitions pending was cited for allotment of alternative land in lieu of compensation as per GO MS No.1307. But the specific direction by the government vide Memo No.11723/H2/2008 of MA&UD Department dated 29.5.2009 is with reference to a specific circumstances but same analogy is applied in all the cases for allotment of lands to 'D' Patta claimants in government lands handed over to VUDA.
- d. Third party registrations were taken for granted in many cases and in some cases, the original assignee's signatures are forged
- e. Opinion of revenue department for verification of the claims of 'D' Pattas was not taken and based on the VUDA Surveyor's report, same was processed.
- f. More than the actual extent, alternative lands were given for excess extents collecting nominal amounts

- g. In one case, the land not belongs to VUDA but a Gedda is also allotted.
- h. In most of the cases referred above, alienation of said government lands in favour of VUDA is still due.

The Exact requests made in the letters vide references 2,3 and 5 are as detailed below

RECOMMENDATIONS vide Lr.Rc.No.11639/07/I-1 dated 11.11.2011 of VUDA:

1. Specific proposals for each Land Polling Project after obtaining consent from all the land losers should be approved by the Board and forwarded to the Government for approval on case to case basis.
2. The developed plots allotted to the land-losers should be in the same layout. The land-losers should be convinced to wait till the land is developed for allotment of specific plots.
3. Wherever, people claim to have '0' form pattas on Government lands already transferred to VUDA, they should be referred to the District Collector for confirmation.
4. Wherever 'D' patta-holders come forward to take part in the Land Pooling Project, the genuineness of such 'D' pattas should be verified from the concerned revenue authorities before any allotment is made by VUDA.
5. Wherever 'D' patta holders are involved, the developed plots should be allotted in the name of the 'D' patta holders or their legal heirs only and no direct 3rd party registrations should be done by VUDA.
6. For each proposal approved by the Government, exemption from Section 22-A of the Registration Act should be taken from the concerned District Collector wherever applicable.
7. Since multiple transactions have already taken place in Survey No. 127 after allotments by VUDA, legal opinion may be taken by the Government and the approved layout in Survey No.127 may be cancelled since it is erroneous and not as per layout norms.
8. The 'D' pattas which have been accepted by VUDA authorities without reference to Revenue authorities for which allotments have been

made by VUDA, may be referred to the Revenue authorities for confirmation of the genuineness of the 'D' pattas.

9. The Government may order a further appropriate enquiry to get full details of the lapses and to initiate action against the erring officials.

RECOMMENDATIONS vide Lr.Rc.No.16591/01/F-4 dated 21.2.2012 of VUDA

1. The Government may take immediate steps to comply with the Hon'ble High Court & Hon'ble Supreme Court orders and cancel the registrations done by VUDA to the six illegal allottees since there was a criminal misrepresentation of facts and tampering of official documents.
2. The Government may direct the Greater Visakhapatnam Municipal Corporation (GVMC), Visakhapatnam to immediately cancel & demolish / seize the existing structures in the said land which have been built in violation of Hon'ble High Court & Hon'ble Supreme Court orders and also to remove the encroachments.
3. A further appropriate enquiry may be ordered by the Government to fix the responsibilities of all officials and private individuals involved since there was a connivance in fraudulent misrepresentation of facts, criminal tampering of records and loss of revenue to VUDA.

RECOMMENDATIONS vide Lr.Rc.No.11639/07/I-1 dated 12.3.2012 of VUDA:

1. The Government may take immediate steps to cancel all illegal allotments of developed plots in the mentioned layouts except the plots which have been allotted through public auction since such illegal allotments were fraudulently made in violation of existing rules.
2. The Government should immediately intimate the registration department to stop further registrations on such illegal allotment till they are cancelled.
3. Criminal cases should be registered against the then Estate Officer, Sri A.Jagadeesh and his accomplices who have cheated VUDA.
4. The Income Tax department may be asked to probe the role of certain individual beneficiaries like Buddha Rama Vara Prasad, M/s Haigreeva Infratech / Farms, Yagalla Pattabhi Rami Naidu, Karanam Rama Rao etc., who have individually cornered huge extents of developed plots

in various layouts. In-fact 13 individuals / firms have cornered 158 crores worth of developed plots. The Income Tax department should act swiftly to break the financial network of this land mafia.

5. Strict disciplinary action should be initiated on all levels of officials involved in the episode. In fact, action should also be initiated against key officials who have either retired or left Government service, so that a strong message is sent to the public and the image of VUDA is restored.
6. Since VUDA does not have cadre rules, all employees except HODs have been working in VUDA since 25 to 30 years without any transfers to other Urban Development Authorities / Departments. Due to such stagnation many officials have developed vested interest and nexus with brokers and land mafia. The Government should immediately transfer all long standing employees to other Urban Development Authorities / Departments to break this unholy nexus.
7. It is seriously felt that there is a criminal connivance of officials, outside brokers and benamis in the entire episode. There is also a possibility that many more such illegal transactions could have already taken place but are yet to surface. Therefore it would be appropriate if the entire episode including all other allotments made are investigated with an independent investigating agency with capabilities in criminal investigation to bring out the criminal nexus of the officials and non officials involved.

II. FURTHER COMPLICATIONS AROSE DUE TO WA No.1550/2012

VUDA as part of its objectives takes up developmental activities for public utility and recreational works for public use like formation of Master plan Roads, Public Parks, Function Halls in both Urban Areas and Developing Rural areas and Projects for generation of its budget resources etc., from out of the resources generated on its own. In some of these cases, VUDA acquires the lands required, by way of Land Acquisition or from the Government by way of alienation or by agreement from the private land owners and pays compensation in all these cases in the manner prescribed or as agreed upon. In some other cases, the local bodies and public organizations or bodies requiring any developmental activities or public utilities will provide the required land input and the VUDA will develop the same for

the use of public from its resources, in which case, the compensation for the lands provided by them will be paid by the respective organization or local bodies.

It is submitted that in all these cases, excepting the projects intended for generation of its own resources, the properties developed for public utility does not stay with VUDA, but will be transferred to the respective Local Bodies, Public Organizations or Associations for their usage and maintenance. In this context, it is further submitted that VUDA normally develops public amenities on the lands provided by the local bodies or local organizations like Roads, Function Halls, Parks and these properties are transferred to the respective local bodies or organizations.

Thus, VUDA does not own those properties and hence, the payment of compensation for any such land utilized for developmental activities normally lies with the local bodies or organizations to which the assets are transferred after development. And in cases where VUDA takes the land directly either by way of land acquisition or with consent of the land owners, VUDA will pay compensation according to the procedure laid down in the Act or in whatever way that is agreed upon. Since it will become heavy burden for the VUDA if it is to provide alternate land or compensation in all cases of developmental activities taken up by VUDA, including the cases, where the title of all such properties generated does not lie with VUDA.

In this context, it is submitted that Smt A.Sarada & 4 others have filed a W.P.No.8144/2012 requesting the Hon'ble High Court to direct the VUDA / Respondents to allot equal extent of alternate land in lieu of the lands measuring an extent of Ac.0.23 Cts., Ac.0.04 Cts., Ac.0.04 Cts., Ac.0.07 ½ Cts and Ac.0.58 Cts., in Sy.No.19/P, 55/1P, 55/3P, 59 and 59/7 respectively of Rushikonda village belonging to the petitioners as the said land have fallen in the alignment of Visakha-Bheemili Beach Road or in the alternative to pay compensation. It is further submitted that the Hon'ble High Court on 5.9.2012 disposed the above WP with a direction that VUDA shall pay compensation in accordance with the provisions of LA Act, 1894 to the Petitioners in respect of the respective extents of land taken possession on 20.12.2005, which shall be deemed to be the date issuance of DN. u/s.4 (1) of the LA Act, as expeditiously as possible, at any rate within eight (8) weeks from the date of communication of the order. Subsequently, the petitioners have filed Writ Appeal numbered 1550/2012 wherein they have insisted only for the provision of alternative plots on par with two others who have been provided by VUDA. The present writ appeal in this agenda relies heavily on the allotment of alternative land given to two individuals namely viz *KS Kamaraju and K Kalyan Kumar*. These two individual's

names are figured in Committee's findings along with similarly placed 21 persons. It is submitted that the present allotment of alternate developed land vide Progs. Rc. No.6232/2009/I-1 dtd.31-12-2009 to Sri K.Sundararamaraju and Sri K.Kalyan Kumar covered in the layout of Sy.No.34 & 35 of Rushikonda (v) and Yendada (v), were under Vigilance & Enforcement enquiry along with several other similar cases.

- In this connection, it is submitted that Action Taken Report has been submitted by the Estate Officer, VUDA, Visakhapatnam before the Hon'ble High Court, AP, Hyderabad on 09.07.2013. The order of the court dated 9.7.2013 are as follows: *"Pursuant to the directions of this Court dated 5.7.2013, the Estate Officer appeared before this Court with some files but no detailed counter affidavit is filed. However, learned counsel for the appellants stated in Para 7 in WAMP No.3391/2012 that two persons viz KS Kamaraju and K Kalyan Kumar, who are similarly placed to that of appellants, have been given alternative land equal to the extent of land acquired instead of compensation and writ appellants are discriminated. In view of that, the Estate Officer is directed to file counter affidavit with regard to the aforesaid allegation and the reasons for not granting alternative land to the writ appellants. List for orders on 15.7.2013. The Estate Officer is directed to appear personally on 15.7.2013 along with the relevant record by filing counter affidavit"*
- Accordingly, VC, VUDA has filed Counter Affidavits in the Writ Appeal No.1550 of 2012 on 15-07-2013. On this, the Honourable High Court has ordered the Personal Appearance of VC, VUDA on 23.7.2013 and during the personal appearance, when Court has ordered to give decision of VUDA whether the request of writ petitioners will be considered or VUDA wanted Honourable Court initiate criminal proceedings, it was pleaded before the Honourable Division Bench that the decision of allotment of alternative land vest with the Authority / Board and VC, as such, cannot give assurance in the court hall to that effect
- On this, the Honourable Division Bench has ordered to file an affidavit to this effect and ordered to convene a meeting before 7.8.2013 and file an affidavit of the decision taken by 8.8.2013 and posted the case on 8.8.2013. Accordingly, an Affidavit was filed before the Honourable Division Bench.

In this regard, as per the affidavit filed before the Honourable High Court in WA No.1550/2012 and the directions of the Court and government thereon, the request of the writ appellants for the allotment of alternative land is placed before the board in detail for perusal and for taking VUDA Board's order in circulation. The Board has resolved vide resolution No.54 dated 5.8.2013 as follows:

1. After verification of each and every allotment in the Committee's report, expeditious efforts should be initiated to cancel all the allotments which are irregular and given without following the proper procedure.
2. Culpability of Officers needs to be probed as per the law and action needs to be initiated against the concerned.
3. Taking a Comprehensive view, the Authority cannot accept the request for provision of alternative land on the quoted precedent by the writ appellants which itself is proved *prime facie* irregular and without following the proper procedure and is being proposed for cancellation.
4. The directions of the Honourable High Court in the WP 8144/2012 can be complied at the earliest
5. VC to see that all the pending cases in this regard are settled at the earliest within the ambit of exiting law provisions.

Based on above resolution, an affidavit was filed and on this course of action, the writ appellants have filed contempt petition numbered 1490/2013 which was admitted by the Honourable High Court and taking the opinion of the Advocate General in this regard, the Supreme Court was approached for filing SLP and the same was numbered as SLP No.27376-27378 in the related matter of CC No.1490/2013 and WA No.1550/2012 in the Supreme Court and based on this, the Contempt proceedings in the Honourable High Court is stayed and subsequently, the Writ Appeal No.1550/2012 is disposed off by the Honourable High Court on 27.11.2013.

The orders of the Honourable High Court in WP No.8144/2012 in consonance with the orders in WA No.1550/2012 are implemented and LA Notification of DN and DD were published by the District Court and subsequent actions are being undertaken.

There are around 32 such cases pending in VUDA similarly placed along with the writ appellants in WA 1550/2012 and all of them were explained by conducting a meeting on 3.8.2013 that there is no provision of provision of alternative land by VUDA or any other local body as per the clarification given by government vide No.433/MI/2013 of MA&UD Department dated 29.4.2013 to Commissioner, GVMC, Visakhapatnam wherein, it is informed that there is no policy or rule provisions for allotment of land to land for affected persons for realization of Master Plan Provisions except issue of TDRs or Setback relaxations or payment of compensation amounts and also the provisions of the TDRs.

Accordingly, ten persons out of 16 persons, who have attended the meeting on 3.8.2013, have given consent for receiving the compensation @ 200% TDR for their lands lost in road formation rather than 100% as proposed by the VUDA during the meeting. It is to inform here that in response to our office letter vide No.331/2012/L4, dated 5-9-2012, the Govt. in letter No.21695/M2/2012, dated 7-11-2012 has stated that it is open for the Urban Development Authority to extend TDR to the land losers even if it is prior to 2006 in respect of roads upto 100% of built up area at surrounded area. Accordingly, the matter was placed before the Board on 14.12.2013 and Board vide resolution No.129 dated 14.12.2013 has agreed to recommend the necessary proposal in this regard to government for approval and accordingly, necessary actions are being taken.

III. DEPARTMENTAL ACTION BY VUDA

Subsequently, to take forward the resolution made in the September 2011 board meeting of VUDA, an action plan is undertaken by constituting a Committee of HoDs viz Estate Officer, Secretary, CUP and CAO to finalize various issues and give report. The above proposed action is put up before the VUDA Board and got resolved in Board Agenda No.47 on 20.7.2013 that *action plan proposed is perused and it is directed to produce the committee's findings in the next meeting.* Accordingly, the said committee has given findings in five annexure and a final note, duly categorizing the same under following heading with the details of all cases and with the details of alternative lands given including the details whether it is registered in the name of claimants or third parties.

- a. Details of 'D' Form Patta Claimants (who have been given alternative lands) for the lands already handed over by District Collector to VUDA. 41 such cases are identified.
- b. Details of 'D' Form Patta Claimants (who have been given alternative lands) where the alleged assigned lands are directly dealt by VUDA without referring to revenue department for verification. 29 such cases are identified.
- c. Details of Private land claimants (who have been alternative lands) for their lands lost during the formation of road in varying time period without any valid board resolution or Government direction in this regard. 22 such cases are identified. The extent of alternative land allotment varied

between 75% to equal extent and the registration is done in case of third parties directly in few cases.

- d. One case of alternative allotment of plot is identified.
- e. Details of 14 layouts covered in the report is given with the remarks whether the layout is peg marked on ground or not. It is to note that without peg marking, in four layouts out of 14 above, alternative plots were allotted and registered as well.
- f. Final Note gives the statement of variation / additional information with reference to number of plots, boundaries, sale deed particulars, survey numbers and names, etc w.r.t the committee's findings vis-à-vis the report with annexure and statements sent to government vide RC No.11693/07/I-1 dated 12.3.2012.

The abstract is as below;

Annexure -1:- deals with cases where assigned lands/ Government land are handed over to the VUDA by way of Collector's proceedings or MRO's delivery receipt.

Annexure-2:- Deals with cases where assigned lands from the ryots/ land holders are directly taken by VUDA in pooling Schemes.

Annexure- 3:- Deals with Zeroithi/ Private Lands from the private land holders.

Annexure-4:- deals with cases of alternative allotment as identified.

Annexure-5:- Details of 14 layouts covered in the report with remarks whether the layout is pegmarked on ground or not. It is to note that in 4 layouts out of 14, alternative plots were allotted and registered without peg marking.

As per the above details,

1. The 41+29+22+1 = 93 cases wherein alternative lands allotted by VUDA in the recent past against the existing provisions of law, are being enquired by Vigilance and Enforcement Department with an order to conduct *detailed enquiry into the irregularities in allotment of house sites / lands in various survey numbers and layouts in VUDA area and furnish enquiry report to government bringing out the revenue loss caused to the authority and also the persons responsible for the irregularities* vide GO RT No.341 of MA&UD (H2) Department dated 21.3.2012.

2. The case of allotment of plots in open spaces / community space of the layout against the rulings of the Honourable Supreme Court and High Court is already enquired by CBI and the latter has given its Preliminary Enquiry report. Consequent to the submission of the said PE report to the Honourable High Court in WP No.6129/2012, the government has ordered to enquire by registering with the CID and accordingly, a formal complaint is lodged with the Additional DGP, CID by the VC, VUDA on 5.3.2013 and the same is registered as FIR vide Crime No.3/2013 dated 5.3.2013 and is being enquired now. (Copies of the communication to the government in this regard are given vide RC No.41/2012/A1 dated 5.3.2013). The relevant records in this matter are handed over the DSP, EOW, CID, Hyderabad on 19.3.2013 duly collecting the records directly from the CBI on the same day.

The said allotment of 93 +1 = 94 cases are proved *prime facie* to be irregular and against provisions of law and being enquired by V&E wing and hence, departmental action is initiated for cancellation of said irregular allotments duly following the due process of law. The same was expedited based on the orders of the Government towards cancellation of the illegally allotted plots in two categories mentioned above vide reference 13 cited. Accordingly, a course of action is chalked out in consultation with the Standing Counsels of Local Courts, Honourable High Court and Advocate on Records in Honourable Supreme Court as detailed below.

1. Notice show causing why irregular allotments cannot be cancelled have to be issued and served as per the provisions available under the AP Urban Areas (Development) Act, 1975. As stated above, already notices have been issued by VUDA and replies are being received from the allottees and the same are being processed.
2. Steps towards cancellation of the registrations happened on the illegally allotted plots viz
 - a. Filing suits in the jurisdictional civil courts for cancellation of all registrations happened in the illegally allotted plots duly filing IAs in all the independent cases requesting to stop further registrations and to stop any further development
3. With respect to filing criminal cases, the necessary and appropriate sections of law have to be arrived at and the same have to be filed in all individual

cases or category wise or common complaint duly adding all the officials and private beneficiaries responsible and beneficiaries of these illegal allotment and filing before the jurisdictional police station.

It is discussed and arrived that it is a long drawn legal battle and the chances of VUDA winning these cases and the resumption of illegally allotted plots to the organization seems to be certain duly following the procedure as per the established Rule of Law. The intention of the VUDA is to immediately stop all subsequent registrations and developments in these illegally allotted plots so that subsequent purchasers will not be put into any hardship and the plots that can be resumed can be put up for much larger purpose. Subsequently, it is suggested that civil suits have to be filed in the jurisdictional civil court for claiming the possession back of these allotted plots. Moreover, the registrations subsequent to the illegal allotment are being made in certain cases wherein there are orders from honourable High Court directing the sub registrar or joint registrar concerned to effect the subsequent alienation in the absence of any order of cancellation of such illegal allotments and / or in the absence of any restriction order from the competent civil court.

As per the note file order dated 11.9.2013 and subsequent discussion with the HoDs, a draft Show Cause notice with the grounds of cancellation for three different categories were prepared and the same was shown to the Standing Counsel of the VUDA in HHC Sri Rajasekhar and in the presence of Secretary, EO and CAO, the same was discussed and he told that the notice, through elaborate, is good and covers all points. Then, the draft show cause notices were given to the Committee members viz CAO and Estate Officer who were instructed to prepare the notices for Categories II, III and I respectively. The office copies of show cause notices are submitted for approval on 23.9.2013 by the CAO and EO on all the 92 files under Three Annexure of the Committee's report and the same was approved in the respective note file and fair copies were signed on 26.9.2013 with the approved date of office copy of show cause notices of 23.9.2013. Meanwhile, during the visit to the Hyderabad on briefing the Learned Advocate General along with the Standing Counsel Smt Sridevi on the proceedings of SLP filed by VUDA in the related matter of CC No.1490/2013 in WA No.1550/2012, the above matter was discussed with the Additional AG, Krishnamurthi and GP Mr Srinivas in the presence of the Standing Counsel Smt Sridevi and the above course of action was endorsed.

Hence, the same was discussed with the Senior Legal Officer of VUDA and Standing Counsel for Local Courts Mr L Sathyanarayana on 25.9.2013 afternoon in

the presence of EO, CAO and Secretary duly explaining the above in detail and following action plan is chalked out.

1. Notice show causing why irregular allotments cannot be cancelled have to be issued and served as per the provisions available under the AP Urban Areas (Development) Act, 1975
2. Simultaneously, two options were suggested by the counsels on 25.9.2013 to cancel the registrations happened on the illegally allotted plots viz
 - a. Writing letter to the competent authority under the Registration Act giving all the details on these all 90 odd cases under five different categories and requesting him to issue cancellation orders for all the registrations happened in these plots
 - b. Filing suits in the jurisdictional civil courts for cancellation of all registrations happened in the illegally allotted plots duly filing IAs in all the independent cases requesting to stop further registrations and to stop any further development
3. With respect to filing criminal cases, the necessary and appropriate sections of law have to be arrived at and the same have to be filed in all individual cases or category wise or common complaint duly adding all the officials and private beneficiaries responsible and beneficiaries of these illegal allotment and filing before the jurisdictional police station. The complaints will be filed by the Manager of the organization.

Accordingly, Show Cause Notices have been issued to the 255 original allottees and third party purchasers thereon, to submit their explanations as to why the allotments made to them should not be cancelled for the reasons mentioned therein requiring them to offer their explanation within 15 days from the receipt of the Notice, failing which, action would be initiated to resume the land by cancelling the allotments made to them besides initiating criminal action against them for obtaining such allotments by playing fraud and misrepresentation of facts. Notices are served on the addressee u/s 51 (d) of the Act as being individual ie,

- a. Notice is given or tendered to him / her
- b. Notice is sent by Registered Post
- c. If such person cannot be found,
 - a. is affixed on some conspicuous part of his last known place of residence or business, if within any development area or

- b. given to tendered to some adult member of his family or
- c. is affixed on some conspicuous part of the land or building to which it relates.

Copy of the notice is treated as Public notice u/s 52 of the AP Urban Areas (Development) Act, 1975 and made widely known in the locality

- i. By affixing copy in conspicuous public places within the said locality ie Collectorate, GVMC Office and particular GP / Ward of the addressee.
- ii. By notifying the gist in the local newspaper and making the full content of the notice be available in the VUDA's website www.vuda.gov.in

In all, 255 Show Cause Notices that have been issued to allottees/third party purchasers in all 92 irregular allotments. In around 20 cases, the allottees have approached the Hon'ble High Court by way of filing writ petitions against (1) the State Government of Andhra Pradesh and (2) Visakhapatnam Urban Development Authority praying to set aside the show cause notice mentioned therein and to direct the respondents not to interfere with the peaceful possession of the petitioners. Accordingly the Hon'ble High Court has ordered VUDA not to take any further action in the matter till further orders.

The Standing Counsel Sri. Rajasekhar is appointed in all such cases and the Estate Officer is authorized to file the counter basing on the approval of the Counter in the Categories I, II and III cases by the Vice Chairman, VUDA. The cases not pressed by the writ petitioners and as few cases contain the stay order of the notices till 31.10.2013 which were extended subsequently, the standing counsel is of the opinion that it is better to get the cases heard once before finalizing the replies/ no replies to the show cause notices.

The Standing Counsel Sri. Rajasekhar has pleaded before the High Court and Court has told to post the matter for hearing on 27.1.2014. Hence, the standing counsel has advised to wait for the order of the court before finalizing the replies/ no replies to the show cause notices.

Similarly, the process of filing civil suits towards cancellation of the sale deeds registered has been started and there was initially a problem in obtaining the certified copies of the sale deeds to file the civil suits as the same were not

available in the MEE SEVA kiosks and when the issue was brought to the notice of the District Registrar, an alternative has been suggested and accordingly, the same is being resorted out and accordingly, so far, out of 94 cases / files available on this allotment history, so far, around 11 civil suits are filed in the District Court and actions are being taken to complete the process of filing of civil suits before the end of February 2014.

As mentioned above, the process of filing criminal complaint on the concerned officials and non officials as directed by MA&UD Department vide ref.13 cited above, the process is completed as far as allotment of plots in open space of Sector-2 of MVP colony is concerned as the necessary complaint in this regard is filed vide Cr.No.3/2013 before the CID, Hyderabad based on the directions of the Government in Memo No. No.24581/H2/2012 of MA&UD department. The process of filing criminal complaint in remaining four categories also will be completed at the earliest.

The three pronged approach viz cancelling the proceedings allotting the plots illegally, the civil suits towards cancellation of sale deeds executed based on proceedings of illegal allotment and criminal complaint in all these 94 cases to recover the possession worth around 500 crores back to the organization is initiate.

Hence, the matter has been placed before VUDA Board for ratification of the action plan initiated and put into action duly approving to pay the court fees and other fees to the legal course of the action. The VUDA Board has resolved vide resolutions nos 60 and 61 on 14-12-2013 as detailed below.

- The Board has unequivocally agrees and ratifies the action plan initiated towards resumption of irregularly allotted plots.
- VC is instructed to verify that the action plan should be in consonance with the recommendations sent to the government in this regard in the year 2012 and the VC is directed to pursue with the government duly informing the action plan initiated in this regard.
- The cancellation of registration deeds can be undertaken by both
 - i. Cancellation of registered document by approaching the competent civil court u/s 31 of the Specific Relief Act.
 - ii. By following with the Registration Department u/s 26 (k) (i) of the Rules framed by State of Andhra Pradesh framed under the Registration Act, 1908.

As per the recommendation of the Government in two categories vide ref.13, the process of filing criminal complaint in all the categories has been initiated and will be completed at the earliest. The necessary legal expenditure for the above processes is agreed to be borne by VUDA taking the larger public interest in the issue.

Accordingly, vide reference 20 cited, in the form of letter, all the above details are submitted to the Government concluding that both the recommendations of the three reports vide references 2, 3 and 5 mentioned at initial pages vis-à-vis the departmental action initiated as mentioned above are in full consonance and hence, are submitted for the kind perusal of the Government and for the approval of the course of action initiated by the VUDA with the knowledge and approval of the Board. The letter is submitted duly enclosing the Copies of the References 2, 3, 5 (without enclosures and with details of enclosures), 10, 12, 17, 18 and 19, Copy of the Lr No. RC No.41/2012/A1 dated 5.3.2013 of this Office with reference to Lr No.24581/H2/2012 of MA&UD department) and copies of Annexure I to V (28 pages) of various details covered in this letter duly marking a Copy of the letter (without enclosures) to the OSD to Honourable Minister for MA&UD Department, Secretariat, Hyderabad for updating the action taken towards the issues reviewed during the meeting held on 3.1.2014 and marking a Copy to the Secretary and EO of VUDA to complete the procedure as directed by the Board in this regard.

LATEST INSTRUCTIONS BY GOVERNMENT

Subsequently, the government has communicated the following details with respect to the above issue as detailed below. All these communications are received in the second week of April 2014 and seen by the VC after return from the Election duty as Observer i.e., on 15.4.2014

1. Letter No.18110/E1/2013 (Doc No.1547) dated 1.4.2014 with the reference of General Administration (V&E) Department VR No.44 (C.No.383/V&E(D1)/2012 dated 17.4.2013 – entire report of the vigilance report along with all enclosures are communicated – directing
 - a. Govt has taken a decision to initiate common departmental proceedings against all the OFFICIALS of MA&UD Department and Revenue Department covered in the report under Rules 24 of APCS

(CCA) Rules 1991 read with Rule 20 of APCS (CCS) Rules 1991 and Rule 9 of AP Revised Pension Rules, 1980.

- b. Govt has requested to furnish the draft Articles of charges (AoC) against all the OFFICIALS OF MA&UD department and Revenue Department covered by the report of V&E immediately for taking further action
2. Letter No.18110/E1/2013 (Doc No.1548) dated 1.4.2014 with the reference of General Administration (V&E) Department VR No.44 (C.No.383/V&E(D1)/2012 dated 17.4.2013 and the reference of VC, APVC Lr No.6047/VC.D2/2013-8 dated 6.3.2014 – communicating that AP Vigilance Commission has advised the department to file criminal cases against all the persons covered by the V&E report except IAS officers, whose case, GAD will have to take a decision and hence, directing
 - a. To take necessary action to file the criminal cases against the concerned responsible OFFICIALS of Municipal Department covered by the V&E report, under appropriate section of law, as far as they are concerned and
 - b. To furnish the Action Taken Report to the GA (V&E) Department, under copy to this office
3. Letter No.18110/E1/2013 (Doc No.1549) dated 1.4.2014 with the reference of General Administration (V&E) Department VR No.44 (C.No.383/V&E(D1)/2012 dated 17.4.2013 and the reference of VC, APVC Lr No.6047/VC.D2/2013-8 dated 6.3.2014 –communicating that AP Vigilance Commission has advised the department to file criminal cases against all the persons covered by the V&E report except IAS officers, whose case, GAD will have to take a decision and hence, directing
 - a. To take necessary action to file the criminal cases against the PRIVAE PERSONS covered by the V&E report EXCEPT THE PRIVATE PERSONS IN RESPECT OF SRI LANKA SATYANARAYANA AND EIGHT OTHERS, AS THE subject matter dealt with H-Section and
 - b. To furnish the Action Taken Report to the GA (V&E) Department, under copy to this office
 - c. Subsequently, vide letter No.17580/H2/2013 (Doc No.1569) dated 4.4.2014 received on 15.4.2014 to his office, it is communicated by government duly communicating the entire report of the vigilance

report without enclosures and told to take necessary action and furnish ATR to GA (V&E) Department under intimation to this department

4. Letter No.18110/E1/2013 (Doc No.1550) dated 1.4.2014 with the reference of General Administration (V&E) Department VR No.44 (C.No.383/V&E(D1))/2012 dated 17.4.2013 and the reference of VC, APVC Lr No.6047/VC.D2/2013-8 dated 6.3.2014 – communicating that AP Vigilance Commission has advised the department to file criminal cases against all the persons covered by the V&E report except IAS officers, whose case, GAD will have to take a decision and hence, directing
 - a. The Revenue (Assn-I) department to take necessary action to file the criminal cases against the concerned responsible OFFICIALS of Revenue Department covered by the V&E report, under appropriate section of law, as far as they are concerned and
 - b. The Revenue (Assn-I) Department is also requested to cause further enquiry into the genuinity of 'D' Patta and eligibility of the applicants and group of companies covered by the V&E report except in respect of SRI LANKA SATYANARAYANA AND EIGHT OTHERS and
 - c. To furnish the Action Taken Report to the GA (V&E) Department, under copy to this office
 - d. This letter is addressed to the Revenue (Assn-I) Department duly marking a copy of the letter to the VC, VUDA
5. Letter No.18110/E1/2013 (Doc No.1551) dated 1.4.2014 with the following references
 - a. Govt Letter No.11723/H2/2008 of MA&UD Department dated 25.2.2009
 - b. VC, VUDA Lr No.11693/2007/I-1 dated 8.5.2009
 - c. Govt Letter No.11723/H2/2008 of MA&UD Department dated 29.5.2009
 - d. GO RT No.75 of MA&UD (H2) Department dated 18.1.2012
 - e. GO RT No.341 of MA&UD (H2) Department dated 21.3.2012
 - f. General Administration (V&E) Department VR No.44 (C.No.383/V&E (D1))/ 2012 dated 17.4.2013
 - g. Finally communicated that

- i. Government after careful examination of the matter, observed that the Department had given permission for allotment of alternate land @ 750 sq.yds per acre to the beneficiaries in respect of the lands of SRI LANKA SATYANARAYANA AND EIGHT OTHERS taken over by VUDA and the allotment of developed plots to them is genuine, hence, no further enquiry is necessary
- ii. Accordingly, further action against Smt Lanka Satyavathi w/o Lanka Satyanarayana, Karri Kanakarathnam, Smt Ramdas Jagadeswari, Smt Mahapatruni Satyavathi, Sri Ramdas Satyanarayana, Karri Narasing Rao, Karri Venkata Siva Prasad, Sri Ramdas Narsinga Rao and Smt Karri Eswaramma are dropped
- iii. VC, VUDA shall take necessary action accordingly.

DOC NO	FILE NO	SUBJECT
1547	RC NO.40/2014/A1	DISCIPLINARY CASES ON OFFICIALS OF REVENUE AND MUNICIPAL DEPARTMENTS
1548	RC NO.41/2014/A1	CRIMINAL CASES AGAINST OFFICIALS OF MUNICIPAL DEPARTMENT
1549	RC NO.42/2014/A1	CRIMINAL CASES AGAINST PRIVATE PERSONS
1550	RC NO.36/2014/ ESTATE/I-1	REVENUE DEPT ENQUIRY
1551	RC NO. 43/2014/ ESTATE/I-1	EXEMPTED CASES OF SRI LANKA SATYANARAYANA AND EIGHT OTHERS

Hence, the following ordered by Vice Chairman in this regard.

1. File of Serial No.1 with all enclosures will be circulated by the General Administration Department of VUDA to initiate common departmental proceedings against all the OFFICIALS of MA&UD Department and Revenue Department covered in the report under Rules 24 of APCS (CCA) Rules 1991 read with Rule 20 of APCS (CCS) Rules 1991 and Rule 9 of AP Revised Pension Rules, 1980 and to furnish the draft Articles of charges (AoC) against all the OFFICIALS OF MA&UD department and Revenue Department covered by the report of V&E immediately to the government
2. File of Serial No.2 will be circulated by the General Administration Department of VUDA To take necessary action to file the criminal cases against the concerned responsible OFFICIALS of Municipal Department covered by the V&E report, under appropriate section of law, as far as they are concerned and To furnish the Action Taken Report to the GA (V&E) Department, under copy to this office

3. File of Serial No.3 will be circulated by General Administration Department of VUDA To take necessary action to file the criminal cases against the PRIVATE PERSONS covered by the V&E report EXCEPT THE PRIVATE PERSONS IN RESPECT OF SRI LANKA SATYANARAYANA AND EIGHT OTHERS, AS THE subject matter dealt with H-Section and To furnish the Action Taken Report to the GA (V&E) Department, under copy to this office
4. Serial No.4 – relates only with the communication of the letter written to the Revenue (Assn-I) Department. On this issue, already, the Estate Officer has received the communications from the CCLA and he will monitor the movement of the files
5. Serial No.5 – the relevant files in respect of the lands of SRI LANKA SATYANARAYANA AND EIGHT OTHERS taken over by VUDA and the allotment of developed plots to them has to be traced by the Estate Officer and has to be circulated so as to communicate the action taken in this regard

It is also reiterated that the necessary cancellation proceedings have already been initiated w.r.t to the illegally allotted plots by the Estate Officer wing

1. By way of issuing show cause notices in three annexures by estate officer and accordingly, 92 files have been opened and show cause notices have been issued and final orders are going to be issued shortly - this being done by Estate Officer in Annexure I to III cases and by Secretary in Annexure IV and V cases
2. Similarly, simultaneously, civil suits are being filed in all these 92 cases to stop further registrations and to stop development in these cases – this being done by Estate Officer in Annexure I to III cases and by Secretary in Annexure IV and V cases
3. As government has given memo to the effect that allotment in respect of the lands of SRI LANKA SATYANARAYANA AND EIGHT OTHERS taken over by VUDA and the allotment of developed plots to them are genuine and no enquiry is required and hence, the cancellation cannot be done in these cases and hence, the Estate Officer has to circulate the relevant files, if any show cause notices are already issued
4. Articles of Charges are submitted about few of the officials covered in the illegal allotment of lands in MVP Sector and Ocean View layout by the Establishment wing. Now, for all the concerned and responsible OFFICIALS OF

REVENUE AND MUNICIPAL DEPARTMENT as covered in the V&E report have to be done by the establishment wing in the fresh file

5. Similarly, despite the board order on initiating the criminal action against the officials and non officials involved in the 92 cases of illegally allotted plots, the Secretary has not taken any action in this regard and hence, as directed above, under two separate files, the criminal action has to be initiated by the Secretary wing to file criminal cases
 - a. One file dealing with officials
 - b. Another file dealing with private persons excluding SRI LANKA SATYANARAYANA AND EIGHT OTHERS

Apart from the above report, with reference to the subject cited in pursuance of orders of the government vide Letter No 12521/E1/2013,dt 03-07-2013 from MA&UD (E1)Department, U.O. Note No 12521/E1/2013,dt 03-07-2013 of MA&UD (E1)Department and Vigilance report No 48 (C.NO 945/V&E Department (DEV I)/d3/2012 dt 29-04-2013, the creation of internal audit wing and vigilance wing is proposed

Regarding creation of internal vigilance wing, as suggested by the vigilance department, all files pertains to projects (vuda own projects or joint ventures) where revenue liability is crossing Rs 50.00 lakhs shall be vetted so as to avert future incident of revenue irregularities.

The wing should provide assurance that fraud prevention and detection controls are sufficient for identified fraud risks, and ensure that the controls are functioning as designed.

Internal vigilance wing should also be alert for incidences of actual fraudulent activity and may be responsible for initial or full investigation of suspected fraud schemes.

Although the Authority and those charged with governance are responsible for assessing fraud risks and designing internal controls to prevent, detect, and mitigate the fraud risks, internal auditors and vigilance wing are an appropriate resource for assessing the effectiveness of what authority has implemented or proposed.

COMPOSITION OF VIGILANCE WING PROPOSED :

The vigilance wing shall consist the team of officers from various departments who can prevent the fraud risk. Keeping in view of that, the wing is proposed to have a committee chaired by **District Collector and the members of the committee**

are Commissioner of Police, Regional vigilance and Enforcement Officer, Commissioner of GVMC and Vice Chairman VUDA will be the member convenor.

They should exercise professional skepticism when reviewing activities to be on guard for the signs of potential fraud. Potential frauds uncovered during an engagement should be treated in accordance with a well defined response plan consistent with professional and legal standards.

The Vice Chairman, VUDA shall present the projects before the committee with the help of wing officers.

The following works may be presented before the committee

- All PPP Projects
- Land pooling projects
- Works of engineering & allotment of plots where revision of Layout is involved
- projects (vuda own projects or joint ventures) where revenue liability is crossing Rs 50.00 lakhs except VUDA own approved layout developmental works.
- Since development of layout works in general exceeds 50 lakhs and if we await for nodding of the committee for taking up the works, it will stall the day to day activity of VUDA. Regarding new layout works, it may be taken up after approval by the **HODs Committee***.

****HOD committee consists of all wing officers and the committee decides the approval of lay outs, arrive the rate of plots duly working on scientific mode, presents during the tenders opening, conducts auctions and other assignments as decided by the Vice Chairman and places before the Vice Chairman for perusal.***

The Vice Chairman shall order the HODs to bring the files pertaining to projects cost of Rs 50.00 lakhs and above for offering the Committee remarks before launching the project and during the project period also.

SEMI AUTONOMOUS AUDIT WING

Internal auditors should consider the organization's assessment of fraud risk when developing their annual audit plan and periodically assess management's fraud-detection capabilities. They should also interview and regularly communicate with those conducting the assessments, as well as others in key positions throughout the organization, to help them assess whether all fraud risks have been considered. When performing engagements, internal auditors should devote sufficient time and attention to evaluating the design and operation of internal controls related to preventing and detecting significant fraud risks. Effective internal audit departments are adequately funded, staffed, and trained, with appropriate specialized skills

given the nature, size, and complexity of the organization and its operating environment. Internal auditors should be aware of and trained in the tools and techniques of fraud detection, response, and investigation as part of their continuing education program. The department should be independent (authority and reporting relationships), have adequate access to the audit committee, and adhere to professional standards.

Hence a reputed chartered accountant /auditor may be deputed to take-up the internal audit with his supporting staff and office.

MEASURES TO BE TAKEN TO SAFE GUARD THE VUDA AND END USER

- Soon after approval of building plans, it shall be placed in the public domain with all details and supporting ownership documents.
- All the approved layouts shall be placed in the website.
- Soon after approval of the layouts the master copy shall preserve under lock and key with at least two officers custodian. The scanned copy can be used for day today reference and reproduction of prints.
- Whenever the authorities want to revise the layout, it has to be done as per the procedure laid down in the ACT.
- When there is any discrepancy or grievance regarding the layout on circulation, it can be resolved duly cross checking with the original copy which is under lock and key. This will reduce or arrest the tampering of layouts.
- The private developers shall ask to construct a display wall with in the lay out and shall display the layout approval along with ownership details.
- The list of parks and open spaces shall be published time to time and local bodies shall make responsible for safeguarding them.
- To avoid the misuse of parks, play grounds in a lay out the developer may be asked to register the property to the local body duly subdividing the survey numbers. This will arrest the illegal sale of open spaces.
- The VUDA lands data base also shall be made available on the public domain with regular updation. This will reduce the illegal allotments.
- The VUDA own layout approval, allotment procedure, allotment details with file numbers shall made available to the public on public domains.
- Third party registration in Toto may be cancelled.
- Every month unauthorized layouts list shall be published in the local news papers and shall also place it in VUDA website for reference to the public. Further the list shall be extended to the Police department for taking action against the developers.
- To have a better file tracking system, all the files of VUDA shall be scanned and preserved in the digital form. Now, onwards the file processing system may be improved with "office automation"
- Separate master plan cell with sufficient budget shall be allocated.


- The cell shall be made responsible for updation of master plan basing on time to time Government decisions on reduction of master plan roads or increase of master plan roads widths, change of land uses. This will arrest the mis-use of master plan.
- Master plan and land use map with survey numbers shall be made available to the public on public domain

Most of the above mentioned measures have already been initiated by VUDA to reduce the fraud.

Hence this is submitted for perusal and for approval & further instructions so as to forward the same to the Government.

Sl. No.	Subject No.	Subject	Resolutions
58	57	VUDA - Planning - Approval of Revised Building Drawings of M/s. Global Entropolis Asia Pvt. Ltd., in S.No.1/p of Yendada and S.No.386/p of Madhurawada an extent of Ac.80.00- Levy of City Level Infrastructure Impact Fee - Request of the Developer for making payment in 6 installments with payment of 10% of impact fee as first installment - Approval of revised drawings under process - One year time requested for payment of development charges - Reg.	<p>a. As it is an old Scheme, the provisions of GO MS No.250 are applied and accordingly, agreed to allow the payment of City Level Impact Fees in installments within a period of one year</p> <p>b. All other payments and charges are to be realized before the release of the approved drawings of the plan.</p> <p>c. Request to consider the earlier paid amount can be considered as per rules.</p>
59	58	VUDA- Planning- Construction of Incubation Centre of APIIC at IT/ITES, SEZ- Hill No.- 3 ,IT Layout - Survey No. 410 of Madhurawada- Request by APIIC for waive of penalty charges - Reg.	Since APIIC is executing the work on behalf of IT Department of GoAP, the provisions available under the Act, 1975 are extended to this case and accordingly, it is decided not to levy penalty.
60	59	VUDA - Reports on illegal and irregular allotment of plots made in the past to the Government - government ordered detailed enquiry by V&E department by issuing GOs - Subsequent Court cases in the Honourable High Court -Departmental Action by VUDA towards cancellation of such illegal and irregular allotment with the knowledge of the Board in consonance with the recommendations sent to the government in this regard in the year 2012 -Communication of the latest	<ul style="list-style-type: none"> • Proposal is agreed and can be sent to Government for formal order; • Meanwhile, the same has to be followed up in VUDA and VC, VUDA to take necessary action accordingly.

Sl. No.	Subject No.	Subject	Resolutions
		status of the course of action – for kind perusal and necessary directions and for the approval of the Action plan – Communicated to Government – Government communicated five broad directions – Carrying out the directions – Special direction on creation of Internal Audit wing & Vigilance wing - Reg.	
61	60	Preparation of layout plan of phase-III layout of ozone valley at Paradesipalem – Reg.	Approved the Plan and VC is instructed to take necessary action as per the earlier resolutions of the Board on this matter.
62	61	VUDA – Estate Wing –Cherlopallikhandam Land Pooling Scheme as per the recommended guidelines of the Land Pooling Scheme referred to the Government for enacting relevant amendments in the A.P. Urban Areas (Development) Act, 1975 – Suggestions & Claims required pursuant to notification of the intention to make the Land Pooling Scheme--Preparation of Draft Land Pooling Scheme-Submission for Approval- Reg.	<ul style="list-style-type: none"> • The draft Land Pooling Scheme prepared by the Planning Wing of VUDA is perused. • The suggestions and objections, received, pursuant to notification of the Intention to Develop Land Pooling Scheme are perused. • As they are non specific as proposed, it is decided to process for next step of Notification of the draft Land Pooling Scheme subject to MCC Provisions.
63	62	Issuance of 200% TDR to the lands covered under developmental activities of VUDA taken from the private land owners- 2 nd phase-Reg.	Agreed to process as per first phase cases and sent proposals to Government for approval.


 12/1
 8/5/2014