

## Executive Summary

Government of Maharashtra (GoM) established (August 1962) Maharashtra Industrial Development Corporation (MIDC) under Section 3 of Maharashtra Industrial Development Act, 1961 (MID Act) to promote and assist in the rapid and orderly establishment, growth and development of industries in the State of Maharashtra. MIDC is under the administrative control of Industries, Energy and Labour Department of the GoM. The Board of MIDC presently consists of eight members. Minister (Industries), GoM is the *ex-officio* Chairman, Minister of State (Industries), GoM is the *ex-officio* Vice-Chairman and Chief Executive Officer (CEO) of MIDC, is the *ex-officio*, Secretary. The day-to-day operations of MIDC are looked after by the CEO.

The Performance Audit (PA) was conducted to cover the aspects of MIDC related to corporate governance, planning, development of industrial areas (IAs), land acquisition, pricing and allotment, recovery of charges and monitoring system for development and utilisation of plots during the period 2014-15 to 2020-21.

Audit observed that during the period 2014-21, GoM did not appoint seven out of 15 members to the Board of MIDC. *GoM may ensure that vacancies of Board members of MIDC are filled up without delay.*

The Board of MIDC took important decisions having financial implications overriding the extant rules/policy in cases of land allotment, levy of lease premium/transfer charges/extension charges and sub-letting charges in favour of private parties. Relaxation in rules/policies on a case to case basis, lacked transparency and brought in arbitrariness in decision making and governance-causing loss to public exchequer. *MIDC may ensure strict implementation of regulations and laid down policies in land allotment and recovery of charges.*

MIDC did not formulate any programme/plan for achievement of targets set in the State Industrial Policy (SIP). MIDC also did not have a perspective plan for land acquisition, development and allotment activities in IAs detailing physical targets to be achieved. Land acquisition and industrial development activities of MIDC, thus, did not emerge out of a systematic and comprehensive plan. In the absence of any physical targets, there was no benchmark to assess performance of MIDC. *MIDC may prepare Perspective Plan and Annual Plan as per the SIP, quantifying physical targets to be achieved.*

MIDC allotted land to prospective entrepreneurs considering, *inter alia*, proposed investment and employment generation mentioned in the Detailed Project Reports (DPR). There was, however, no database/system to ascertain/record allottee wise details regarding actual employment generated and investment made by an allottee *vis-a-vis* the DPR. MIDC, thus, confined its role to development/allotment of land in IAs and outcome based approach to industrial development (investment and employment generation) was lacking. *MIDC may evolve a system of recording/monitoring of actual investment and employment generation by allottees vis-a-vis their DPRs to ensure that expected outcomes of industrial development from such land allotment are achieved.*

MIDC had not formulated any action plan/system for acquisition of surplus/unutilised land with the allottees, for allotment to new entrepreneurs as envisaged in Section 42A of the MID Act. Thus, MIDC did not ensure optimal utilisation of IAs as mandated in the MID Act. *Action as stipulated under MID Act for reporting and acquisition of surplus/unutilised land with allottees may be initiated.*

Four policies implemented by MIDC for development/disposal of plots in IAs (allotment rate, grant of possession of plot, mixed land use on industrial plot and recovery of arrears as land revenue) contravened express provisions of the MID Act, MIDC Disposal of Land Regulations, 1975 (DLR) and Development Control Regulations (DCR), 2009. *MIDC may ensure that all policies adhere to the statutory provisions.*

MIDC did not ensure timely finalisation of tenders within the validity period as per delegation of powers which resulted in cancellation of tenders and re-tendering at extra cost. *MIDC may ensure timely finalisation of tenders within the validity period in accordance with delegation of powers to avoid re-tendering of works.*

Policy of fixation / revision of land rates was not appropriate. Systemic delays in implementation of revised land rates were observed leading to loss to MIDC. *MIDC may ensure that revised land rates are implemented immediately after approval of the Board and a suitable clause regarding recovery of lease premium at revised rates may be incorporated in the offer letters.*

MIDC made direct allotment of plots to ineligible allottees contrary to the laid down policies (e-bidding, waiting list, priority and expansion). Further, allottees were issued offer letters for allotment of land despite non-availability of carved out plots in violation of MIDC Regulations. Instances of undue concession to allottees in recovery of revenue from lease premium, transfer charges, Urban Land Ceiling (ULC) Exemption transfer charges, extension charges and sub-letting charges were observed. Irregular grant of instalments for payment of lease premium and non-forfeiture/refund of lease premium in violation of regulations/policy were also observed. *MIDC may ensure prompt recovery of dues from allottees as per laid down policies and responsibility needs to be fixed for granting undue concessions to allottees.*

Lack of system for periodic revision of water charges and service charges from the allottees was observed which led to short recovery of expenses. *MIDC may ensure timely revision of water charges and service charges and responsibility needs to be fixed for non-implementation/withdrawal of revised rates leading to financial loss to the Corporation.*

MIDC had not levied and recovered Goods and Services Tax on non-exempted services from the plot holders leading to non-payment of statutory dues.

There was absence of an effective system to monitor cases of non-development of plots/obtaining Building Completion Certificate (BCC) within the stipulated time limit. MIDC also did not initiate prompt action for resumption of plots and timely issue of notices for recovery of extension charges. *MIDC may implement*

*an efficient and effective Information Technology (IT) based monitoring system for automatic generation of notices to allottees who had failed to develop plots/obtain BCC within the stipulated development period.*

Instances of unauthorised sub-lease and change in use of allotted plots, lack of system for monitoring, removal of encroachments and irregular allotment of land to encroachers was observed. *MIDC may formulate time bound action plan for eviction of encroachments and demolition of illegal constructions from encroached properties and responsibility needs to be fixed for failure to prevent/demolish encroachments and irregular allotment of land to encroachers.*

