

Chapter I

Introduction

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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. The main activities of MIDC are:

- preparation of a plan for systematic development of Industrial Areas (IAs) on land placed at disposal of MIDC by the GoM (as well as land acquired by MIDC). It included preparation of layout by carving out demarcated plots in IAs for industrial and supporting activities (including amenities) as prescribed in Development Control Rules (DCR);
- development of IAs through construction of roads, water supply system, drainage system, street light, waste/effluent treatment plants, fire station *etc.*;
- allotment of plots/sheds to entrepreneurs on lease for specified purpose (Industrial/commercial/residential/amenities) *etc.* and granting permission for transfer, sub-letting, extension of development period *etc.*;
- regulating setting up of industries and construction of buildings by allottee as a Special Planning Authority in the IAs; and
- maintenance of infrastructure provided in the IAs and providing water supply to allottees/consumers.

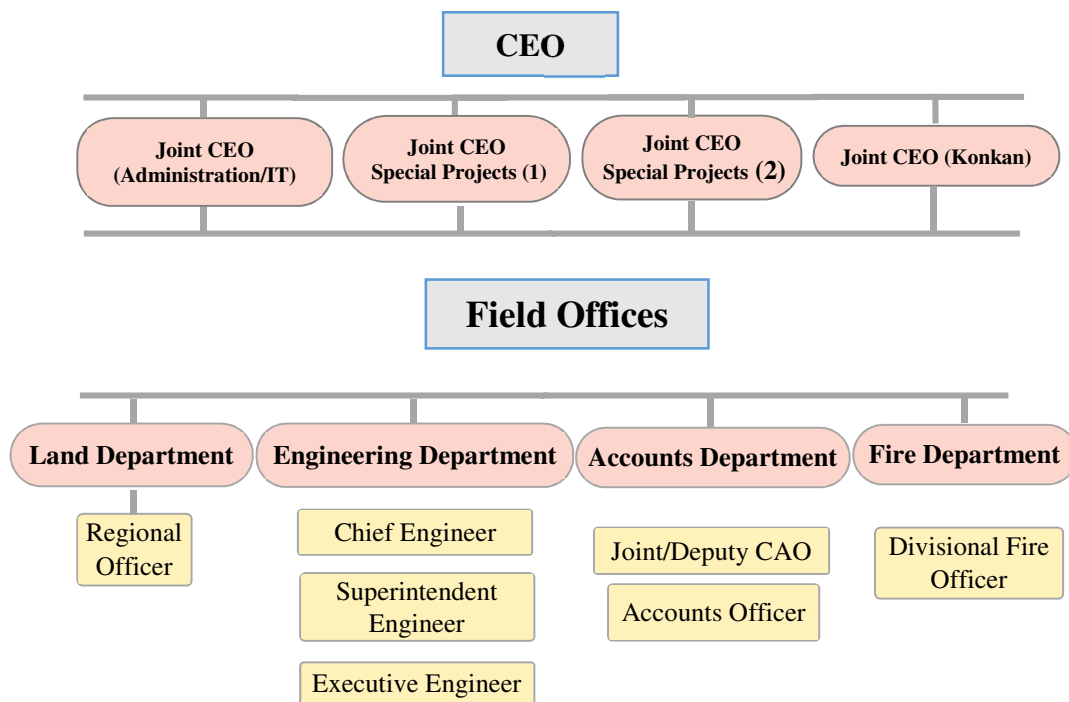
As on March 2021, MIDC was in possession of land admeasuring 79,317 hectare (Ha) and had established 289 IAs, which included Special Economic Zones (SEZs) and specialized parks for different industrial sectors like Biotechnology, Information Technology (IT), Textile, Wine (Grape processing), Floriculture *etc.*

1.2 Organisational set-up

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 Chief Executive Officer (CEO) with assistance of Joint CEOs, Deputy CEOs, General Managers, Chief Planner, and Chief Accounts Officer *etc.* MIDC has 16 Regional Offices (ROs) in the State, which are entrusted with the activities of land acquisition, preparation of layout of IAs, allotment of plot and post allotment activities and monitoring. There are 28 Division Offices (DOs) which are responsible for execution of infrastructure works, maintenance and recovery of service/water charges, granting building plan approval and Occupancy Certificates to allottees in the IAs.

The organisational structure is depicted in **Chart 1.1**:

Chart 1.1: Organisational structure MIDC



1.3 Audit objectives

The Performance Audit was conducted to assess whether:

- MIDC was able to achieve its objective of planned and systematic industrial development through creation of IAs;
- Proper system existed for fixation of price and land allotment was fair and transparent in line with prevailing policies/rules/regulations;
- Internal control system was effective to ensure timely recovery of revenue/dues at appropriate price; and
- Monitoring system was adequate and effective in ensuring utilisation of land for the intended purposes.

1.4 Audit criteria

The audit criteria were adopted from the following sources:

- Maharashtra Industrial Development Act, 1961 (MID Act), Maharashtra Industrial Development Rules, 1962 (MID Rules), MIDC Disposal of Land Regulations, 1975 (MIDC DLR) and Development Control Regulations (DCR), 2009;
- The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act);
- Industrial Policy of the GoM of 2013 and 2019;

- Government Resolutions, notifications and directives issued;
- Policy, Manual, Circulars, Regulations and Guidelines issued by MIDC;
- Term and conditions of allotment/agreement to lease;
- Minutes/decisions of Land Allotment Committee (LC/LAC) and delegation of powers; and
- Agenda notes/Resolutions of Board Meetings.

1.5 Scope and Methodology of Audit

The Performance Audit (PA) was conducted in two phases; between May-December 2019 and August to October 2021 covering the period 2014-15 to 2020-21. Apart from the Head Office, 11 ROs¹ out of 16 ROs of MIDC were selected considering revenue earned and geographical representation of all the five regions of the State.

Performance of MIDC was earlier reviewed and included in Report of the Comptroller and Auditor General of India (PSUs), GoM for the year ended 31 March 2013. The Committee on Public Undertakings (COPU) discussed the Report (January-June 2019) and their recommendations were awaited (August 2022).

An Entry Conference was held in May 2019 with Management of the MIDC, where audit methodology, scope of audit, audit objectives and criteria thereof were explained. Exit conference was held on 20 December 2021, with Additional Chief Secretary (Industries), GoM and CEO, MIDC, wherein audit findings were discussed. Replies of the MIDC/GoM (December 2021/ August 2022) have been suitably incorporated in the Report.

The GoM stated (December 2021) that all the audit findings in the Audit Report except the audit observation of non-appointment of Board members, were within the jurisdiction of MIDC and action was being taken by Board of MIDC under their powers and, hence there were no comments of GoM on the same.

1.6 Acknowledgement

Audit acknowledges co-operation and assistance extended by MIDC at various stages of conducting the Performance Audit.

¹ Amravati, Aurangabad, Kolhapur, Mahape, Nagpur, Nanded, Nashik, Pune-I, Pune-II, Thane-I and Thane-II.

