

CHAPTER – II

AUDIT OF TRANSACTIONS

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Audit of Transactions

Audit of transactions of the government departments, their field formations as well as that of the autonomous bodies and public sector undertakings brought out instances of lapses in management of resources and in the observance of the norms of regularity and propriety. These have been presented in the succeeding paragraphs.

Housing Department

Maharashtra Housing and Area Development Authority

2.1 Working of Mumbai Building Repairs and Reconstruction Board

The Mumbai Building Repairs and Reconstruction Board (MBR&RB) was responsible for carrying out repairs or reconstruction of dilapidated cess buildings in Mumbai.

Despite the recommendation made by the Public Accounts Committee (December 2017) to conduct survey of buildings in a technical and scientific manner, MBR&RB continued with visual inspections of the buildings to ascertain the physical distress of existing cess buildings.

The delay in framing the policy and its implementation delayed the reconstruction of 20 dilapidated cess buildings having 2,191 tenements for more than 13 to 40 years. Out of 14 test-checked completed projects of redevelopment, in one completed project audit noticed that the MBR&RB issued the revised No Objection Certificate to the developer without providing due benefit to the existing tenement holders.

For rehabilitation of occupants, MBR&RB categorised occupants into three categories viz., (i) authorised tenants, (ii) unauthorised tenants who acquired tenements through illegal transactions and (iii) trespassers. The authorised tenants were to be rehabilitated in the redeveloped transit camp in situ. The unauthorised tenants who acquired tenements through illegal transactions were to be rehabilitated on humanitarian grounds by recovering the construction and infrastructure costs of the redeveloped tenement. Whereas, trespassers qualifying the eligibility criteria of the Pradhan Mantri Awas Yojana (PMAY) were to be rehabilitated by recovering construction and infrastructure cost plus 25 per cent of construction and infrastructure cost as a penalty. Audit noticed that as per a survey conducted by MBR&RB in 2013, 8,448 transit tenements were under unauthorised occupation. However, the Board did not take effective action during 2013-20 to evict the unauthorised tenants. Further, despite a lapse of more than 11 years since the last survey conducted in 2013, the Board was not able to bring finality to the issue of unauthorised occupation of transit tenements.

Tenants occupying transit tenements were required to pay service charges towards water charges, electricity charges, cost of sanitation, etc as per the Maharashtra Housing and Area Development Act, 1976 (MHAD Act) an amount of ₹151.32 crore was outstanding towards service charges from the

occupants of the 43 transit camps out of 53 total transit camps as of March 2022. There was no outstanding dues towards service charge from remaining 10 transit camps.

As of March 2022, MBR&RB had allotted 3,357 transit tenements to 43 private developers. As per the Resolution (March 2011) of the Maharashtra Housing and Area Development Authority (MHADA), the Joint Chief Officer Engineer had to ensure that a legal agreement was executed with the private developer before the allotment of transit tenements. Audit noticed that legal agreements were not executed with 10 test-checked private developers, out of total 43 private developers.

Three out of 10 test-checked private developers who undertook the redevelopment were allotted 302 transit tenements in 1998 and 2000. The same were still in the possession of these three private developers as of March 2022. Government replied that the project of one developer was on the verge of completion while eviction of tenants in respect of another developer to whom stop work notice was issued by Slum Rehabilitation Authority would be undertaken. In respect of the third developer, the transit tenements have been demolished (March 2023) for redevelopment by evicting tenants. The reply points to the lack of continuous monitoring by MBR&RB to ascertain the status of projects for taking prompt action.

As per MHADA's resolution (March 2011), the private developers were required to pay one year's advance rent and three months' rent as a security deposit at the time of allotment of transit tenements. The PAC had recommended (December 2017) immediate action to recover outstanding service charges and take action against the officers responsible for non-recovery. Audit noticed that only three out of 43 private developers cleared outstanding dues and the outstanding dues of ₹261.14 crore in respect of the remaining 40 private developers were yet to be recovered as of March 2022.

As per MHAD Act, MHAD Regulations and MHADA's guidelines, the surplus tenements generated in reconstructed/redeveloped buildings are to be allotted to the tenants enrolled in Master List. Further, as per the MHAD Regulation 34, the Master List should contain the list of persons accommodated in the transit camp, the date of occupation of the transit camp, the total period of stay in the transit camp for determining the seniority for allotment in any reconstructed/redeveloped building. Audit noticed that MBR&RB did not maintain the Master List in the manner specified as per Regulation 34. There were also diversion of surplus tenements to tenants other than those enrolled in Master List and as staff quarters which was irregular and defeated the prime objective of rehabilitation of dishoused cess building tenants

Executive Engineer of Reconstruction Division, after taking possession of surplus tenements generated on the reconstructed/redeveloped cess buildings, hands over the surplus tenements to the Deputy Chief Officer, Reconstruction Tenements. These tenements are allotted to eligible persons after approval by the Master List Committee. Audit noticed that except for the handing/taking over receipt, no permanent records in the form of registers are maintained showing the details of surplus tenements received from the developers and their allotment.

2.1.1 Introduction

In the island city of Mumbai, many old buildings were built before 1940 and rented by landlords. The rents paid by the tenants were frozen as per the Bombay Rents, Hotel and Lodging Houses Rates Control Act, 1947. Since landlords received very meagre rent, they did not show interest in maintaining the buildings, and many of them were on the verge of collapse. Therefore, the Government of Maharashtra (GoM) assumed responsibility for repairs or reconstructions of these buildings by enacting the Bombay Building Repairs and Reconstruction Act, 1969. For this purpose, GoM established (1971) the Mumbai Building Repairs and Reconstruction Board (MBR&RB¹) to carry out repairs or reconstruction of dilapidated cess buildings. Cess buildings are old dilapidated tenanted buildings on which repair cess is levied. These are of three categories “A, B and C”² depending on the year of construction. After the enactment of MHAD Act, the activities of MBR&RB were brought under MHADA.

The activities of MBR&RB were to (i) carry out ordinary and structural repairs to the old and dilapidated buildings (ii) provide temporary or alternative accommodation to the occupants of buildings when repairs or reconstruction are undertaken or if such buildings collapse (iii) submit proposals to the State Government to acquire old and dilapidated buildings which are beyond repairs for reconstruction or which are not economical (iv) allot tenements to eligible tenants in the reconstructed/redeveloped buildings (v) recover rent and service charges from the tenants of transit camps and service charges from tenants of reconstructed tenements. Apart from these, MBR&RB also issues No Objection Certificates for the redevelopment of old dilapidated cess buildings through private developers under the Development Control Regulation for Greater Mumbai.

A repair cess is levied on cess buildings and collected through Brihanmumbai Municipal Corporation payable by the landlords. As of March 2022, there were 13,091 cess buildings in the island city of Mumbai.

2.1.2 Organisational setup

As per Section 18 (2) (c) of the MHAD Act, the Board of MBR&RB comprises a Chairman and not more than 17 other members, including a Vice-Chairman. All the members, including the Chairman and the Vice-chairman are appointed by the State Government. The MBR&RB is headed by the Chief Officer.

The MBR&RB has three wings, viz. Technical wing, Estate Management wing and Accounts wing headed by Deputy Chief Engineers, Joint Chief Officer, and Chief Accounts Officer respectively. The Technical wing comprised of

¹ Before renaming of Bombay as Mumbai, the Board was known as the Bombay Building Repairs and Reconstruction Board.

² Category A buildings constructed prior to September 1940; Category B buildings constructed between September 1940 and December 1950; and Category C buildings constructed between January 1951 and September 1969.

15 divisions headed by the Executive Engineers, who oversaw repair and reconstruction works. The Resident Executive Engineer under the control of the Chief Officer issue No Objection Certificates (NOCs) to redevelopment projects. The Estate Management wing had two sub-wings viz., Reconstruction and Transit Camp, each headed by the Deputy Chief Officer. The Reconstruction wing looked after the management of reconstructed tenements, and the Transit Camp wing looked after the management of the transit camps.

2.1.3 Audit scope and methodology

The audit findings on the 'Working of Mumbai Building Repairs and Reconstruction Board' were included in paragraph 2.2 of the Report of the Comptroller and Auditor General of India for the year ended March 2012 on General and Social Sector, Government of Maharashtra (Report No. 3 of the year 2013). The Report was discussed in the Public Account Committee (PAC) and recommendations were submitted to the State Legislature on 18 December 2017. Action Taken on the recommendations of PAC was awaited (July 2024) from the Housing Department.

The present audit was conducted between October 2022 and December 2022, covering the period from 2017-18 to 2021-22, to assess whether (i) a robust system for the identification and repair of cess buildings existed (ii) the activity of reconstruction and redevelopment of cess buildings was conducted effectively and (iii) the management of transit camps/reconstructed tenements and allotment of tenements to the tenants was effective.

For this purpose, records in the office of the Chief Officer, Estate Management wing and Accounts wing were test-checked. Besides eight divisions³ (Technical Wing) out of 15 divisions in four zones were also test-checked.

An entry conference was held on 12 October 2022 with the Chief Officer, MBR&RB, wherein audit objectives, scope, and methodology were discussed. An exit conference was also held on 10 August 2023 with the Chief Officer, MBR&RB.

Audit acknowledges the cooperation and assistance extended by the Mumbai Building Repairs and Reconstruction Board in providing records, information and clarification from time to time for the smooth conduct of the audit.

The audit findings were issued (May 2023) to the Government. Reply received (July 2024) from MHADA and which was endorsed (September 2024) by the Government has been included in the Report. The facts and figures mentioned in the reply were also verified (August 2024) by Audit.

Audit Findings

2.1.4 Identification of buildings for repairs

The first objective of audit was to assess whether a robust system for the identification and repair of cess buildings existed. PAC recommended (December 2017) that the survey of the buildings should be done in a more technical and scientific manner. Despite PAC recommendation for technical and scientific survey, audit noticed that MBR&RB conducted only a visual survey of buildings.

³ Two divisions from each zone were selected on random basis.

2.1.4.1 Survey for identification of buildings for repairs

(i) MBR&RB conducts survey of cess buildings for carrying out any structural repairs or to execute any work which is authorised by or under MHAD Act as per Section 77(a) of MHAD Act. Where structural repairs are necessary to a building, the Board shall give 15 days' notice to the owner or occupant of the building under section 89(1) of MHAD Act and 24 hours notice in case building is immediately dangerous for habitation as per Section 89(6) of MHAD Act. Where an occupier does not vacate the premises, MBR&RB is also empowered under Section 90(9) to take steps or use such force to get the premises vacated. After completion of structural repairs or reconstruction, the occupants are re-housed in the said building.

The PAC recommended (December 2017) that the survey of the buildings should be done in a more technical and scientific manner by conducting a structural audit of the building rather than merely conducting visual inspections. Based on the structural audit, the condition of the building and the remaining life of the building should be finalised.

Audit, however, noticed that despite the recommendation made by PAC, MBR&RB continued with visual inspections of the buildings.

In reply, the Government stated that structural audit of cess buildings would involve huge expenditure towards the fees of Structural Engineers. The reply is not acceptable as without conducting a technical and scientific structural audit the visual survey would not serve the purpose of assessing the condition of buildings.

(ii) As per Section 88(4) of the MHAD Act, the Brihanmumbai Municipal Corporation (BMC) shall submit the full particulars of the cess buildings which are in a ruinous or dangerous condition and the condition of which is such that they are likely to fall if structural repairs are not urgently undertaken or in respect of which BMC has served notice under Section 354⁴ of Mumbai Municipal Corporation Act, 1888 (MMC Act).

Audit noticed that out of eight selected divisions of MBR&RB, only one division (E1 Division, Kalachowki) received (June 2022) a list of 248 buildings classified as dangerous/dilapidated from BMC. Upon receipt of the list of buildings, the E1 division reported to BMC that the list was not based on inspection as out of 248 mentioned buildings, 76 were either demolished or redeveloped or were under redevelopment. E1 division further requested BMC to inspect buildings and intimate the details of those buildings, which are dangerous/distressed.

As per the available records, out of the remaining 172 buildings, which were declared as dangerous/dilapidated by BMC, MBR&RB had completed redevelopment/repairs of 57 buildings, demolished seven buildings, issued NOC for redevelopment of 23 buildings, appointed architect for taking up repairs for 43 buildings. The remaining 42 buildings were unattended.

⁴ Notice under section 354 is issued if any structure is in ruinous condition or is likely to fall etc.

In reply, the Government stated that directions have been given to all Executive Engineers to obtain the list from their respective ward offices and BMC has also been informed regularly to send the list of existing dangerous buildings as per their assessment.

Recommendation 1: Government may issue directions to MHADA/MBR&RB to ensure that the survey of cess buildings is conducted in a scientific manner as recommended by the Public Account Committee.

2.1.5 Reconstruction and redevelopment of cess buildings

The cess buildings are acquired by MBR&RB for reconstruction if the building cannot be repaired at reasonable expenses⁵. The MBR&RB also allowed the landlords and/or occupiers of cess buildings to redevelop the cess buildings for which No Objection Certificates are issued to the developers for redevelopment of cess buildings.

The second objective of audit was to assess whether the activity of reconstruction and redevelopment of cess buildings was conducted effectively. Audit observed delays in the reconstruction and redevelopment of cess buildings thereby delaying the rehabilitation of tenants.

2.1.5.1 Reconstruction of dilapidated cess building

As per Section 91, read with Sections 92 and 93 of the MHAD Act, where a building collapses or is rendered uninhabitable, or the building cannot be repaired at reasonable expenses, MBR&RB acquires the property for the reconstruction of such building.

As of March 2022, MBR&RB had acquired 941 cess buildings having 29,003 tenements and reconstructed 454 buildings having 36,386 tenements.

Delay in reconstruction of dilapidated cess building

Audit observed that MBR&RB acquired (between 1983 and 2009) 20 cess buildings having 2,191 tenements⁶ for reconstruction. MBR&RB issued (between June 2006 and February 2011) a Letter of Intent (LoI) to private developers, in respect of nine cess buildings⁷ where occupiers had given their consent for redevelopment. However, due to voluminous rehabilitation work, inadequate resources with MBR&RB, and incentives such as improved specifications, corpus fund and additional area to tenants provided by the private developers to the tenants in their redevelopment projects, the reconstruction works did not show much progress. Therefore, Urban Development Department GoM (UDD), issued (May 2009) a draft notification

⁵ State Government had fixed the permissible ceiling limit of ₹ 3,000 per square metre and ₹ 4,000 per square metre effective from 7 October 2013 and 7 October 2020 respectively.

⁶ 1,984 residential tenements and 207 non-residential tenements

⁷ (i) Kolkattawala Chawl, (ii) Bawala Compound, (iii) Sorabha Chawl, (iv) Juni Chikhalwadi, (v) Wani Chawl, (vi) Survey No. 638 Prabhudas Popatlal Chawl, (vii) Mithawala Chawl, (viii) Abdul Gani Chawl and (ix) Meher Manzil.

for the reconstruction/redevelopment of acquired properties as a joint venture⁸ with private developers.

However, UDD did not finalise the joint-venture policy. Housing Department GoM (HD), after a lapse of more than three years from the date of issue of notification in 2009, directed (August 2012) MHADA to take a decision in its best interest. MHADA, after a lapse of more than one year from the date of issue of direction by HD, decided (October 2013) in its best interest⁹, to redevelop these 20 buildings out of its own budget. Accordingly, LoI was issued (October 2014) to an empaneled contractor of MHADA, by cancelling the LoIs issued to the nine private developers between June 2006 and February 2011.

Aggrieved by the cancellation of LoI, the private developers approached (between 2014 and 2018) the Honourable High Court of Bombay (Court). The HD assured (February 2018) the Court that the policy of joint venture would be issued in the following six months, based on which the case was withdrawn. The HD also directed (December 2018) MHADA to prepare the joint venture policy. Accordingly, MHADA proposed (January 2019) a joint-venture policy, which envisaged the sharing of incentive Floor Space Index¹⁰ (FSI) between MHADA and the developer *in lieu of* land cost. However, the HD did not accord approval to the joint-venture policy but approved the reconstruction of 13 cess buildings on joint venture basis (including LoIs issued previously to nine private developers). Accordingly, No Objection Certificates were issued to 13 private developers between October 2019 and December 2022.

As per the NOC issued, the developers had to register the joint venture agreement within one month of the issue of NOC. In the meantime, the Association of Developers requested (July 2021) MBR&RB for exemption of stamp duty on registration of their LOIs as was provided to the BMC (June 2019) earlier by the Revenue and Forest Department, GoM (RFD) in case of reconstruction of its old buildings and chawls. Accordingly, MHADA sought direction (October 2021) from HD, which was not accepted (July 2022) by HD as RFD had not agreed to grant stamp duty exemption for the reconstruction of cess buildings of MHADA. As a result, except for four private developers, the remaining nine private developers did not register the joint venture agreements (December 2022).

As per the NOC issued, the developers had to execute the joint venture agreement within one month of the issue of NOC and start the redevelopment work within 12 months from the date of issue of NOC. For inability to start the redevelopment work, MBR&RB had the right to cancel the NOC. Audit

⁸ Incentive available on plot potential was to be shared between MBR&RB and the developer.

⁹ By adopting joint venture 1,023 tenements would have been available to MHADA free of cost and if developed by MHADA, 2,399 surplus tenements would have been available free of cost.

¹⁰ FSI is quotient of the ratio of the combined gross floor area of all floors, except areas specifically exempted under DCR, to the area of the plot. Developer would be entitled to 50 *per cent* incentive FSI of which 10 *per cent* FSI has to be handed over to MHADA in the form of constructed built-up area.

noticed that though the nine private developers did not register the joint venture agreements and start the redevelopment work within 12 months, MBR&RB did not take action to cancel the NOC.

In reply, the Government stated (September 2024) that a joint venture agreement has been executed in respect of eight developers while in the remaining five cases, the joint venture agreement was pending, or the NOC of the developer was not granted/cancelled. Further, Government also stated in this reply that out of these eight developers, four have started execution of the works. The reply was silent on the reasons for the delay in approving the joint-venture policy.

The delay in framing the Joint venture policy and its implementation resulted in delay in commencement of reconstruction work of 20 buildings having 2,191 tenements for periods ranging from 13 to 40 years (up to December 2022).

2.1.5.2 Redevelopment of cess buildings

Considering the slow pace of reconstruction of cess buildings, MBR&RB allowed the redevelopment of cess buildings by co-operative housing societies (CHS) of existing tenants or by CHS of landlords and/or occupiers of cess buildings in Mumbai city under Regulation 33(7) of Development Control Regulation, 1991(DCR). For this purpose, irrevocable written consent of not less than 70 *per cent* of the occupiers of the old cess building was required for redevelopment.

Under this provision, the developer was required to rehabilitate each occupier in the old cess building by granting carpet area as occupied in the old building subject to a minimum fixed carpet area of 20.90 square metres (225 square feet) and/or maximum carpet area up to 70 square metres (753 square feet). The FSI for rehabilitation (rehab component) allowed was 2.5 of the gross plot area (revised to three from May 2011) or the FSI required for rehabilitation of existing occupiers *plus 50 per cent* incentive FSI, whichever is more. The incentive FSI was to be used by the developer for constructing buildings for sale (sale component). The surplus area (constructed area to be surrendered by the developer out of the incentive available to the developer) was also required to be surrendered to MBR&RB to the extent specified in Schedule III of Section 103-I of the MHAD Act. As per DCR 33(7), MBR&RB was responsible for (i) certifying original tenants and the area occupied by the tenants, (ii) ensuring that all the existing tenants have been rehabilitated in the new building by providing rehabilitation areas as per the DCR, and (iii) ensuring that the required constructed surplus area is surrendered by the developer. MBR&RB issues NOC to the developer for the commencement of work and the final NOC is issued to the developer to obtain the project's final Occupation Certificate (OC). BMC was the planning authority for regulating redevelopment work as per NOC issued by the MBR&RB.

As of March 2022, MBR&RB had issued 2,286 NOCs for redevelopment of 4,107 cess buildings under Regulation 33(7) of DCR. Redevelopment of 1,460 buildings was completed, NOCs issued for redevelopment of 107 cess buildings were cancelled while works in respect of 2,540 buildings were either

held up, not started or the work was in progress. Thus, the redevelopment of 2,647 buildings (64 *per cent*) was not completed.

To check the implementation of redevelopment cases under Regulation 33(7) of DCR 1991/DCPR 2034, Audit scrutinised 46¹¹ cases out of 2,286 cases which were selected on a random basis.

A. Works completed

The NOC issued by MBR&RB to the developers for redevelopment of cess buildings under Regulation 33(7) of DCR stipulated that the project was to be completed within 30 months from the date of issue of the NOC.

Audit noticed that in 14 test-checked completed projects, NOCs to buildings were issued between October 1987 and September 2016. However, the redevelopment of 11 buildings out of 14 buildings was completed between March 2001 and September 2022, after a delay of 34 months to 169 months.

In reply, the Government stated that the delay was caused due to non-co-operation or litigation among tenants/occupants, landowners of property and developer, and financial constraints of developers. It was further stated that MBR&RB continuously mediates to resolve the issues in order to expedite the scheme. The fact remained that in none of the 14 test-checked cases, the project was completed within 30 months from the date of issue of NOC.

Case Study

Out of 14 test-checked completed projects, in one completed project audit noticed that the developer claimed the benefit without providing due benefit to tenants as discussed below:

Redevelopment of Raghav Bhuvan and Africa House of Matunga division

MBR&RB issued (June 2002) NOC for redevelopment under Regulation 33(7) of DCR with FSI 2.5. Each occupant was to be rehabilitated and granted carpet area as occupied in the old building subject to a minimum fixed carpet area of 20.90 square metres (225 square feet) and/or maximum carpet area up to 70 square metres (753 square feet). As per the scheme parameters, the Built-up-Area (BUA) for the rehabilitation component and sale component was 1,516.85 sqm and 1,417.74 sqm respectively while there was no surplus area. The Commencement Certificate up to plinth level was issued by BMC in September 2003 and the work of cess building was completed up to Ground + 11th floor as of January 2008.

The UDD, GoM *vide* amendment (May 2011) to Regulation 33(7) increased the minimum carpet area to be provided to the tenants in the cess building from 20.90 sqm (225 square feet) to 27.88 sqm (300 square feet) and increased FSI from 2.5 to three. These were applicable to the redevelopment schemes in progress but which were not completed up to plinth level. In May 2015, UDD amended Regulation 33(7) and permitted revision in FSI to

¹¹ Completed: 14; Not completed: 32.

ongoing redevelopment works only regarding the size of tenements and loading of FSI *in situ*¹². Thus, two conditions were to be fulfilled for revision in FSI to ongoing redevelopment works *i.e.* increase in size of tenements and loading of FSI *in situ*.

In view of the amendment to regulation 33(7), the developer applied (December 2015) for revision in the plan with FSI three. Accordingly, MBR&RB issued (September 2016) revised NOC with FSI three to developers. As per the revised NOC, the scheme parameters in terms of BUA for rehabilitation and sale component were 1,783.09 sqm and 1,781.33 sqm respectively, while the surplus area was nil. On rehabilitation of existing tenants in the redeveloped building, MBR&RB issued (January 2019) NOC to the developer for obtaining an Occupancy Certificate (OC) for the sale component from BMC.

Audit noticed that the MBR&RB issued a revised NOC in September 2016 though there was no scope to change the layout of the reconstructed building including revision in the size of the planned rehabilitation tenements as the construction was completed up to Groundplus 11th floor. The increase in BUA of the rehabilitation component from 1,516.85 sqm to 1,783.09 sqm (*i.e.*, an increase of 266.24 sqm) as per the revised NOC was only due to inclusion of the common passage area in the BUA of the rehabilitation component without any actual increase in the size of the tenements. Thus, the revision in NOC was irregular as there was no increase in the size of the tenements. The revision in NOC resulted in the grant of additional BUA of 363.59 sqm (1,781.33 sqm – 1,417.74 sqm) in the sale component valuing ₹ 8.61 crore¹³ to the developer without any benefit in the form of an increase in the size of tenements accruing to the existing tenants.

In reply, MHADA stated that the area allotted to all the original tenants/occupants was more than the minimum 300 square feet. The reply is not acceptable as the original tenants were provided only an area as occupied in the old building subject to a minimum fixed carpet area of 225 square feet and/or maximum carpet area of 753 square feet. For example, if the area occupied by the original tenants was 350 square feet then the area to be provided was 350 square feet area as per Regulation 33(7). Since there was no increase in the size of the tenements, the revision in NOC was irregular which resulted in benefit only for the developer in terms of grant of additional BUA of 363.59 sqm. valuing ₹ 8.61 crore.

B. Works not completed

The NOCs issued by MBR&RB to the developers for redevelopment of cess buildings under Regulation 33(7) of DCR stipulated that the project was to be completed within 30 months from the date of issue of the NOC. Out of 4,107 buildings for which NOCs were issued by MBR&RB, redevelopment of 2,647 buildings was not completed as of March 2022. Test check of 32 out of 46 test-checked cases, involving rehabilitation of 1,039 tenants, revealed

¹² In the same place.

¹³ 363.59 sqm × ₹ 2,36,900 per sqm as per ready reckoner rate of 2016-17= ₹ 8,61,34,471 *i.e.*, ₹ 8.61 crore.

non-completion of redevelopment works for periods ranging from 37 to 342 months in 30 cases¹⁴ as of March 2022.

The reasons for non-completion of 30 test-checked cases as analysed by Audit are shown in **Table 2.1.1**

Table 2.1.1: Reasons for non-completion of work

Sr. no.	Reasons for non-completion	Number of projects affected because of reasons mentioned in column no.2 (Includes five cases with two reasons for non-completion)
1	Dispute with tenants	8
2	Court cases	8
3	Redevelopment not feasible	5
4	Redevelopment abandoned by NOC holder	9
5	Lease not renewed by land owner	2
6	Plans not submitted to the Planning Authority	3
<i>Source: Compiled from individual redevelopment cases test-checked in audit</i>		

As per Clause 11 of Appendix-III of DCR 33(7), FSI should be allowed by MBR&RB only if the redevelopment proposal fulfills all conditions to be eligible for the benefit under DCR. The MBR&RB, was, thus, required to verify the feasibility of the project considering the applicable DCR before issuing of NOC. As seen from **Table 2.1.1**, five redevelopment projects were affected as the scheme was found not feasible by the developer since the Planning Authority did not approve plans which were based on the proposed increase in the width of the road (the height of the building depends on the width of the road on which it abuts and the required front open space) in the Development plans instead of the actual width of the road. Considering the actual width of the road these projects were not feasible. Audit observed that MBR&RB did not ensure that the plans were prepared as per DCR before issuing NOC. Further, in respect of other reasons for which the redevelopment projects were pending, MBR&RB did not act as a facilitator between the developer/landowners, tenants and planning authorities to resolve the issues to speed up the development.

In reply, the Government stated that MHAD Act was amended in December 2022 by inserting new Section 91 A, by virtue of which MHADA can acquire buildings and complete the redevelopment where the developer has not started the work or the work is stalled or there is any breach of NOC conditions. Accordingly, notices were issued to 61 developers, based on which 30 developers have started the works of their respective schemes.

As regards the failure of MBR&RB to ensure that the plans were prepared as per DCR before issuing NOC, the Government stated that the feasibility and planning of the property was to be verified by the Landlord/Cooperative Society of cess tenants/Developer. The reply is not acceptable since as per clause 11 of Appendix III of Regulation 33(7) of DCR, FSI under the Regulation is allowed by BMC only after MBR&RB satisfies that the

¹⁴ In two cases 30 months period was not completed.

redevelopment proposals fulfil all conditions to be eligible for the benefits under the Regulations. Thus, ensuring the feasibility of the project was the responsibility of MBR&RB.

The Government also stated that many of the redevelopment cases were held up due to the requirement of six-metre wide road as per the direction of the Honourable Supreme Court of India which came into force after the issue of Intimation of Disapproval¹⁵ by BMC.

Audit observed that the redevelopment work in two out of 30 selected redevelopment cases was held up due to non-availability of six metres road. However, the reply of Government was silent on the redevelopment of cess building in remaining 28 selected redevelopment cases. Further, the PAC had also recommended (December 2017) that the Housing Department should prepare a time-bound programme for the completion of all projects. The pending redevelopment of 2,647 buildings (64 per cent) out of 4,107 buildings, indicated inadequate efforts of MBR&RB to take steps to expedite the completion of projects in a time-bound manner.

Recommendation 2: Government may ensure that MBR&RB completes the reconstruction and redevelopment projects in time-bound manner.

2.1.6 Management of transit camps and reconstructed tenements

The MBR&RB allots transit tenements to tenants during structural repairs or reconstruction of their cess buildings. The MBR&RB also provides transit tenements to private developers to facilitate their redevelopment projects. The surplus tenements generated in reconstructed/redeveloped buildings are allotted to the tenants enrolled in the Master List.

As of March 2022, out of 21,061 transit tenements in 53 transit camps, 21,049 transit tenements were occupied while 12 transit tenements were vacant.

The third objective of the audit was to assess whether the management of transit camps and reconstructed tenements was effective. Audit noticed unauthorized occupation of transit tenements and dues recoverable from developers who were allotted transit tenements. MBR&RB diverted reconstructed tenements for purposes other than envisaged in the Act, and instances of irregular allotment of surplus tenements were also noticed, as detailed in succeeding paragraphs.

2.1.6.1 Management of transit camps

The transit tenements were allotted to eligible tenants during structural repairs or reconstruction of their cess buildings by recovering service charges. Besides, MBR&RB also provides transit tenements to private developers to facilitate their redevelopment projects undertaken under Regulations 33(5), 33(7), 33(9) and 33(10) of DCR by recovering rent and service charges. The deficiencies noticed in the management of transit tenements are discussed in the succeeding paragraphs.

¹⁵ Intimation of Disapproval contains the conditions to be complied with by the developer before starting the work.

A) Occupation of transit camps

Housing Department, GoM decided (September 2019) to redevelop transit camps belonging to MBR&RB and rehabilitate occupants of transit camps. For rehabilitation purposes, MBR&RB categorised occupants into three categories viz., (i) authorised tenants, (ii) unauthorised tenants who acquired tenements through illegal transactions and (iii) trespassers. The authorised tenants were to be rehabilitated in the redeveloped transit camp *in situ*, subject to relinquishment of tenancy rights of old cess buildings. The unauthorised tenants who acquired tenements through illegal transactions were to be rehabilitated on humanitarian grounds by recovering the construction and infrastructure costs of the redeveloped tenement. Whereas, trespassers qualifying the eligibility criteria of the Pradhan Mantri Awas Yojana (PMAY) were to be rehabilitated by recovering construction and infrastructure cost *plus 25 per cent* of construction and infrastructure cost as a penalty. Trespassers, not qualifying under PMAY norms were to be evicted.

(i) MBR&RB had conducted a survey in 2013 and found that 8,448 tenements were occupied unauthorisedly. MBR&RB did not take action after October 2020 as per the direction (in September 2019) of the Housing Department, GoM due to a Public Interest Litigation filed (January 2020) in the Honourable High Court and stay granted (October 2020) by the Honourable High Court.

However, Audit noticed that between the 2013 and 2020, six unauthorised tenants were evicted and 627 tenants from transit camps under redevelopment to other transit camps subject to finalisation of their eligibility to be decided at a later stage were shifted by MBR&RB. Thus, during 2013-20, no effective action was taken by the MBR&RB to evict the unauthorised tenants.

In reply, the Government stated (September 2024) that as per the reports of the concerned Estate Managers, till now 5,945 tenements were unauthorisedly occupied. Further, Government also stated that for collecting comprehensive data regarding eligible and non-eligible tenants residing in transit camps, bio-metric survey was in progress and the exact figure of authorised, unauthorised and trespassers would be known on completion of the bio-metric survey. Verification of Government reply by Audit revealed that the number of tenements unauthorisedly occupied had reduced to 5,925 from 5945. After audit objection was raised, the respective Estate Managers office as well as a committee comprising of Joint Chief Officer (MBR&RB) and Deputy Chief Officer (Transit Camp), based on the documents submitted/procured from the tenants, *prima facie* found that 5,925 tenements were unauthorisedly occupied. However, the fact remained that despite a lapse of more than 11 years since the last survey was conducted in 2013, MBR&RB was not able to bring finality to the issue of unauthorised occupation of transit tenements.

ii) The Estate Management wing maintains a field book (rent roll) depicting the name of the unauthorised tenant, date of allotment, monthly dues, amount received and outstanding.

Audit noticed that field books were incomplete as the monthly/yearly closing balance was not worked out, the books were neither signed by the person making the entry in the book nor attested by the supervisory officer. The previous balances were carried forward without being certified by the Estate

Manager of the concerned transit camp. Due to incomplete field books, Audit could not vouch for the correctness of the amount due from individual unauthorised tenants.

In reply, the Government stated that from 2021 e-billing system has been operationalised and instructions have been issued to all Estate Managers/Rent Collectors to update the field book prior to 2021. Verification (August 2024) of the Government reply by Audit, revealed that the e-billing system has been operationalized only for receiving online payments and the work of capturing opening balance, outstanding recovery and reconciliation with the field book was still in progress.

iii) Tenants occupying transit tenements were required to pay service charges towards water charges, electricity charges, cost of sanitation *etc* as per Section 90(5) of MHAD Act. As of March 2022, 17,692 tenements¹⁶ were occupied (excluding transit tenements occupied by private developers).

Scrutiny of records in the Estate Management Wing revealed that an amount of ₹ 151.32 crore was outstanding towards service charges as of March 2022 in the 43¹⁷ out of a total of 53 transit camps. In 33 (77 *per cent*) out of these 43 transit camps, the percentage of recovery of services charges was less than 25 *per cent* during 2021-22.

In reply, the Government stated that ₹ 16.30 crore has been recovered till March 2023 out of ₹ 151.32 crore. It was further stated that a special recovery campaign was implemented from January 2023 to March 2023 and actions taken such as eviction of 60 ineligible/unauthorised tenants, 15,500 notices issued to ineligible/unauthorised tenants, reduction in demand by ₹ 65.27 lakh due to rectification. During verification (August 2024) of the reply, Audit noticed that the outstanding service charges increased from ₹ 151.32 crore as of March 2023 to ₹ 161.12 crore as of March 2024. Thus, despite the action taken, there has been no reduction in dues recoverable which has increased by 6.5 *per cent* during the period March 2022 to March 2024.

Recommendation 3: Government may ensure that MBR&RB takes measures to identify the unauthorised occupants in transit tenements and to collect the outstanding service charges from occupants of transit tenements.

B) Transit tenements allotted to private developers.

MHADA resolved (March 2011) to allot transit tenements belonging to MBR&RB to the private developers who undertake redevelopment of cess buildings and to developers executing slum rehabilitation schemes, provided the developer obtains Intimation of Disapproval¹⁸ (IOD) from the Planning Authority. Each developer was eligible for a maximum of 100 transit tenements on a rental basis at the rate of ₹ 6,000 per month per tenement¹⁹ for

¹⁶ 21,049 total transit tenements less 3,357 allotted to private developers.

¹⁷ In 10 transit camps, there was no arrears.

¹⁸ Intimation of Disapproval contains the conditions to be complied with by the developer before starting the work.

¹⁹ Effective from March 2011.

a maximum period of three years. As of March 2022, MBR&RB had allotted 3,357 transit tenements to 43 private developers.

i) Allotment of transit tenements to Private Developers without agreement

As per the Resolution (March 2011) of MHADA, the Joint Chief Officer had to ensure that a legal agreement²⁰ was executed with the private developer before the allotment of transit tenements. Test check of records of 10 out of 43 developers to whom transit tenements were allotted revealed that MBR&RB did not execute any legal agreement with these 10 developers who were in possession of 1,959 transit tenements. In the absence of an agreement duly registered, the position of MBR&RB would be rendered weak for enforcing the same in the Court of Law.

In reply, the Government stated that out of the 10 developers, agreements were executed with five developers and in respect of the remaining five developers action was being taken to execute agreements.

MBR&RB needs to review the status of the execution of agreement in all the remaining cases and also strengthen its internal control to ensure that the agreement is invariably executed before the allotment of transit tenements to the developers.

ii) Under Regulation 33(10)²¹ of DCR, three developers who undertook the redevelopment were allotted 302 tenements in the years 1998 and 2000. Though more than 22 years have passed since the allotment of transit tenements, the same were still in the possession of the developers. However, MBR&RB had not verified the status of redevelopment from the planning authority *i.e.*, Slum Rehabilitation Authority (SRA), Mumbai for taking back the transit tenements from the developers in case the redevelopment was completed.

In reply, Government stated that the project of one developer was on the verge of completion while eviction of tenants in respect of another developer to whom stop work notice was issued by SRA would be undertaken. It was further stated in respect of the third developer the transit tenements have been demolished (March 2023) for redevelopment by evicting tenants. The reply points to the lack of continuous monitoring by MBR&RB to ascertain the status of projects for taking prompt action.

iii) As per MHADA's resolution of March 2011, the developers were required to pay one year's advance rent and three months' rent as a security deposit at the time of allotment of transit tenements. Penal rent of ₹ 12,000 was also payable for breach of terms and conditions of allotment. The PAC had recommended (December 2017) immediate action to recover outstanding service charges and take action against the officers responsible for non-recovery.

Audit noticed that out of 43 developers, three developers cleared outstanding dues payable to MBR&RB. The outstanding dues in respect of the remaining

²⁰ In the legal agreement, details of rent, advance amount to be deposited and other terms and conditions of renting out the transit camps to private developers are to be incorporated.

²¹ Regulation 33(10) deals with the redevelopment for rehabilitation of slum dwellers.

40 developers were ₹ 261.14 crore as of March 2022. Out of ₹ 261.14 crore due from 40 developers, 59 per cent (₹ 154.87 crore) was outstanding from 18 developers who have not paid any amount for the last five years.

Further, detailed check of records of 10 selected developers revealed that in four cases no action was taken by the Board. In the remaining six cases the Board had requested the Collectors to furnish the details of moveable and immovable properties of the developers, filed police complaint and requested banks to freeze the bank account of the developers.

iv) Out of 10 selected developers, in one case, audit noticed that the Chief Officer, MBR&RB cancelled the NOC and directed (June 2016) Deputy Chief Officer, Transit Camp (Dy. CO/TC) to take action for eviction in respect of 65 transit tenements in the possession of that developer and recover outstanding dues of ₹ 4.51 crore as land revenue under section 95(a)(3) and 180 of MHAD Act. However, Dy. CO/TC had neither taken action to evict the transit tenements nor recovered outstanding dues from the developer. As of March 2022, total outstanding dues against this developer stood at ₹ 10.06 crore²².

In reply, the Government stated that notice for recovery has been issued by the Deputy Chief Officer/Transit camp in February 2024 and a request for stop work notice and cancellation of NOC has been submitted to the Chief Officer/ MBR&RB. Verification (August 2024) of Government reply by Audit, revealed that request for stop work notice and cancellation of NOC had not been submitted to Chief Officer/ MBR&RB while the dues recoverable as of January 2024 was ₹ 14.71 crore²³.

Recommendation 4: Government may ensure that MBR&RB takes appropriate action for recovery of outstanding dues of rents from private developers. Government may also ensure that agreement with private developers is invariably executed before the allotment of transit tenements.

2.1.6.2 Management of reconstructed tenements

As per Section 103-I(3) of the MHAD Act, Regulation 34 of MHAD Regulations and MHADA's guidelines issued in March 2011, the surplus tenements generated in reconstructed/redeveloped buildings are to be allotted to the tenants enrolled in Master List. The allotment was done by a Master List Committee²⁴ (Committee) constituted by MHADA in March 2011. The allotment of surplus tenements to the Master List holders was required to be done every fourth month of the year as per MHADA's resolution of March 2011.

²² Rent: ₹ 5.92 crore; interest: ₹ 4.14 crore.

²³ Rent: ₹ 8.74 crore; interest: ₹ 5.97 crore.

²⁴ Master List Committee comprised of Joint Chief Officer, MBR&RB as Chairman, Deputy Chief Officer (Reconstructed tenements), MBR&RB as secretary, Deputy Chief Officer (Transit Camp), Assistant. Legal Advisor, MHADA and Resident Executive Engineer, MBR&RB as members.

The discrepancies noticed in the management of reconstructed tenements are discussed in succeeding paragraphs.

A) Irregularities in the Master List

As per the Regulation 34 of MHAD Regulations, the master List should contain the list of persons accommodated in the transit camp, the date of occupation of the transit camp, the total period of stay in the transit camp for determining the seniority for allotment in any reconstructed/redeveloped building.

Audit noticed that MBR&RB did not maintain the Master List in the manner specified as per Regulation 34. Instead of allotment based on seniority, applications from eligible tenants were invited by MBR&RB for allotment of surplus tenements.

In reply, the Government stated (September 2024) that tenants of demolished cess buildings where redevelopment was not possible due to narrow plots, reservations, affected by road widening *etc.* are taken on master list.

The reply is not acceptable as the master list should contain not only the names of tenants of demolished buildings where redevelopment was not possible but also the names of all dishoused occupiers of the cess building for determining the seniority for allotment in any transit camp or in any reconstructed building.

B) Diversion of surplus tenements

During 2017-18 to 2021-22, MBR&RB took possession of 974 surplus tenements from the private developers of old cess buildings. Audit noticed instances of allotment of these tenements to persons other than the persons eligible for inclusion in the master list as shown in **Table 2.1.2**.

Table 2.1.2: Diversion of surplus tenements

Sr. No.	Diversion to	Audit findings
1	Mumbai Housing and Area Development Board	66 surplus tenements were allotted for staff quarters. In reply, the Government stated that the allotment was done with the approval of the Vice President of MHADA and further 34 tenements have been returned to MBR&RB. The reply is not acceptable as allotment of surplus tenements from private developers of old cess building was to be allotted to the eligible tenants..
2	Mumbai Metro Rail Corporation Limited (MMRCL)	86 surplus tenements were allotted to MMRCL for allotment to the PAPs of MMRCL in May 2017. In reply, the Government stated that the allotment was done as per the resolution of MHADA and approval of the Government. The reply is not acceptable as allotment of surplus tenements from private developers of old cess building was to be allotted to the eligible tenants.
<i>Source: Compiled based on scrutiny of allotment files of surplus tenements</i>		

Diverting surplus tenements to tenants other than those enrolled in Master List and as staff quarters was irregular and defeated the prime objective of rehabilitation of dishoused cess building tenants.

C) Inadequate record for accounting of surplus tenements in possession

Executive Engineer of the reconstruction division, after taking possession of surplus tenements generated on the redevelopment of cess buildings, hands over the surplus tenements to the Deputy Chief Officer, Reconstruction Tenements (Dy. CO/RT). These tenements are allotted to eligible persons after approval by the Master List Committee.

Audit noticed that except for the handing/taking over receipt, no permanent records in the form of registers are maintained either by the Executive Engineers or Dy. CO/RT showing the details of surplus tenements received from the developers and its allotment.

On scrutiny of possession receipts²⁵, allotment register, and list of vacant tenements produced by the Dy. CO/RT, Audit noticed (December 2022) that out of possession receipts for 974 surplus tenements, 599 tenements were allotted to master list holders and others. Thus, 375 surplus tenements should have been vacant. However, as per the list of vacant surplus tenements produced by Dy. CO/RT, the vacant surplus tenements were only 157. During audit, status of 218 surplus tenements was not produced to audit.

In reply, the Government stated (September 2024) that 218 tenements were available as inventory and allotted to master list holders during the lottery held in December 2023. During verification (August 2024) of the reply by Audit and information furnished by MBR&RB, it was noticed that as against 1,401 surplus tenements available (November 2023), 1,176 surplus tenements were allotted till August 2024. However, as against 225 vacant tenements (1,401 tenements - 1,176 tenements), only 211 tenements were vacant as per the records of MBR&RB. The difference of 14 tenements was not reconciled and the discrepancy was attributed to old records and non-maintenance of a single record in the office of Deputy Chief Officer, Reconstructed Tenements. The discrepancy only enforces the need to maintain proper record of surplus tenements to prevent its misuse.

D) Irregularities in the allotment of tenements to master list holder

As per MBR&RB's circular of 2 July 2014 read with the Government Resolution issued (16 August 2010) by the Housing Department, GoM, the Executive Engineer (EE) of the reconstruction unit of the concerned division was the competent authority for fixing the eligibility of tenants of old cess buildings under their jurisdiction. Based on the tenant's eligibility report issued by the concerned EE and the availability of surplus tenements, the Committee approves the allotments. In case the original records of cess buildings are not available with the MBR&RB, corroborative records such as electoral rolls, inspection extract of BMC, ration card, electricity bill *etc.*, are considered for fixing the eligibility of the tenants.

Test-check of the allotment of 93 surplus tenements revealed that the allotment was made without establishing legal heirship as discussed below. The Committee approved (between October 2013 and January 2021) the allotments subject to the production of a succession certificate as applicants

²⁵ On receipt of tenements from the Developer the possession receipt is given by the Executive Engineer of the Ward to the Estate Manager.

were other than the original tenant. Audit noticed that in 17 cases the allotment was made to the applicants by the EE without obtaining a succession certificate. Of the 17 cases, in two cases allotment was done by obtaining an affidavit of legal heirs. In reply, the Government accepted that in 15 cases allotment was done on the basis of release deed and in two cases allotment was done to the wife of the deceased hence succession certificate was not taken. The reply is not acceptable since the Committee had approved the allotment subject to the production of a succession certificate and therefore allotment without obtaining a succession certificate was irregular.

Recommendation 5: Government may ensure that MBR&RB prepares master list of tenants as per regulation and allots surplus tenements after proper documentation. Government may also ensure maintenance of permanent records in the form of registers, showing the details of surplus tenements received from the developers and their allotment.

2.1.6.3 Service Charges to be collected by MHADA in providing common services to reconstructed tenements

As of March 2022, there were 323 reconstructed buildings²⁶ having 25,066 tenements in the possession of the MBR&RB for providing common services. The tenants of these buildings are required to pay service charges towards water charges, electricity charges, cost of sanitation, operation of water pump *etc.*, at the rate fixed²⁷ in the resolution passed by the MHADA in its meeting held in December 2018.

During 2017-18 to 2021-22, MBR&RB generated bills of the service charges to the tenants amounting to ₹ 73.07 crore. Audit noticed that services charges amounting to ₹ 7.64 crore remained to be recovered as of March 2022. In reply, the Government stated that out of ₹ 7.64 crore due, ₹ 4.32 crore has been recovered by various measures like setting up special recovery camps, going to the building and collecting the charges *etc.*

Audit reverified the Government reply and noticed that as of March 2024, the amount recoverable was ₹ 3.32 crore.

Recommendation 6: Government may ensure that MBR&RB recovers outstanding service charges towards common services from occupants of reconstructed buildings.

²⁶ Including 66 buildings constructed out of Prime Ministers Grant Project (PMGP).

²⁷ Up to 18 December 2018: ₹ 250 per tenement per month for reconstructed buildings and ₹ 180 per tenement per month for PMGP buildings; From 19 December 2018: ₹ 500 per tenement per month for reconstructed buildings with annual increase of 10 *per cent* with effect from 1st April every year. There was no revision for PMGP buildings.

Urban Development Department

Mumbai Metropolitan Region Development Authority

2.2 Commencement of work without ensuring land availability

Commencement of work of construction of Kalyan Ring Road by MMRDA without ensuring availability of required land and non-handing over the required land by KDMC led to foreclosure of work. Thus, the expenditure amounting to ₹ 283.91 crore incurred on the project was not rendering intended benefits.

The Mumbai Metropolitan Region Development Authority (MMRDA) is engaged in long-term planning, promotion of new growth centers, implementation of strategic projects and financing infrastructure development. MMRDA is also the planning authority responsible for the development of transport infrastructure in the Mumbai Metropolitan Region (MMR).

The MMRDA accorded (June 2014) administrative approval of ₹ 578 crore for the construction of Kalyan Ring Road (KRR) about 30 km²⁸ in length (divided into seven segments) as per the approved Development Plan (DP) of Kalyan-Dombivli Municipal Corporation (KDMC). The objective of the KRR was to decongest the intra-city traffic problem in KDMC area from the traffic passing through it by diverting the same through the KRR. For this purpose, a Memorandum of Understanding (MoU) was executed (August 2016) between MMRDA and KDMC for the construction of KRR. As per the MoU, the KDMC was to acquire entire land required for Right of Way (ROW²⁹) and hand over the same to MMRDA. Work for segment IV to VII³⁰, having total length of 16.40 km, was undertaken on priority.

As per Para 251 of the Maharashtra Public Works Manual (MPW Manual), the work should not be commenced before the acquisition of land.



Scrutiny of records (June 2022) in the office of the Chief Engineer, Engineering Division, MMRDA revealed that as against the required land of 55.70 hectares, only 18.42 hectares land (33 *per cent*) was in possession of MMRDA as on the dates of inviting tender (November 2016 to February 2017). After finalisation of tenders, the work orders were issued (between August 2017 and October 2017) to the successful bidders. The contractors executed the works in stretches due to non-availability of entire land for construction. The details of contract awarded and present status of work executed in segments IV to VII are shown in **Table 2.2.1**.



²⁸ Starting at Hedutane village on Badlapur-Katai Road and ending at State Highway 35 and State Highway 40 junction.

²⁹ A right of way is a public path across private land.

³⁰ Segment IV to VII was to commence from Durgadi Bridge to State Highway 35 and State Highway 40 junction.

Table 2.2.1: Details of work executed under segments IV to VII

Segment No.	Name of Contractor	Contract cost (₹ in crore)	Date of issue of work order	Stipulated date of completion	Payment (₹ in crore)	Status of work at the time of field visit by Audit (June 2022)
IV	M/s Relcon Infraprojects Ltd.	71.88	14/08/2017	13/08/2019 (24 months) Extension granted up to 31/03/2022	83.33 (As of May 2022)	The work was to be executed in chainage 14/100 km to 18/200 km (total length 4.100 km). However, contractor could complete the road work only to the extent of 3.380 km length leaving 0.720 km length of road incomplete due to non-shifting of dumping ground by KDMC
	 <p>Non-removal of garbage dumping ground, Kalyan (June 2022).</p>					
V	M/s Ajwani Infrastructure Pvt. Ltd.	129.25	14/08/2017	13/08/2019 (24 months) Extension granted up to 31/03/2022	147.02 (As of October 2022)	The work was to be executed in chainage 18/200 km to 26/605 km (total length 8.405 km). However, contractor could complete the road work only to the extent of 5.855 km length, leaving 2.550 km length of road incomplete due to encroachment which was not cleared by KDMC
	 <p>Encroachments of chawls (June 2022).</p>					

Segment No.	Name of Contractor	Contract cost (₹ in crore)	Date of issue of work order	Stipulated date of completion	Payment (₹ in crore)	Status of work at the time of field visit by Audit (June 2022)
VI	M/s Relcon Infraprojects Ltd.	61.96	14/08/2017	13/08/2019 (24 months) Extension granted up to 31/03/2022	44.39 (As of March 2022)	The work was to be executed in chainage 26/605 km to 29/700 km (total length 3.095 km). However, contractor could complete the road work only to the extent of 2.575 km length, leaving 0.520 km length of road incomplete due to encroachment which was not cleared by KDMC
	 <p><i>Encroachment of Azad Nagar Chawl to Santosh Bhoy Plot Road (June 2022).</i></p>					
VII	M/s API Civilcon Pvt. Ltd.	9.62	03/10/2017	02/01/2019 15 months Extension granted up to 31/03/2022	9.17 (As of March 2022)	The work was to be executed in chainage 29/700 km to 30/300 km (total length 0.600 km). However, contractor could complete the road work only to the extent of 0.420 km length, leaving 0.180 km length of road incomplete due to encroachment which was not cleared by KDMC
	 <p><i>Landowner structure encroachment (june 2022).</i></p>					

The MMRDA foreclosed the work after incurring expenditure of ₹ 283.91 crore and decided (April 2022) to hand over the incomplete road to KDMC. The MoU was executed in August 2016 but even till the date of invitation of tender between November 2016 to February 2017 only 33 *per cent* of the land was available. Despite the non-availability of major portion of the land the decision of MMRDA to award the contract was in violation of the Maharashtra Public Works Manual.

Upon inquiry at KDMC, the KDMC, *inter alia* attributed (October 2023) the reasons for non-handing over land to (i) the inability to remove garbage from the dumping ground due to various social and legal issues, (ii) ongoing process of rehabilitation of the persons in the project affected houses, (iii) ongoing process of acquiring land by issue of Transferable Development Rights, (iv) inability to acquire land due to higher rates demanded for trees by villagers, (v) opposition of citizen to land measurement and (vi) high tension electrical towers. KDMC also stated that the various completed section is connected to adjacent KDMCs internal road network and used by citizens.

In reply endorsed by Government, MMRDA stated (January 2023) that KDMC had assured that it would hand over the RoW land by April 2017 and based on the assurance, work orders were issued. It was further stated that as KDMC did not make available the required land, the work was foreclosed (March 2022) and the constructed road/stretch (in available land) have been handed over to KDMC on “*as is where is basis*”.

The fact remained that the KDMC did not hand over the land as per its commitment and the award of the contract by MMRDA without obtaining possession of the land by KDMC resulted in non-completion of work. Further, the use of the completed sections of the road connected to internal roads by citizens did not address the larger objective of decongesting intra-city traffic of KDMC area by directly diverting traffic from Durgadi Bridge to State Highway 35 and State Highway 40 junction. Thus, the expenditure of ₹ 283.91 crore incurred on the project was not rendering intended benefits.

City and Industrial Development Corporation of Maharashtra Limited

2.3 Non-recovery of Delay Payment Charges

The irregular waiver of Delay Payment Charges (DPC) beyond the period of nine months approved by Government resulted in non-recovery of DPC amounting to ₹ 12.14 crore.

As per Regulation 6 of Navi Mumbai Disposal of Lands (Amendment) Regulation, 2008 (Regulation, 2008), the lease premium agreed to be paid by the intending lessee after adjusting their earnest money deposit shall be paid in two installments.

The City and Industrial Development Corporation of Maharashtra Limited (CIDCO) allotted (between January 2020 and April 2020) lease plots at a lease premium of ₹ 338.99 crore to 11 allottees. As per the allotment letter, the allottees were required to pay the first and second installments within 45 days and 75 days respectively from the date of receipt of the allotment letter.

Further, the delay payment charges (DPC) were to be levied at the rate of 12 per cent per annum upto three months and at the rate of 16 per cent per annum beyond three months of delay.

Scrutiny of the records (October 2021) in the office of the Vice Chairman and Managing Director (VC&MD), CIDCO revealed the following:

- All 11 allottees requested (March 2020 and September 2020) CIDCO to either refund the earnest money deposit/installment paid or to grant extension for payment of the outstanding installments on account of the lockdown imposed by the Government of Maharashtra (GoM) due to the Covid-19 pandemic in the State. As there was no response from CIDCO, the allottees filed a writ petition in the High Court of Bombay seeking relief. The High Court of Bombay directed (October 2020) CIDCO to give a hearing to the petitioners within a period of eight weeks and pass suitable orders. The VC&MD held a hearing on 3 November 2020 and passed an order on 4 December 2020 for waiver of DPC from 25 March 2020 to 24 December 2020 (nine months) and levy of DPC thereafter. The decision of VC&MD was approved by the Board of CIDCO on 19 December 2020. CIDCO submitted (January 2021) the decision of the Board to GoM for approval as per Rule 25 of the Regulation, 2008, which was approved (March 2021) by the Urban Development Department, Government of Maharashtra (UDD).
- Accordingly, CIDCO issued (March 2021) notices to all 11 allottees for payment of installments within 30 days from the date of receipt of the letter failing which DPC was leviable. All the allottees paid (March 2021 and April 2021) ₹ 11.23 crore towards first/second installments. However, the notices issued did not specify that the DPC was payable from 25 December 2020 as approved by UDD.
- In January 2022, CIDCO submitted a proposal to UDD, for waiver of DPC from 25 December 2020 till the date of payment of first/second installments within 30 days of the issue of notices in March 2021 on the ground that there was a delay in deciding by CIDCO and UDD on waiver of DPC. The UDD, however, rejected (February 2022) the proposal on the ground that the waiver was allowed only for nine months and directed CIDCO to take action as per its order of March 2021.
- CIDCO issued (between April 2022 and June 2022) demand notices to the allottees for payment of DPC amounting to ₹ 12.14 crore within 15 days from the date of receipt of the letter. Audit noticed that the DPC had not been recovered from the allottee till date (September 2022).
- The action of CIDCO to allow waiver of DPC for a period of more than nine months was irregular since UDD had approved waiver only for nine months. The irregular waiver resulted in non-recovery of DPC amounting to ₹ 12.14 crore.

The matter was referred to Government (October 2022) followed by reminders at regular intervals; their reply was awaited (November 2023).

Housing Department

Maharashtra Housing and Area Development Authority

2.4 Loss of Interest

Delay in transfer of funds lying in current bank account by Mumbai Slum Improvement Board to Finance Controller of Maharashtra Housing and Area Development Authority resulted in loss of interest of ₹ 1.58 crore

The Boards³¹ functioning under the Maharashtra Housing and Area Development Authority (MHADA) collect centage charges³², earnest money deposits, tender fees, security deposits, additional security deposits, RTI fees, rent and service charges *etc.*, from the contractors/developers/allottees. The collected amount is deposited in the current account maintained in banks by the respective Boards.

MHADA had issued (January 1997) a circular directing all the Boards to transfer every month, the funds lying in the current account to the Finance Controller (FC) of MHADA after retaining ₹ 20 lakh³³ to meet any contingent expenditure. The FC, MHADA, which controls all matters connected with Finance, Budget and use of MHADA's funds invests the surplus fund in bank Fixed Deposit.

Scrutiny of records (January 2022) of the Chief Accounts Officer (CAO), Mumbai Slum Improvement Board (MSIB) revealed that an amount of ₹ 57.85 crore received during 2018-19 to 2020-21 towards centage charges, tender fees, security deposits *etc.*, were deposited in its current bank account. Audit noticed that the funds were, however, not transferred every month to the FC as depicted in **Table 2.4.1**.

Table 2.4.1: Delay in remittance of funds to the Financial Controller

Financial year	Amount deposited in current account (₹ in lakh)	Period during which deposited in current account	Date on which transferred to FC, MHADA	Delay range	Loss of interest (₹ in lakh)
2018-19	1632.10	April 2018 to March 2019	5 May 2019	35 days to 370 days	101.19
	575.16	May 2018 to March 2019	3 December 2019	246 days to 550 days	
2019-20	761.82	April 2019 to July 2019	3 October 2019	63 days to 155 days	48.24
	119.80	May 2019	2 September 2021	824 days	
	728.85	August 2019 to November 2019	2 January 2020	32 days to 123 days	
	438.99	December 2019 to January 2020	2 March 2020	30 days to 61 days	

³¹ MHADA has nine Boards *viz.*, Mumbai, Konkan, Nashik, Amravati, Aurangabad, Nagpur and Pune Housing and Area Development Boards, Mumbai Slum Improvement Board and Mumbai Building Repairs and Reconstruction Board.

³² Charged on works carried out of the funds received under the District Annual Plan Schemes of GoM.

³³ Except for Mumbai Building Repairs and Reconstruction Board and Mumbai Housing and Area Development Board.

Financial year	Amount deposited in current account (₹ in lakh)	Period during which deposited in current account	Date on which transferred to FC, MHADA	Delay range	Loss of interest (₹ in lakh)
2019-20	344.27	February 2020 to March 2020	16 July 2020	106 days to 137 days	
	4.67	March 2020	2 September 2021	519 days	
2020-21	775.55	April 2020 to December 2020	29 January 2021	28 days to 273 days	8.31
	0.24	December 2020	31 March 2022	546 days to 607 days	
	404.22	January 2021 to March 2021	15 June 2021	75 days to 134 days	
	0.13	January 2021	31 March 2022	423 days	
Total	5785.80				157.74

As seen from **Table 2.4.1.**, there was a delay ranging from 28 days to 824 days in transfer of funds lying in the current account. Considering the average monthly interest rate on fixed deposit earned by FC on its investment during 2018-19 to 2021-22, the loss of interest worked out to ₹ 1.58 crore. The transfer of funds did not happen every month also indicated weakness in the oversight role of the FC to ensure timely remittance of funds by MSIB.

In reply Government stated (July 2024) that the delay was due to difficulties faced in the newly introduced (April 2018) software which resulted in incorrect generation of monthly accounts and doubt about the account headwise amount to be remitted to FC as also due to covid restrictions. It was also stated that the software issues were resolved in September 2019.

The fact remained that the delay on the part of FC to resolve the software issues delayed the proper preparation of accounting records thereby delayed the remittances to FC. Further, though the software issues were resolved in September 2019, MSIB delayed the remittances to FC. Though COVID restrictions could have affected the timely transfer of funds, the quantum of such funds during the period March 2020 to June 2020 was only ₹ 2.09 crore out of total ₹ 57.85 crore received during 2018-19 to 2020-21. Hence, the reply of the Government was not acceptable.

2.5 Blocking of funds

Implementation of housing scheme by MHADA without demand assessment resulted in blocking of funds of ₹ 267.52 crore.

The Pune Housing and Area Development Board (Board), a unit of Maharashtra Housing and Area Development Authority (MHADA), procured (April 2012) land admeasuring 11.18 hectare at Village-Mhalunge, Taluka-Khed, District-Pune for construction of tenements. Accordingly, MHADA accorded (July 2013) administrative approval of ₹ 339.73 crore to the housing scheme, involving construction of 1,423 tenements (including 10 shops)³⁴. The work was awarded (July 2013) to a Contractor at a cost of

³⁴ Economically Weaker Section: 448 tenements; Low Income Group: 448 tenements; Middle Income Group: 517 tenements and Shops: 10

₹ 335.84 crore on a turnkey lump-sum basis with a stipulated period of completion of 30 months, *i.e.* on or before 24 December 2015. The work was completed in January 2017 at a cost of ₹ 356.91 crore and the part occupation certificate for the tenements and shops was received in May 2017.

MHADA issued advertisements four times between December 2016 and November 2019 for sale of tenements. However, the response to the scheme was very poor and only 135 tenements (9.55 *per cent*) out of total 1,413 tenements were sold. MHADA attributed poor sale to (i) high land development cost, (ii) increase in construction cost as per Development Control Regulation and instructions of Environment Department, (iii) Recession in real estate sector, (iv) lack of markets, transportation facilities, roads, water supply and other physical infrastructure. Therefore, the Board reduced (September 2020) the sale price by 20 *per cent*. Despite the reduction in the sale price, as of February 2023, 903 tenements remained unsold.

Scrutiny of records (December 2021) in the office of the Chief Officer, Pune Housing and Area Development Board revealed that the work of constructing tenements was taken up by Board to meet the housing needs of citizens in Pimpri-Chinchwad and Talegaon industrial areas. As per the prevailing policy of the MHADA, assessment of demand for housing was required to be done before the issue of work order to contractor. However, before taking up the work of constructing 1,413 tenements, Board did not assess demand by inviting applications from the citizens. The decision to undertake the work without demand assessment resulted in the blocking of funds amounting to ₹ 267.52 crore³⁵ on 903 unsold tenements as of February 2023.

In reply, Government while accepting (February 2023) that 903 tenements remained unsold, attributed the poor sale to recession in real estate sector on account of demonetisation and Covid pandemic. It was further stated that currently with demand picking up in real estate sector, action is being taken by MHADA for sale of remaining tenements. The reply that sale was poor due to demonetisation and covid, was not acceptable, as these events were one off, time limited events, which did not explain poor sale of tenements from 2017 onwards till December 2023. Incidentally, the reply of Government was silent on the reasons for non-assessment of demand for housing as per MHADA's own policy before issue of work order to the contractor.

³⁵ A. EWS: 124 tenements × ₹ 14,70,219 = ₹ 18,23,07,156;
 B. LIG: 278 tenements × ₹ 20,31,079 = ₹ 56,46,39,962;
 C. MIG-I: 490 tenements × ₹ 38,46,110 = ₹ 188,45,93,900,
 D. MIG-II: 11 tenements × ₹ 39,73,865 = ₹ 4,37,12,515.
 Total of A+B+C +D = ₹ 2.67,52,53,533 *i.e.*, ₹ 267.52 crore.

Revenue and Forest Department (Relief and Rehabilitation)

2.6 Excess payment of ex-gratia

A flaw in the payment system to prevent multiple payments against a single deceased person resulted in excess payment of ₹ 3.84 crore as ex-gratia from the State Disaster Relief Fund.

As per the direction (October 2021) of the Honourable Supreme Court of India, the Revenue and Forest Department (Relief and Rehabilitation), Government of Maharashtra (R&FD), approved (November 2021) payment of *ex-gratia* of ₹ 50,000 from the State Disaster Relief Fund to next of kin of the deceased due to Corona Virus Disease-2019 (Covid-19), from the State Disaster Relief Fund.

A Direct Benefit Transfer system (DBT) for disbursing the relief to the next of kin of the deceased, was developed (between October 2021 and November 2021) by R&FD through Private bank. As per the guidelines issued (November 2021) by R&FD, the family member of the deceased was *inter alia* required to login into the DBT using a mobile number and upload the death certificate, Aadhar card of the deceased (optional) and medical certificate of cause of death. The applicant was also required to enter details of place of death, date of death, Aadhar number and bank details of the applicant.

The system was designed to detect duplicate applications based on mobile numbers and bank details and prevent payment in such cases. However, the system did not have inbuilt checks to detect multiple applications made by the same applicant with a different mobile number and bank details or applications made by different applicants against the same deceased person.

Scrutiny of data (August 2022) of 1.89 lakh beneficiaries provided by R&FD to Audit, revealed payment of ex-gratia of ₹50,000 against a deceased person to more than one applicant due to this flaw in the system. Audit analysed the data using the field 'name of the deceased', 'date of death' and 'deceased district' to detect payment to more than one applicant against a deceased which was further verified with the death certificates attached with the applications. The number of persons to whom payment was made against the same deceased, as noticed in audit is summarised in **Table 2.6.1**.

Table 2.6.1: Ex-gratia payment to more than one applicant against the same deceased person

Sr. No.	Number of deceased cases	Number of applications received against the same deceased person	Number of times ex-gratia payment made for the same deceased person	Excess instances of payments to the same deceased person	Excess payment of ex-gratia (₹)
(1)	(2)	(3)	(4)	(5) (2-3)	(6)
1	6	24	4	18	9,00,000
2	28	84	3	56	28,00,000
3	694	1388	2	694	3,47,00,000
Total	728	1496			3,84,00,000

As seen from **Table 2.6.1**, *ex-gratia* of ₹ 50,000 was paid more than once in respect of 728 deceased cases resulting in excess payment of ₹ 3.84 crore. In the absence of unique identifiers linked to the deceased such as the serial number of the death certificate, the system was not able to prevent payment to more than one applicant against the same deceased.

As the system did not have inbuilt checks like assigning a unique number to the death certificates uploaded by the applicants, payments were made multiple times against the same deceased person.

Government stated (January 2023) that the system has been modified due to which the designated officers at district hospitals are able to check, if there are any deaths on a given date with the same name. A cross-check is also being done before payment to detect duplicate applications. Government, further in its reply (December 2024) stated that an amount of ₹ 92.50 lakh has been recovered.



(C.M. SANE)

Principal Accountant General (Audit) -I,
Maharashtra, Mumbai

Mumbai
The 11 April 2025

Countersigned



(K. SANJAY MURTHY)

Comptroller and Auditor General of India

New Delhi
The 17 April 2025

