

## EXECUTIVE SUMMARY

Land is a premium asset and an important resource which contributes significantly to the economy of the State. Government lands not required for immediate use are given on lease to various individuals/institutions for various purposes such as residential, industrial, commercial and others. The leased lands also enable the Government to augment their revenue by levy of lease rent, premium/unearned income for change in use of the leased lands, development charges, transfer charges, etc.

The Government leases the land for various purposes such as agricultural, residential, industrial, commercial, social, etc. In Maharashtra the land is allotted through the Collectors and development agencies such as Municipal Corporation of Greater Mumbai (MCGM), Pune Municipal Corporation (PMC), Maharashtra Housing and Area Development Authority (MHADA) and Mumbai Metropolitan Region Development Authority (MMRDA) dealing with Government land. Government land is granted either on lease basis or on occupancy price.

Major findings during the course of Performance Audit on the lands leased by the Collectors and other development agencies are as follows:

### Chapter II: General observations

- The data on leased land was not complete in the Collectorates.  
**(Paragraph 2.1)**
- There was no uniformity in the procedures for allotment of land among the Collectorates and the development agencies.  
**(Paragraph 2.2)**
- There was lack of transparency in grant of land on lease as publicity through advertisement in newspapers, etc., was not resorted to.  
**(Paragraph 2.3)**
- Information received from the Collectorates at Mumbai City, Mumbai Suburban and Pune revealed that out of 1,766 lease cases, 757 leases had expired between 1940 and 2008; while in MCGM in 17 cases leases had expired. No action was taken for their renewal or eviction from leased land.  
**(Paragraph 2.5.1)**
- Though Section 53 of MLR Code provides for eviction of the lessee after giving reasonable opportunity of being heard in case of breach of conditions of lease, the Department was regularising the breach by levying premium/unearned income as per the Government Resolution (GR) issued in November 1957 which was incorrect.  
**(Paragraph 2.5.2)**
- Recoveries of various components of land revenue such as unearned income/premium, lease rent, additional lease rent, redevelopment charges, transfer charges were being effected through executive orders

(GRs and memoranda) and the GRs and memoranda are issued without drawing reference to the codal provisions.

**(Paragraph 2.5.3)**

- GR of October 1999 provides for levy of revised lease rent on the basis of market value of land. Aggrieved by this GR, the lessees approached the Mumbai High Court claiming the revised lease rent to be high. The Court laid down certain parameters for fixing the lease rent in August 2004. However, even after a lapse of eight years no action for revision of lease rent had been taken.

**(Paragraph 2.6)**

- Monitoring, co-ordination and internal control measures were inadequate in the Collectorate as inspection of leased lands to ensure compliance to the conditions of lease as well as utility of land for the allotted purpose was lacking. Even in cases where breaches were detected, follow up mechanism was absent due to which action was not taken to its logical conclusion for evicting the erring lessees as provided in the MLR Code.

**(Paragraph 2.7.1.1)**

- Committee constituted for detection and penal action on breaches in Mumbai City was almost non-functional since its inception. Constitution of such committees was not even envisaged by the Government in other districts.

**(Paragraph 2.7.1.2)**

- In Mumbai City though internal audit was conducted, remedial action on the observations were yet to be taken and in Mumbai Suburban and Pune Districts no internal audit was conducted indicating that the internal control measures were weak.

**(Paragraph 2.7.2)**

- Data on arrears of land revenue was not complete due to which effective action could not be taken.

**(Paragraph 2.8.2)**

**Chapter III: Collector, Mumbai City**

- In five cases, while computing the redevelopment charges, the Department valued the land at the rate of one FSI instead of 1.33 FSI. The revenue potential forgone in the shape of redevelopment charges/transfer charges aggregated to ₹ 5.89 crore.

**(Paragraph 3.2)**

- In four cases breach of terms and conditions of lease agreements of land on lease admeasuring area of 39,151.37 sq m was noticed. Of these in two cases the gradual relaxations and concessions allowed to the lessees resulted in undue favour.

**(Paragraph 3.3.1 to 3.3.4)**

- The Ayurved Prachar Sanstha sub-leased five floors of its building to a Central Government Department (Income Tax) on annual rent of ₹ 4.25 lakh in 1976, contrary to the terms and conditions of the sanction order which stipulated that the land shall be used only for running Ayurvedic College and ancillary purposes. Further, the Department had not executed a lease agreement with the Sanstha.

**(Paragraph 3.3.5)**

- A lessee sold the lease rights of leased land without approval of the Collector to Chunilal Co-operative Housing Society which constructed a 16 storey building on the land. The period of lease expired in 1991, however, no action had been taken for renewal/eviction.

**(Paragraph 3.4.1)**

- Superintendent, City Survey and Land Records found that a Gymkhana encroached 4,268.81 sq m of land adjoining the land leased to it. Though eight years had elapsed after the encroachment was detected no action for eviction/regularisation as prescribed in the MLR Code had been initiated by the Department.

**(Paragraph 3.4.2)**

#### **Chapter IV: Collector, Mumbai Suburban**

- A lessee while applying for grant of land on lease had not submitted the mandatory documents required for grant of lease. Despite this, the Government allotted 2,880 sq m land to the institution.

**(Paragraph 4.1)**

- A lessee violated the terms and conditions of lease from time to time. However, the land was not resumed even after a lapse of 28 years. Through repeated violations the lessee gained financially at the cost of the state exchequer.

**(Paragraph 4.2.1)**

- It was noticed that on land admeasuring 15,461.23 sq m allotted on lease in 1985, for a period of 30 years, only a shed had been constructed and the remaining land was lying idle. No action was taken in the matter to resume the land.

**(Paragraph 4.2.3)**

- The Government granted (July 1978) land admeasuring 16,722.54 sq m to a Trust for a lease period of 99 years on an annual rent of ₹ one for construction of hospital-cum-medical college. But no medical college was constructed on the plot. Instead only a hospital-cum-research centre was functioning on it.

**(Paragraph 4.2.5)**

- The State Government leased (November 1966) land admeasuring 984.76 sq m (1,177.77 sq yards) to M/s Gannon Dunkerly and Co. Ltd. at Santacruz, Mumbai, for industrial purpose for a period of 99 years. The lessee failed to develop and use the land. The rights were

transferred to a party and then to another party without any development. Despite this, land was not resumed.

**(Paragraph 4.2.6)**

- The Government in November 1941 leased out land admeasuring 1,882.89 sq m at Juhu, Mumbai to Maharaja of Jodhpur, for the development of a garden for a lease period of 50 years. He sold the leased land to M/s Juhu Beach Resort Pvt. Ltd. in September 1984. Instead of resuming the land, the Collector regularised the unauthorised sale of land.

**(Paragraph 4.2.9)**

- Unauthorised sale and transfer of plots in Bandra to developers were noticed by the Collector in respect of 31 out of 48 plots. No penal action was proposed/taken by the Collectorate despite Government directives in this regard.

**(Paragraph 4.2.11)**

- M/s Jolly Boards Ltd. entered into (December 2005) a development agreement without prior permission of the Collector for construction of an IT park and for carrying out residential and commercial activities on the land admeasuring 39,690.85 sq m at Kanjur allotted in 1985. Contrary to the lease conditions that there should be no third party interest, the developer got 52.5 *per cent* share in the property creating third party interest.

**(Paragraph 4.2.12)**

- In April 1974 land admeasuring 10,206 sq m was allotted to a lessee for industrial purpose which remained unutilised till 2006 on the ground that it was under encroachment. However, the same lessee found the very land fit for residential and commercial purpose. He applied for the change in land use from industrial to commercial/residential purpose which was allowed by the Department.

**(Paragraph 4.2.15)**

- In two cases, land admeasuring 1,86,446.06 sq m was under encroachment, action for eviction as provided in the MLR Code was not taken, despite a lapse of 19 and 60 years, respectively.

**(Paragraphs 4.3.1 and 4.3.2)**

## **Chapter V: Collector, Pune**

- In two cases, the Department did not verify the fulfilment of the mandatory conditions before the grant of land on lease. In two other cases the lease agreements were not executed, despite a lapse of 29 and 47 years, respectively.

**(Paragraphs 5.1 and 5.2)**

- In seven cases the lessees had not commenced construction of the schools for which lands were granted, the lands were lying vacant and had not been resumed despite lapse ranging from nine to 26 years.

**(Paragraph 5.3)**

- In two cases, the leased lands were not being utilised for the purpose for which it was allotted by the Government. Of these, in one case the property allotted for educational purposes was being partly used for commercial purpose while in another case the land allotted for the construction of a swimming pool and a stadium was being utilised as football and parade ground.

**(Paragraph 5.4)**

- Land admeasuring one lakh sq m allotted to Maharashtra Gandhi Samarak Nidhi on lease was not utilised despite a lapse of 19 years. It was encroached upon by 288 slum dwellers. No action was taken for removing the encroachments.

**(Paragraph 5.6.2)**

#### **Chapter VI: MMRDA**

- In six cases additional lease premium aggregating ₹ 272.36 crore due to non-completion of construction within the stipulated period was not recovered.

**(Paragraph 6.4.1)**

- Recovery of lease premium and penal interest totalling to ₹ 9.39 crore for additional built-up area (BUA) was not effected.

**(Paragraph 6.4.2)**

- Short determination of built-up area resulted in forgoing of revenue amounting to ₹ 3.12 crore in one case.

**(Paragraph 6.4.3)**

- Fixing reserve price for lease of a plot without considering prevailing market price resulted in loss of lease premium of ₹ 205.91 crore.

**(Paragraph 6.4.4)**

- Absence of an effective follow-up mechanism for recovery resulted in outstanding dues of ground lease rent of ₹ 67.85 lakh for periods ranging from one to seven years as on 31 March 2012.

**(Paragraph 6.4.5)**

- Failure of MMRDA to inspect the construction to ensure adherence to the terms and conditions of the lease agreement resulted in violation of the tripartite agreement among State Government, MMRDA and developer.

**(Paragraph 6.5.2)**

#### **Chapter VII: MHADA**

- In two cases, lands were lying idle for nine and 12 years, respectively but were not resumed, while in another case, land was sub-leased without the approval of MHADA.

**(Paragraph 7.3)**

- In one case, land comprising mangroves was allotted in violation of High Court orders.

**(Paragraph 7.4.1)**

- In two cases, possession of land was handed over to the lessees prior to the date of agreement; the lessees did not complete construction within the stipulated period in these cases, despite this, no action was taken against the lessees.

**(Paragraph 7.4.2)**

- In three cases, incorrect application of rate resulted in short recovery of lease premium by ₹ 3.45 crore.

**(Paragraph 7.5.2)**

- Six lessees had not paid lease rent of ₹ 1.93 crore for periods ranging from 10 to 16 years.

**(Paragraph 7.5.3)**

### **Chapter VIII: MCGM**

- Instead of resuming the land from six mills, on their having shut down, three mills were allowed change of use from industrial purpose to commercial/industrial purposes by MCGM resulting in financial gains to the lessees.

**(Paragraph 8.2.1)**