

## CHAPTER II

### GENERAL OBSERVATIONS

The general observations made and conclusions drawn during the course of audit are brought out in this Chapter.

#### 2.1 Incorrect maintenance of lease records

As per the Government instruction dated 22 February 1996, the Collector is required to maintain a land distribution register containing the details of Government land, *i.e.* name of grantee, area, purpose, period of grant and terms and conditions, etc. Further, periodic review of the said register is also required to be carried out so as to keep track of the cases of expiry of lease period, breach of conditions of lease, etc..

Audit made a comparison between information on leased lands obtained from the Collectorates with individual lease records and property cards available in the files and the following discrepancies were noticed:

- Names of the lessee did not tally in 12 cases in Mumbai City.
- Lease periods did not tally in 10 cases in Mumbai City.
- Area of land given on lease did not tally in 30 cases in Mumbai City with the variation ranging from (-) 10,000 sq m to 4,312 sq m and in 10 cases in Mumbai Suburban with the variation ranging from (-) 4,000 sq m to 4.47 lakh sq m.

Further, in case of Collector, Pune, a list of 214 cases was furnished to audit in May 2012 and in October 2012 the number of cases was revised to 258.

The above facts indicated that the data was not maintained correctly. Since maintenance of the data is vital in monitoring of leased lands, it is recommended that correct data may be maintained.

The Collectorates may get the data maintained in the register and reconcile it with the information available in the individual lease records as well as the property cards.

In the exit conference the Additional Chief Secretary directed all the Collectors to maintain records properly in the proforma prescribed.

#### 2.2 Non-uniformity of norms for the leasing of land

Lands on lease are given by the Government, MMRDA, MHADA and MCGM. During the course of the Performance Audit it was noticed that there was no uniformity in the procedures adopted for grant of lease of land by the agencies which are given in **Appendix-II**. A few of them are discussed as follows:

##### 1. Procedure for allotment

The Collectorates/Government, MMRDA, MHADA and MCGM were adopting different methods in leasing of Government land. MMRDA was leasing land through auctions, MHADA gave land on lease under Regulation 16 as per the directives of the Government, whereas in MCGM and

Collectorates, land was allotted on the basis of applications received from individuals, institutions, etc..

## **2. Procedure for levy and collection of lease rent and lease premium**

Different methods were being adopted by different agencies for levy of lease rent and lease premium. The Government was levying lease rent on the basis of the ready reckoner while in MCGM and MMRDA, the lease rent was being levied considering the maximum permissible Floor Space Index (FSI), whereas in respect of MHADA, lease rent was fixed on the basis of resolutions issued from time to time. MMRDA recovered a one time premium equal to the value of the plot at which it was auctioned at the time of lease agreement and levied a nominal lease rent thereafter. In respect of MHADA lease premium was fixed on the basis of resolutions issued from case to case and lease rent for the entire lease period was either taken as one time capitalised lease rent at the time of agreement or was recovered annually as decided in the resolutions. In respect of Collectorates and MCGM there was no policy to collect one time lease premium and lease rent ranging from ₹ one to amounts based on prescribed percentages of market value was being charged based on the extant orders and circulars.

## **3. Standard form of lease agreement**

It was seen that only MMRDA had provided for a standardised form of lease agreement in its Regulations. The leases given by MMRDA were for a period of 80 years whereas in respect of other agencies fresh lease or lease renewal was being done for a maximum period of 30 years.

## **4. Monitoring mechanism in respect of leased lands**

Periodical monitoring of leased lands for detecting breach of lease conditions was absent in MMRDA and MHADA, weak in the Collectorates while MCGM has introduced a system of monitoring as late as in March 2012.

## **2.3 Lack of transparency in grant of leases of Government land**

In order to bring transparency in allotment of land to co-operative housing societies, Government made a policy vide GR No. G-4 issued in May 1983 and GR No. G-1 issued in May 2007. It was decided that in cases where adequate plots are available for allotment under any lay out sanctioned by the local authority, the Collector should advertise in the local newspapers for the information of the general public so that people could form societies and apply for allotment of land for Co-operative Housing Societies (CHS). The applications received by the competent authority were to be scrutinised and proposal submitted to Government for approval. This was found necessary due to the fact that applications for allotment of land were being received only from those people who were aware of the availability of Government land and due to lack of publicity, many deserving people could not apply due to which they were not able to avail of the benefit of the policy.

During the scrutiny of 319 lease cases (including cases of CHS) of Mumbai City, Mumbai Suburban and Pune which were produced in complete form out of 449 sampled cases, we did not come across any case where selection of eligible persons was made on the basis of applications received from co-operative societies/persons in response to advertisements for the purpose of

allotment of Government land on lease, indicating that the procedure was not being followed by the Department. No advertisements for the vacant lands to be granted/re-granted on lease were being issued.

**Government may consider directing the Collectors to give wide publicity for grant of vacant lands on lease so as to make the process of allotment transparent.**

In the exit conference the Additional Chief Secretary accepted the recommendation and stated that the GR issued in this regard would be implemented and that in cases of lands to be allotted for educational purpose, hospitals, etc., the decision would be taken after examining the matter.

## **2.4 Preparation of model lease agreement**

A format for grant of “lease” of land to educational institutions or local authorities and for gymnasiums to be used as a playground/gymnasium or for other recreation purposes is provided in the MLR Code. Though lands are also given for other purposes, such as, industrial, commercial, residential, etc., no format for such lease agreements incorporating conditions specific to such purposes are incorporated in the MLR Code.

In this regard it is pertinent to mention that many of the lands given on lease by the Government date back to the pre-independence era and the lease agreements *inter alia* provide for rights of assignment/transfer or alienation and inheritance. In some cases, the lease conditions also state that the authority would renew the lease for a further period on the same terms and conditions on expiry of the lease period. In some other cases the lease agreements do not envisage permission of the competent authority or payment of unearned income to recognise or legitimise the assignment/transfer of leased land or prevent entering into development agreements.

In order to protect the interests of the leased property as well as the land revenue involved, it is necessary to enact laws to prevent the lessees of the past as well as fresh lessees from taking undue advantage of absence of conditions in the codal provision as well as in the lease agreements. In addition, the requirement of a periodical return to ensure fulfilment of purpose for which land was granted on lease may be necessary in a model lease agreement.

**The Government may consider enactment of a law to enforce the necessary conditions on subsisting leases in consultation with Law and Judiciary Department to safeguard leased property and land revenue.**

**The Government may also consider preparing a ‘Model Lease Agreement’ and incorporate the same in the Code/Rules.**

## **2.5 Implementation of MLR Code**

### **2.5.1 Non-renewal of expired lease cases**

Under the provisions of the MLR Code, 1966 and the rules framed thereunder, Government land can be leased out to any person for such period and purpose and on such conditions as may be determined in this regard. The grantee of

such land shall be called Government lessee and shall pay lease rent for the lease period as per the terms and conditions of the lease. Further, under the Code, the Collector is empowered vide Sections 53 and 242 of the MLR Code to evict a person holding land unauthorisedly by reason of expiry of lease. The lessee shall also be liable to pay penalty not exceeding two times the assessment of rent for the land for the period of such unauthorised use or occupation.

Information furnished by the Collectorates at Mumbai City, Mumbai Suburban and Pune revealed that out of 1,766 lease cases, 757 had expired between 1940 and 2008 and were pending renewal.

During test check of the lease cases of the Collectorates, we noticed that in respect of 153 cases the lease had expired between 1947 and 2011 (**Appendix-III**). The Collector-wise breakup is as follows:

Collectorate	Residential	Commercial	Industrial	Educational and Social	Others	Total
Mumbai City	74	3	9	-	11	97
Mumbai Suburban	12	10	-	11	4	37
Pune	3	1	-	14	1	19
<b>Total</b>	<b>89</b>	<b>14</b>	<b>9</b>	<b>25</b>	<b>16</b>	<b>153</b>

In January 1971, the Collector of Bombay had approached the Government regarding treatment to be given in respect of expired leases. However, no further action taken or any clarification issued in this regard by the Government was found on record. This was due to the fact that there was no express provision in the lease agreements issued in the past requiring the lessees to approach the Government for renewal of lease before the expiry of lease period.

In MCGM, in 17 cases (Residential – 2, Commercial – 13, Industrial – 1, Others – 1) as detailed in **Appendix-III**, the lease periods had expired between 1996 and 2012. However, no steps were taken by the MCGM for renewal of the leases under Section 91B or for eviction under Section 105 of the MMC Act, 1888.

Failure of the Departments to renew the lease agreements in time resulted in lessees continuing to occupy the premises paying old rate of lease rent even after expiry of lease period and in wrongful occupation of premises and perpetual revenue loss to the Government due to non-revision of lease rent.

In the exit conference the Government stated that decision to renew expired leases has been taken and a GR to this effect has been issued on 12 December 2012 wherein option for converting the lease hold land into the occupancy right, conversion charges payable and determination of lease rent or renewals etc., have been prescribed.

### **2.5.2 Absence of provisions in the MLR Code for levy of premium (unearned income) for regularisation of breaches**

According to Section 53 of the MLR Code, if in the opinion of the Collector any person is unauthorisedly occupying or wrongfully in possession of any

land by reasons which *inter alia* include breach of any conditions annexed to the tenure, the Collector may remove him from such land after giving the person reasonable opportunity of being heard. Such a person is also liable at the discretion of the Collector to pay penalty not exceeding two times the assessment of rent for the period of such unauthorised use or occupation. The said Section does not provide for any regularisation of the unauthorised occupation.

As per Resolution issued by the Government of Bombay in Revenue Department on 21 November 1957, the Collector may grant permission for sale of non-agricultural plots, conversion of new tenure into old tenure and regularisation of unauthorised sale of new tenure plots on payment of “premium”. The premium is recoverable at 50 *per cent* when the plot is used for residential purpose and at 62.5 to 75 *per cent* for industrial and commercial purpose. In case prior permission for such transfer/sale/assignment is not obtained from the Government, the premium at the rate of 62.5 to 75 *per cent* is recoverable in all cases. The premium amount is equal to the difference between the sale price to be approved by the Collector and the original price (occupancy price) paid to Government plus the value of improvements made in the plot by the grantee.

As far as levy of unearned income in respect of lands given on lease is concerned, there is no provision in the Act. However, the Department has been levying unearned income in cases of transfer of lease lands instead of resuming the lands under Section 53 of the MLR Code.

During the course of the Audit, it was noticed that the Department had regularised transfer of leased land, after levy of premium in seven cases (**Appendix IV**). However, in three other cases (**Appendix V**) wherein the lessees had transferred the plots to others during the period from 1981 to 2011, no action was taken by the Department to compute and recover the premium.

After we pointed out these cases, the Collector, stated that provisions of the GR dated 21 November 1957 had been repealed in the Maharashtra Land Revenue (Disposal of Government Land) Rules, 1971, hence not applicable to Mumbai City. It was further stated that there was no provision in the MLR Code for levy of premium. In respect of the seven cases where demands had been raised, it was stated that the said GR had been challenged in the Mumbai High Court.

Though premium (unearned) as stated above was not recoverable it was found in audit that the Collectorate continued to compute and send proposals to Government and issued demand notices for recovery of unearned income.

Notwithstanding the fact mentioned above regarding absence of an express provision in the Code for recovery of premium/unearned income, we noticed that even the GR issued in 1957 was not applied correctly. There was non/short levy of premium/unearned income in 12 cases amounting to ₹ 341.50 crore in Mumbai City and in seven cases amounting to ₹ 203.44 crore in Mumbai Suburban District, aggregating ₹ 544.94 crore (**Appendices IV, V and VI**). These mistakes had occurred due to application of incorrect rates for valuation of land, incorrect computation, etc. There was no

mechanism to ensure that the premium/unearned income was correctly levied and recovered.

**The Government may enact suitable provisions for levy and recovery of unearned income and for ensuring that all the lessees obtain prior permission before transferring the lease lands.**

In the exit conference the Additional Chief Secretary stated that necessary amendments would be made in the MLR Code for levy of unearned income.

### **2.5.3 Recovery of lease rent, etc., through Government Resolutions, etc. without drawing reference to MLR Code**

The State Legislature has power to direct levy of revenue on all lands so long as the exigencies of the State may render such levy necessary. That power is restated in the proviso to Section 64 of the MLR Code.

During audit, we noticed that GRs, Circulars, and Memoranda (for individual lease cases) are being issued for fixation and recovery of lease rent, premium (unearned income), redevelopment charges, transfer fee and licence fee in respect of land given on lease and also other matters. These GRs, Circulars and Memoranda issued by the Government did not however draw reference to the codal provisions (**Appendix-VII**).

In view of above, it is recommended that the GRs relating to components of land revenue, such as, lease rent, premium (unearned income), redevelopment charges, transfer fee and licence fee may draw reference of the relevant provisions of the MLR Code.

In the exit conference the Additional Chief Secretary stated that requisite amendments had been proposed in MLR Code for levy of redevelopment charges, licence fee, transfer fee, etc.

### **2.6 Non-revision of lease rent**

In October 1999, Government issued a Resolution for fixing lease rent based on the market value of the property as per the Ready Reckoner prepared by the Inspector General of Registration, Maharashtra State, Pune and the Collectorate issued demand notices accordingly. Aggrieved by the demands so raised on the basis of the said GR, some of the lessees filed petition in the Mumbai High Court against the GR. Consequent to this, Government withdrew the G.R. issued in October 1999. The Mumbai High Court in its judgement dated 25 August 2004 laid down certain parameters for fixing the lease rent and also ordered that the proposed lease rent be communicated to the petitioners with the basis and the manner in which the amount is computed so as to enable the petitioners to make a representation against the same. It added that in the meanwhile, all the petitioners continue to pay the lease rent as per the old rates.

Though eight years have elapsed since the High Court laid down the parameters for fixation of lease rent/revised lease rent, action in the matter is still pending. Consequently, the revenue that would have accrued to Government stands foregone.

According to the current practice, fixing of lease rent and its periodic revision is always being done by means of GRs rather than by making legislative enactment.

In the exit conference the Government stated that a policy for revision of lease rent had been approved by the Cabinet and a GR issued on 12 December 2012. Further, Additional Chief Secretary stated that requisite amendments had been proposed in MLR Code for levy of redevelopment charges, licence fee, transfer fee, etc.

## **2.7 Monitoring and control**

### **2.7.1 Internal control**

Internal controls are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions. It also helps in the creation of reliable financial and management information system for prompt and efficient service and for adequate safeguards for recovery of dues. We examined the adequacy of internal control and observed the following:

#### **2.7.1.1 Non-receipt of Action Taken Note (ATN) on Public Accounts Committee (PAC) recommendations**

With a view to tone up the land management procedures, the PAC in its 5<sup>th</sup> report of 2006-07 and 6<sup>th</sup> report of 2007-08, on the basis of paragraphs 3.10 (Audit Report 1997-98) and 4.2.7 and 4.2.10 (Audit Report 1998-99) had recommended a review every three months by the Collector on the extent of Government land given on rent, under encroachment etc. an enquiry on land allotments from 1947 to ascertain whether the lands were used for the purpose for which they were given, physical verification, eviction of encroachers, etc., as detailed in **Appendix VIII**. Though these recommendations were issued on 18 July 2006 and on 13 April 2007, the ATNs in respect of these recommendations have not been received from the Government (December 2012).

Despite the recommendations of the PAC, we noticed that monitoring, co-ordination and internal control measures were grossly inadequate in the Collectorates, as inspection of leased lands to ensure compliance to the conditions of the lease agreements as well as utilisation of lands for the purpose for which they were leased were lacking. Even in cases where breaches were detected, follow up mechanism was absent due to which action was not taken to its logical conclusion for evicting the erring lessees as provided in the MLR Code. This led to unauthorised sale/transfer, creation of third party interest and misuse for commercial gain. Audit observations are incorporated in the respective Chapters.

The Collector, Mumbai City stated that there is no staff for detection of breaches and due to inadequate staff action could not be taken in cases where breaches were already detected.

**Government may instruct the Collectorates to display on site the details of lease to ensure that the plot is not sold/transferred unauthorisedly.**

**Further, the Department may ensure that adequate staff is in place for carrying out the inspection of the leased lands for detection of breaches.**

### **2.7.1.2 Non-functioning of Breaches Committee**

The Government in R&FD vide GR No. J-2 issued in July 1995 decided to constitute a Breaches Committee so as to detect cases relating to breach of terms and conditions of lease agreement/deed and to levy fine on such lessees. The Committee was to consist of six members with the Collector, Mumbai City as the Chairman. The Collector was to inspect the leased properties and bring to notice the cases of breach of conditions to the Breaches Committee. The Committee in its monthly meeting was required to discuss the matter and consider levy of penalty and forward a proposal to the Government.

However, Superintendent, Mumbai City Survey and Land Records stated (September 2012) that the Breaches Committee was not functioning and that since 1995 only five meetings were held. This was stated to be due to absence of experienced staff as also reduction of existing staff by the Government.

The Collectors at MSD, Mumbai and Pune were asked about the existence of such a Committee and action taken by it; their replies are awaited.

**The Government may consider reviving the Committee constituted for detecting breaches.**

In the exit conference the Additional Chief Secretary accepted the recommendation and stated that this would be implemented in the other districts also.

### **2.7.1.3 Verification of utilisation of land for allotted purpose**

Land is granted on lease for residential, commercial, industrial, educational, social, medical, sports purposes, etc. As per Rule 6 and 7 of MLR (DGL) Rules, 1971 land can be given rent free or at nominal rent of ₹ one for specified purposes for a period not exceeding 15 years. Therefore the Department should ensure that the land is utilised for the purpose for which it is leased. However, there is no prescribed system of verification to ensure that land is being used for the purpose allotted.

During test check of the records of the Collectorates we noticed that in 30 cases admeasuring 7,83,996.28 sq m, information regarding the lessees having utilised the land for the purpose for which it was granted was not available. The sample lease agreement prescribed in MLR Code did not draw reference for submission of a “purpose fulfilment certificate” by the lessee. Further, as site visits for verification were almost negligible such breaches came to the knowledge of Government much later either leading to delayed action or litigation. These are discussed in the succeeding chapters.

**The Government may consider incorporating a “purpose fulfilment certificate” in the lease agreements and ensure its compliance through the Collectorates, as it would act as a deterrent against misuse/non-use of the leased land and also promote timely penal action. There should be a system of regular monitoring and verification by the Government Department.**

In the exit conference the Additional Chief Secretary accepted the recommendation and added that such certificate would be taken as a periodical return from the lessee.

## **2.7.2 Internal Audit**

### **COLLECTORS**

There are Internal Audit wings (IAW) in existence in the offices of the Collectors of Mumbai City, Mumbai Suburban District and Pune. However, periodical inspections are conducted by the IAW in Mumbai City only. Internal Audit upto 2010-11 has been completed. As per the information furnished by the Collectorate, 214 paras (separate information in respect of lease cases was not furnished) of IAW are pending clearance as of August 2012, out of which 180 paras related to the periods 1992-93 to 2003-04.

We called for details of outstanding paras and reasons for pendency in clearance. The Collector, Mumbai City stated that the details of paras were not readily available and added that the paras had not been complied with in the absence of adequate experienced staff. Thus, compliance to internal audit paras was inadequate.

Internal audit is an effective tool of the internal control mechanism, we recommend that immediate steps may be taken to comply with the paras raised in Mumbai City and to establish IAW in Mumbai Suburban and Pune Districts.

### **MHADA**

MHADA had not set up an Internal Audit wing, a fact which has been repeatedly commented upon in the Separate Audit Reports of MHADA. No monitoring system was in place by way of periodical verification/inspection of the leased land to ensure that the property was being used for the intended purpose.

### **MMRDA**

There is an Internal Audit wing for scrutinising accounts and other establishment matters. However, MMRDA (Disposal of Land) Regulations 1977, does not provide for monitoring the progress of work on the leased plots.

### **MCGM**

MCGM formulated guidelines for inspections and procedure to deal with the cases of breach of conditions as late as in March 2012.

## **2.8 Land revenue**

### **2.8.1 Trend of revenue**

The demand raised and recovery effected of lease rent in respect of Collectors at Mumbai City, Mumbai Suburban and Pune during the periods 2007-08 to 2011-12 as furnished by the Department are given below. The demand raised was constant through the period of review with a minor exception:

(₹ in lakh)

Year	Mumbai City			Mumbai Suburban District			Pune		
	Demand raised	Actual recovery	Percentage of recovery	Demand raised	Actual recovery	Percentage of recovery	Demand raised	Actual recovery	Percentage of recovery
2007-08	2,788.89	1,376.88	49.37	643.72	614.21	95.42	8.68	8.60	99.08
2008-09	2,788.89	1,635.68	58.66	644.97	562.80	87.26	8.68	8.65	99.65
2009-10	2,788.89	1,497.22	53.68	644.97	423.04	65.59	16.59 <sup>#</sup>	16.37 <sup>#</sup>	98.67 <sup>#</sup>
2010-11	2,788.89	1,561.53	55.99	644.97	728.07	112.88	8.68	8.69	100.12
2011-12	2,788.89	1,476.05	52.92	644.97	2,162.90*	335.35	8.68	8.57	98.73

# Increase on account of demand ₹ 7.91 lakh in one case in Pune, which was not done for the following years. \* Mazagon Docks Ltd. paid revised lease rent including arrears amounting to ₹ 1,536.79 lakh.

## 2.8.2 Arrears of land revenue

The District Collector/Tahsildar has the delegated power to initiate recovery proceedings by following any one or more of the processes prescribed under the MLR Code, 1966 and the Revenue Recovery Act, 1890. These Acts provide for attachment/auction of property and confinement of defaulters in jail if they failed to respond to the demand notices issued to them.

We called for (May 2012) the status of arrears of lease rent as of 31 March 2012, from the Collectors at Mumbai City, Mumbai Suburban District and Pune. Collector, Mumbai Suburban intimated arrears as ₹ 1.50 crore, while Collector, Pune City intimated that there were no such arrears.

The Collector, Mumbai City intimated that as against the total demand of ₹ 139.44 crore between 2007-08 and 2011-12, ₹ 75.47 crore was recovered, leaving a balance of ₹ 63.97 crore which is obviously in arrears. Action taken by the Collectors to recover the dues was not available on record.

The three Tahsildars under the Collector, MSD, namely, Andheri, Borivali and Kurla stated that lease rent of ₹ 21.78 crore was in arrears in eight out of 109 cases. In remaining 101 cases, there were no arrears. This information might not be complete, as out of 295 leased cases, data of lease rent in respect of 186 cases was not furnished by the concerned Tahsildars. Variation in above figures reflected absence of flow of information from Tahsildar to the Collector.

Thus, the position of arrears of lease rent, etc. was not complete. Under the circumstances it was absolutely necessary to have a category-wise register at Collectorates/Tahsildars/*Talatis* with full details for effective monitoring of arrears. The registers maintained at the Collectorates should be periodically reviewed and reconciled with the data available with the Tahsildars/*Talatis*.

Further, category-wise abstract of arrears of revenue could be prepared indicating the stages (such as in appeals with Department, Courts, etc.) so that senior management/middle management can consider remedial measures.

**Government may consider streamlining the procedure for maintaining data relating to arrears of land revenue, for taking timely action.**

In the exit conference the Additional Chief Secretary, agreed to formulate procedure for maintaining data on arrears of lease rent, etc. as recommended.

## **2.9 Non-recovery of amount relating to lessor's interest**

Section 126 of the Maharashtra Regional and Town Planning (MR&TP) Act, 1966 provides for acquisition of lands reserved in the Development Plan (DP) by the Planning Authority. The Development Control Regulations (DCR) for Greater Mumbai, 1991, contain provisions enabling the land owner to avail of Floor Space Index (FSI) in lieu of monetary compensation based on the concept of Transferable Development Rights (TDR). Section 126 (1) of the MR&TP Act, 1966, was amended in October 1993 to accommodate the concept of TDR which provided that whenever a Planning Authority acquires any land reserved in the DP by granting the land owner TDR against the area of land surrendered free of cost, the lessee must either pay the lessor or deposit an equal amount to the planning authority which is payable to the lessor as lessor's interest. This amount is to be determined on the basis of principles laid down in Land Acquisition Act, 1984. The Government in UDD vide Resolution dated 10 September 1996 confirmed the method of apportionment of interests of the lessor/lessee in respect of Government lands acquired by way of grant of TDRs.

On going through the MLR Code, we noticed that there is no provision for protection of lessor's (Government) interest when TDR is allowed for the area of land surrendered free of cost to the planning authorities.

**The Government may make provision in the Act for safeguarding its interest as lessor in the profits made by the lessee and recovery of the same.**

In the exit conference the Additional Chief Secretary assured that the matter would be looked into with a view to make provisions in the Act.

## **2.10 Instructions to local bodies to curb lessees from misuse of Government land**

During the course of the performance audit, it was noticed that the Municipal Corporation of Greater Mumbai (MCGM) had allowed development of the property in two cases without obtaining No Objection Certificate (NOC) from the Government and in one case had auctioned the land without the permission of the Government as detailed below:

- In the case of land leased to an individual for agricultural purpose, the individual entered into development agreement with a private builder for construction of residential flats for which permission was given by the MCGM without obtaining NOC from the Government. (Paragraph 4.2.16)
- In the case of M/s Chunilal Co-op Housing Society to whom the lease rights were sold by the lessee, the MCGM had permitted the lessee to utilise the FSI of adjacent encroached land without obtaining NOC from the Government. (Paragraph 3.4.1)

- In case of a trust held by an individual, MCGM had auctioned the land to M/s Jainam Construction without obtaining NOC from the Government. (Paragraph 3.3.1)

Since Government is the owner of the leased properties, MCGM should have obtained NOC from the Government before taking action in the above cases.

**The Government in R&FD may co-ordinate in the matter with the UDD and registering authorities in order to ensure that the sale/sub-lease of lease rights, clearance of development plans, building plans, etc. are not effected before obtaining NOC from the R&FD.**