



**Report of the  
Comptroller and Auditor General of India  
on  
Economic and Revenue Sectors  
for the year ended March 2019**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Maharashtra  
Report No. 2 of the year 2020**

**Report of the Comptroller and  
Auditor General of India**

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**Economic and Revenue Sectors**

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**GOVERNMENT OF MAHARASHTRA  
Report No. 2 of the year 2020**

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## Preface

This report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of the State of Maharashtra under Article 151 of the Constitution of India.

This report relates to audit of the economic and revenue sectors of the Government departments conducted under the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts, 2007 issued thereunder by the Comptroller and Auditor General of India. This report is required to be placed before the State Legislature under Article 151 (2) of the Constitution of India.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2018-19 as well as those which came to notice in earlier years, but could not be reported in the previous audit reports; instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards (March 2017) issued by the Comptroller and Auditor General of India.

## OVERVIEW

This report comprises of two sections (i) Economic Sector and (ii) Revenue Sector. There are seven chapters containing two performance audits, a follow-up audit and 24 compliance audit paragraphs.

Chapter I to Chapter III contain audit findings pertaining to economic sector including one performance audit on “Construction and Maintenance of Bridges in Maharashtra by Public Works Department and the Maharashtra State Road Development Corporation” and one thematic audit on “*Tur* procurement and disposal under Market Intervention Scheme of Government of Maharashtra for *Kharif* season 2016”.

Chapter IV to Chapter VII contain audit findings pertaining to revenue sector including one follow-up audit of “Sale/allotment of land and levy and collection of conversion charges” and one performance audit on “Preparation of Annual Statement of Rates for determination of market value for levy of stamp duty and registration fee”.

## ECONOMIC SECTOR

### Performance Audit

#### Public Works Department

Performance audit on “Construction and Maintenance of Bridges in Maharashtra by Public Works Department and the Maharashtra State Road Development Corporation” revealed that:

State of Maharashtra has constructed large number of bridges on various roads and the pace of construction was intensive particularly in the last two to three decades. The Public Works Department (PWD) and Maharashtra State Road Development Corporation (MSRDC) under Government of Maharashtra are responsible for the construction and maintenance of bridges in the State of Maharashtra. The Road Development Plan 2001-2021(RDP) was approved in April 2012. There was no evidence of strategic planning for bridge development and maintenance. Periodic targets were not fixed for the implementation of RDP. Inadequate planning in construction of bridges on account of acquisition of land, estimation, approval to design and indecisiveness resulted in inordinate delay and extra cost. Planning for maintenance of bridges was ineffective as reflected in non-conduct of initial/routine inspections and structural audits leading to non-approval of maintenance works of bridges which are in urgent need of repairs.

Separately allotted minor head meant for bridges was not being operated which resulted in non-availability of separate information in respect of funds demanded, allotted and expenditure incurred relating to construction as well as maintenance of bridges separately at a glance and deprived the department of disaggregated data on bridges needed for monitoring. There was absence of financial planning as the allotment and expenditure incurred were not related to the actual requirement.



Works remained incomplete due to non-acquisition of required land prior to commencement of works. There was unfruitful expenditure due to incomplete work of super structure, non-execution of approaches to bridge.

Inspection and monitoring were deficient as reflected from non-maintenance of bridge register, non/improper maintenance of masonry registers, shortfall in conduct of routine, special and comprehensive inspections and non-preparation of calendar of inspection. In the absence of preventive maintenance, cost of maintenance may increase drastically besides putting the life of commuters at risk.

**(Paragraph 2.1)**

### **Compliance Audit**

#### **Co-operation, Marketing and Textile Department**

Thematic audit on “*tur* procurement and disposal under Market Intervention Scheme of Government of Maharashtra for *kharif* season 2016” revealed that:

The production of *tur* in the state was 20.89 lakh metric tonne (MT) during the *kharif* season 2016 as against 4.44 lakh MT during the previous year. Due to bumper crop, the market price declined which was less than the Minimum Support Price (MSP) declared by Government of India. The introduction of the Market Intervention Scheme (scheme) in the state by the Co-operation, Marketing and Textile Department (department) was delayed despite the availability of information and estimation of bumper crop. Even after the introduction of the scheme, there was delay in taking decision to procure leading to delay in procurement, despite registration done by the farmers for sale of *tur*.

To add to the distress of the farmers, the payment of MSP to farmers was delayed. Payments to farmers were done through cheques instead of payment through NEFT/RTGS. The department did not ensure that implementing agencies adhered to the scheme instructions regarding direct payment to farmers’ bank account. There was delay in disposal of *tur* which increased the warehouse charges and interest on loans. The delay in disposal was also one of the factors for delay in payment to farmers. The monitoring of the scheme by the department was weak.

**(Paragraph 3.1)**

#### **Public Works Department**

- Inadmissible payment of ₹ 97.65 lakh due to non-compliance of condition for additional cost of 16.50 *per cent*.

**(Paragraph 3.2)**

- Absence of inter-department compliance system resulting in extra payment ₹ 75.40 lakh.

**(Paragraph 3.3)**

- Arbitrary withdrawal of part works from one contractor and awarded to another contractor at higher rate without inviting tender, resulted in avoidable expenditure of ₹ 2.86 crore, besides vitiating transparency in the award of work.

**(Paragraph 3.4)**

## Water Resources Department

- Execution of height raising work of dam of Anjani medium project without acquiring the required land for submergence and non-assessment of economic viability of the entire project resulted in wasteful expenditure of ₹ 32.38 crore.

(Paragraph 3.5)

- Wasteful expenditure ₹ 4.38 crore due to commencement of the work without acquisition of land.

(Paragraph 3.6)

- Injudicious planning resulted in unfruitful expenditure of ₹ 117.58 crore due to stoppage of work of lift irrigation scheme for more than three years.

(Paragraph 3.7)

- Deficient planning resulting in unfruitful expenditure of ₹ 55.22 crore on uneconomical Unkeshwar high level barrage.

(Paragraph 3.8)

- Avoidable extra payment of ₹ 102.12 lakh due to non-compliance to the Government of Maharashtra guidelines regarding design/revised design procedure of canal.

(Paragraph 3.9)

- Failure to comply with prescribed norms resulted in incorrect/defective estimation and excess expenditure of ₹ 2.15 crore under Clause 38.

(Paragraph 3.10)

## REVENUE SECTOR

### Tax administration

The total revenue receipts of the state during the year 2018-19 were ₹ 2,78,996.27 crore, of which revenue raised by the State Government was ₹ 2,03,279.95 crore and receipts from Government of India was ₹ 75,716.32 crore. The revenue raised by the State Government constituted 73 per cent of the total net receipts of the state. The receipts from Government of India included ₹ 42,054.20 crore on account of the state share of divisible union taxes which registered an increase of 13 per cent over the previous year and ₹ 33,662.12 crore received as grants in aid.

### Taxes on Sales, Trade, etc.

### Compliance Audit

- Erroneous allowance of dual credit of ₹ 15.05 lakh and non-levy of interest of ₹ 11.93 lakh on dues arising after assessment.

(Paragraph 5.4)

- Short levy of sales tax of ₹ 16.29 lakh and interest of ₹ 15.64 lakh due to irregular allowance of inter-state sales at concessional rate

*(Paragraph 5.5)*

- Non-levy of penalty of ₹ 63.67 lakh for late filing of audit report in Form 704

*(Paragraph 5.6)*

- Non/short levy of interest under section 30(2) of Maharashtra Value Added Tax Act 2002 ₹ 42.58 lakh

*(Paragraph 5.7)*

### **Stamp Duty and Registration Fee**

### **Performance Audit**

Performance audit on “Preparation of Annual Statement of Rates for determination of market value for levy of stamp duty and registration fee” for the period 2014-15 to 2018-19 revealed that:

Data considered for preparation of Annual Statement Rates (ASR) was not complete and correct. Change in status of land like conversion to non-agricultural land was not ascertained from the revenue authorities and updated. The changes in survey numbers due to fragmentation/amalgamation of areas were also not updated. Value zone maps were not updated as per development plan and also separate value zones for high value transactions were not formed. Valuation guidelines (VG) for determination of depreciation, impact of floor space index/transferable development rights and buildable public reservation in valuation of land were not uniform throughout the state. The VG for increase in valuation of properties located in large housing projects situated in municipal corporation/council limits was not applicable to properties having similar potential situated in influence zone. VG for valuation of parking spaces allotted free of cost to owner is absent.

There was no mechanism of internal audit in the Joint Director of Town Planning office to draw assurance on the quality of work being done for proper preparation of ASR. Periodical returns to monitor stages of preparation of ASR were not prescribed.

*(Paragraph 6.4)*

### **Compliance Audit**

- Short levy of stamp duty due to undervaluation of property

*(Paragraph 6.5)*

- Short levy of stamp duty in conveyance deed due to incorrect application of provisions of Maharashtra Stamps Act and Annual Statement Rates

*(Paragraph 6.6)*

- Short levy of stamp duty in cases of lease deed

*(Paragraph 6.7)*

- Short levy of stamp duty due to non-impounding of instrument

*(Paragraph 6.8)*

- Short levy of stamp duty due to non-consideration of distinct matters in one instrument and non-application of instructions to Annual Statement of Rates

*(Paragraph 6.9)*

- Short levy of stamp duty due to irregular grant of remission of stamp duty

*(Paragraph 6.10)*

### Land Revenue

### Follow-up Audit

A follow-up audit of performance audit on “Sale/allotment of land and levy and collection of conversion charges” revealed that:

Department did not take action to resume land in four out of nine cases, on which no construction had taken place and were lying vacant for 12 to 27 years.

Government had not implemented a clear and transparent policy for grant of land to private institutions for education and other activities till date and had not evolved a revised system for granting of concession in fees to trusts and other societies.

Department had not taken concrete steps to upload the information regarding land allotment to bring more transparency in the process as recommended by the PAC.

*(Paragraph 7.3)*

### Compliance Audit

- Short recovery of unearned income

*(Paragraph 7.4)*

- Short levy of occupancy price due to application of incorrect rates

*(Paragraph 7.5)*

- Short recovery of *nazarana*

*(Paragraph 7.6)*

- Short levy of royalty and penalty on illegal extraction of clay for bricks due to incorrect calculation

*(Paragraph 7.7)*

# **CHAPTER – I (*Economic Sector*)**

## **INTRODUCTION**

## ECONOMIC SECTOR

### CHAPTER I

#### INTRODUCTION

##### 1.1 About this report

This report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected schemes and activities and compliance audit of Government departments and autonomous bodies of the Government of Maharashtra (GoM) falling under economic sector.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, performance audit examines whether the objectives of an organisation, programme or a scheme have been achieved economically, efficiently and effectively.

The primary purpose of this report is to bring to the notice of the State Legislature, important results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the executive to take corrective actions as also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies in working of selected schemes/projects, significant audit observations made during the audit of transactions and follow-up on previous audit reports. Chapter II of this report contains findings arising out of one performance audit. Chapter III contains observations on audit of transactions in Government departments and on autonomous bodies.

##### 1.2 Audited entity profile

The departments in the economic sector in the state at the secretariat level headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and sub-ordinate officers and autonomous bodies are audited by the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and the Accountant General (Audit)-II, Maharashtra, Nagpur.

A summary of the State Government's fiscal transactions during 2018-19 *vis-a-vis* the previous years is given in **Table 1.1**.

**Table 1.1: Summary of fiscal transactions during 2014-15 to 2018-19**

(₹ in crore)

Receipts	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue receipts					
• Tax revenue	1,15,064	1,26,608	1,36,616	1,67,932	1,87,436
• Non-tax revenue	12,581	13,423	12,709	16,242	15,844
• Central tax transfers	17,630	28,106	33,715	37,219	42,054
• Grants from Government of India	20,140	16,899	21,653	22,261	33,662
Miscellaneous capital receipts	0	17	0	0	0
Recoveries of loans and advances	975	865	1,746	1,778	1,604
Public debt receipts	29,374	37,977	48,336	48,075 <sup>#</sup>	26,025 <sup>§</sup>
Appropriation from contingency fund	2,350	2,962	0	0	1,528
Contingency fund	4,360	962	0	0	3,528
Public account receipts	83,022	72,747	82,466	81,877	90,665
Opening Cash balance					
a) Sinking fund	15,454	18,886	22,672	27,853	33,971
b) Cash balance	31,429	30,762	32,881	40,897	54,498
<b>Total</b>	<b>3,32,379</b>	<b>3,50,214</b>	<b>3,92,794</b>	<b>4,44,134</b>	<b>4,90,815</b>

(₹ in crore)

Disbursements	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue expenditure					
• General services	60,486	64,370	71,609	78,535	84,765
• Social services	76,952	82,317	90,282	93,054	1,09,391
• Economic services	37,687	38,052	43,843	54,189	52,759
• Grants-in-aid and contributions	2,428	5,635	7,495	15,793	20,107
Capital outlay	19,523	22,793	25,549	26,842	35,049
Loans and advances disbursed	1,141	1,115	6,277	979	1,545
Repayment of public debt	8,828	10,043	11,887	15,782	25,116 <sup>§#</sup>
Appropriation to contingency fund	4,350	962	0	0	3,528
Contingency fund	2,350	2,962	0	0	1,528
Public account disbursements	68,986	66,412	67,102 <sup>#</sup>	70,491 <sup>*</sup>	89,758
Closing cash balance					
a) Sinking fund	18,886	22,672	27,853	33,971 <sup>#</sup>	34,488
b) Cash balance	30,762	32,881	40,897	54,498	32,781
<b>Total</b>	<b>3,32,379</b>	<b>3,50,214</b>	<b>3,92,794</b>	<b>4,44,134</b>	<b>4,90,815</b>

\* higher rounding and <sup>#</sup> lower rounding of figures

<sup>§</sup> Excluding ways and means advances (Receipt: Nil and Disbursement: Nil)

Source: Finance accounts of respective years

### 1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the departments of Government of Maharashtra under the provisions of the C&AG's (DPC) Act, 1971 and Regulations on Audit and Accounts, 2007 issued by the C&AG.

#### **1.4 Organisational structure of the offices of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and the Accountant General (Audit)-II, Maharashtra, Nagpur**

Under the directions of the C&AG, the offices of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and the Accountant General (Audit)-II, Maharashtra, Nagpur conduct the audit of various Government departments and offices/autonomous bodies/institutions under them. While 17 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai, the remaining 19 districts from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Maharashtra, Nagpur.

#### **1.5 Planning and conduct of audit**

The audit process starts with the assessment of risk faced by various departments of the Government of Maharashtra based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers and assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2018-19, 3,163 party-days were used to carry out audit of 284 units (compliance and performance audits) of the various departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

After completion of audit of each unit, inspection reports (IRs) containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the audit reports which are submitted to the Governor under Article 151 of the Constitution of India.

#### **1.6 Responsiveness of Government to Audit**

##### **1.6.1 Inspection reports outstanding**

Periodical inspections of Government departments are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the heads of the offices inspected, with copies to the next higher authorities. Yearly detailed statements of pending IRs are sent to the secretaries of the departments concerned to facilitate monitoring of action taken on the audit observations included in the IRs.

As of June 2019, 2,538 IRs (7,940 paragraphs) were outstanding. Year-wise details of IRs and paragraphs are shown in *Appendix 1.1*.



### 1.6.2 Response of departments to draft paragraphs and performance audits

Ten draft paragraphs including a thematic audit paragraph and performance audit report were forwarded demi-officially to the principal secretaries/secretaries of the departments concerned between April 2019 and March 2020 with a request to send responses within six weeks. The Government's replies were received in respect of two draft paragraphs. No replies were received (May 2020) in respect of performance audit report and remaining eight audit paragraphs featured in this report.

### 1.6.3 Follow-up on audit report

According to instructions issued by the Finance Department, Government of Maharashtra in January 2001, administrative departments were required to furnish explanatory memoranda (EMs) duly verified by Audit to the Maharashtra legislature secretariat in respect of paragraphs included in the audit reports, within three months of presenting the audit reports to the state legislature. The administrative departments however did not comply with these instructions. The status of outstanding EMs from 2013-14 to 2017-18 is indicated in **Table 1.2**.

**Table 1.2: Status of submission of explanatory memoranda during 2013-18**

Audit report	Date of tabling of Report	Number of paragraphs and performance audits	Number of EMs received	Balance
2013-14	10 April 2015	08	07	01
2014-15	13 April 2016	10	09	01
2015-16	07 April 2017	11	11	--
2016-17	28 March 2018	15	03	12
2017-18	02 July 2019	14	--	14
<b>Total</b>		<b>58</b>	<b>30</b>	<b>28</b>

The EMs in respect of seven paragraphs relating to the period prior to 2013-14 were outstanding. Department-wise details are shown in **Appendix 1.2**.

With a view to ensure accountability of the executive in respect of all the issues dealt within the audit reports, the Public Accounts Committee (PAC) lays down in each case, the period within which action taken notes (ATNs) on its recommendations should be sent by the departments.

The PAC discussed 498 paragraphs pertaining to the audit reports for the years from 1985-86 to 2017-18 and gave 498 recommendations of which, ATNs were pending on 415 recommendations as indicated in **Table 1.3**.

Table 1.3 : Position of outstanding ATNs on PAC recommendations

Year of audit report	PAC report number	Year of PAC	Number of recommendations	Number of ATNs awaited
1985-86 to 2007-08	16, 18, 28, 24, 19	1994-95	182	120
	01, 02, 04, 06, 07, 08	1995-96		
	20, 24, 25 and 27	1997-98		
	03	2000-01		
	13	2003-04		
	08	2007-08		
	13	2008-09		
	14	2008-09		
	08	2010-11		
	09	2012-13		
	15	2008-09		
	18	2015-16		
	13	2012-13		
2008-09	17	2012-13	21	21
2009-10	06	2015-16	15	14
2010-11	12	2015-16	01	0
	13	2015-16	01	0
2011-12	35	2017-18	09	09
2012-13	38	2017-18	33	32
	45	2017-18	20	20
	60	2017-18	06	06
2013-14	21	2015-16	49	47
	23	2015-16	38	38
2014-15	43	2017-18	19	19
	46	2017-18	14	08
	61	2017-18	12	12
2015-16	39	2017-18	41	40
	42	2017-18	37	29
2016-17	--	--	0	0
2017-18	--	--	0	0
<b>Total</b>			<b>498</b>	<b>415</b>

The department-wise position of PAC recommendations on which ATNs were awaited (December 2019) is indicated in *Appendix 1.3*.

## **CHAPTER – II (*Economic Sector*)**

### **PERFORMANCE AUDIT**

#### **2.1 CONSTRUCTION AND MAINTENANCE OF BRIDGES IN MAHARASHTRA BY PUBLIC WORKS DEPARTMENT AND MAHARASHTRA STATE ROAD DEVELOPMENT CORPORATION**

## CHAPTER II

### PERFORMANCE AUDIT

#### PUBLIC WORKS DEPARTMENT

##### 2.1 Construction and Maintenance of Bridges in Maharashtra by Public Works Department and Maharashtra State Road Development Corporation

###### *Executive Summary*

State of Maharashtra has constructed large number of bridges on various roads and the pace of construction was intensive particularly in the last two to three decades. The Public Works Department and Maharashtra State Road Development Corporation under Government of Maharashtra are responsible for the construction and maintenance of bridges in the State of Maharashtra.

A performance audit on 'Construction and Maintenance of Bridges in Maharashtra by the Public Works Department and Maharashtra State Road Development Corporation' for the period 2014-15 to 2018-19 revealed that Road Development Plan 2001-2021 was approved in April 2012. The bridges constructed during 2014-19 had no co-relation with it. Works were lying incomplete for many years resulting in blockage of funds besides non-achievement of connectivity.

There was absence of financial planning at the apex level of the department and the allotment and expenditure incurred were not related to the actual requirement. Short release of funds left many works untackled which required urgent repairs.

Vital records viz. bridge register, masonry register were not maintained. Shortfall in prescribed inspections of bridges was also noticed which may lead to non-detection of unsafe bridges putting life of commuters at risk.

###### 2.1.1 Introduction

All weather transport network is very important for overall social and economic development of any nation as well as state. The development of any region is not possible without adequate road infrastructure. Bridge is a vital element in connectivity of road network. State of Maharashtra has constructed large number of bridges on various roads and the pace of construction was intensive particularly in the last two to three decades. Maintenance of health of bridge deserves high priority for its life and reliability. Lack of proper and timely maintenance leads to structural deterioration which may culminate into collapse of bridge and loss of life.

The Public Works Department (department) and Maharashtra State Road Development Corporation (corporation) under Government of Maharashtra (Government) are responsible for the construction and maintenance of bridges in the State of Maharashtra. State Government under Road Development Plan 2001-2021 formulated vision document (April 2012) with a target of increasing existing (April 2012) road length of 2,41,712 km to 3,36,994 km by

2021. As of March 2018<sup>1</sup>, there were 18,279 bridges constructed and maintained by department and five<sup>2</sup> projects with flyovers/bridges were constructed and maintained by corporation.

### 2.1.2 Organisational Set up

Public Works Department is headed by Additional Chief Secretary and functions are controlled by Secretary (Roads) and Secretary (Works). Secretary (Roads) controls the overall works of roads and bridges. The implementation of various works of roads and bridges in Public Works Regions is carried out under the technical control of seven<sup>3</sup> Chief Engineers (CEs). The CEs are assisted by Superintending Engineers (SE) at circle level and Executive Engineers (EEs) at division level under the control of SEs. The divisions are responsible for construction, repairs and maintenance of roads and bridges.

MSRDC was incorporated (August 1996) under Companies Act 1956, with the main objective to implement road infrastructure projects through Public Private Partnership and to arrange funds for the project. The management is vested with the Board of Directors (seven) comprising Chairperson and Co-Chairperson appointed by the State Government. The organisational set up of department and corporation is detailed in *Appendix 2.1*.

### 2.1.3 Financing Pattern

The sources of fund for construction and maintenance of bridges are (i) State Budget, (ii) loans from National Bank for Agriculture and Rural Development, (iii) grants-in-aid from Central Road Fund, (iv) loans from Housing and Urban Development Corporation Limited, (v) deposit works of other departments and (vi) borrowings from open market.

The overall financial position (construction and maintenance/repairs) in respect of roads and bridges in department for the period from 2014-15 to 2018-19 is depicted in **Table 2.1.1**.

**Table 2.1.1: Details of funds available and expenditure incurred**

(₹ in crore)

Year	Available funds	Expenditure incurred
2014-15	4,023.71	3,708.91
2015-16	4,856.19	4,512.04
2016-17	4,524.07	4,369.52
2017-18	6,862.10	4,983.55
2018-19	8,092.63	7,965.20
<b>Total</b>	<b>28,358.70</b>	<b>25,539.22</b>

*Source: Information furnished by Department*

In case of corporation, no grant in respect of road and bridge works was received from the State Government for the period from 2014-15 to 2018-19. The financial position of corporation in respect of construction and

<sup>1</sup> The information of total number of bridge as of March 2019 was awaited (February 2020) from Department

<sup>2</sup> Mumbai flyover, Rajiv Gandhi Sea Link Project, Mumbai Pune Expressway Limited., Satara Kagal NH4 and Thane Ghodbunder Project

<sup>3</sup> Amravati, Aurangabad, Konkan, Mumbai, Nagpur, Nasik and Pune

maintenance of bridges for the period from 2014-15 to 2018-19 was called for; the same is awaited.

#### 2.1.4 Scope, Methodology and Audit Sampling

In order to have a regional representation, two circles from each region<sup>4</sup> and one district from each selected circle were selected for detailed scrutiny by ‘Random Sample Selection’ method. From the total available list of major and minor bridges in selected districts, a sample selection of 25 per cent of major and 10 per cent of minor bridges<sup>5</sup> was made on judgmental basis.

The test check of records was carried out at Mantralaya and in six<sup>6</sup> regional, 12 circle and 30 divisional offices as shown in *Appendix 2.2*.

In the corporation, one ongoing construction work and two maintenance works of bridges were selected for scrutiny on judgmental basis.

Out of 4984 bridges in 30 divisions, detailed scrutiny was done between June 2019 and December 2019 of records of 674<sup>7</sup> bridges constructed and maintained during 2014-15 to 2018-19 by department and corporation.

Entry conference with the department was held on 31 May 2019. Audit findings were communicated to Government in February 2020 for their comments, however, response was awaited (June 2020).

#### 2.1.5 Audit Objectives

The performance audit was conducted to derive an assurance that:

- construction and maintenance activities of bridges in Maharashtra were carried out efficiently and effectively with due consideration to economy; and
- an effective monitoring and internal control mechanism was in place during construction of bridges and further to safeguard the assets thus created.

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<sup>4</sup> Out of seven regions of PWD, there was no work of construction and maintenance of bridge in Mumbai region

<sup>5</sup> Minor bridge-with length between the abutments faces less than 30 metre but more than six metre;

Major bridge-with length between the abutments faces 30 metre or more but less than 250 metre; and

Long bridge-with length between the abutment faces of 250 metre or more

<sup>6</sup> Amravati, Aurangabad, Konkan, Nagpur, Nashik and Pune

<sup>7</sup> 672 bridges maintained by PWD and two bridges maintained by MSRDC

## 2.1.6 Audit Criteria

Audit findings are based on criteria derived from

- Maharashtra Public Works Manual (Sixth edition 1984)(MPWM)
- Maharashtra Public Works Account Code (Reprint 1990)(MPWA Code)
- Indian Road Congress (IRC) specifications issued by Ministry of Road Transport and Highways (MoRTH)
- Guidelines for Bridges issued under Central Road Fund (CRF)
- Resolutions and orders issued by Government for construction and maintenance of bridges and contract records.
- Annual Accounts of the MSRDC and Statutory Auditors Reports of the Review period
- Minutes of Board meetings, Agenda for the respective years.

## Audit Findings

### 2.1.7 Planning

#### ➤ Planning for Construction of New Bridges

##### 2.1.7.1 Delay in approval of Road Development Plan and absence of planning for its implementation

Government of India (GOI) published (2001) Road Development Plan Vision: 2021 and recommended parallel action by the states. Accordingly, taking into consideration the recommendations of IRC, the Government initiated the preparation of Road Development Plan (RDP) for the period 2001-2021 for construction and maintenance of roads and bridges in the state. However, the said RDP was finalised and approved in April 2012 for implementation from May 2012. In RDP 2001-2021, Government targeted the construction of 801 major bridges, 23,426 minor bridges and widening of 1,492 bridges.

The department did not submit any specific reasons for the abnormal delay in preparation and approval of the RDP 2001-2021.

In selected 12 circle offices, seven<sup>8</sup> circles submitted that no target was set by department/region/circle level authorities for construction/widening of bridges in relation to RDP 2001-2021. In remaining five<sup>9</sup> circles, though targets for construction of new bridges and widening of existing bridges were fixed, it could not be ascertained from the records that those works were identified as per the requirement of RDP, as no records are available either at department or at circle level.

Further, for effective implementation of the RDP, it was necessary to prepare periodic action plan and give specific target to the executing authorities at various levels. On enquiry, the department stated (January 2020) that the

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<sup>8</sup> Amravati, Akola, Aurangabad, Kolhapur, Nanded, Nashik and Ratnagiri

<sup>9</sup> Chandrapur, Dhule, Gadchiroli, Satara and Thane

district-wise or region/circle/division wise information regarding target assigned as per the RDP cannot be given as it pertains to the year 2001 and not available due to dislocation of files at the time of Mantralaya fire of June 2012.

The reply was not acceptable because the base data for preparation of RDP was of 2010 and hence was relevant for drawing up targeted plans for implementation in the field.

### **2.1.7.2 Inadequate planning in construction of individual bridge**

As per paragraph 141 of Maharashtra Public Works Manual (MPWM), the estimates should state in clear terms the object to be gained by the execution of the work estimated for, and explain any peculiarities which require elucidation, including where necessary the reasons for the adoption of the estimated project or design in preference to others. Necessary drawings showing the proposals should accompany the “estimate” and should be in sufficient detail to enable the entries in the estimates to be followed. It is further enumerated that estimate should always be prepared in sufficient detail to ensure that the responsible officer has given proper consideration to the requirements of the work, and is in possession of as much information as is possible.

Further paragraph 141(13) of MPWM states that while framing the plans and estimates, it should be ensured that the topography and other aspects of the site are also taken into account and that a mention to that effect be made in the general description of the estimate.

Paragraph 255 of the MPWM prescribes that no work shall be begun, except under special orders of the Government, unless a properly detailed design and estimate have been sanctioned.

The details of construction of major, minor and rail over bridges (RoB) during 2014-15 to 2018-19 in the entire state and in selected circles were requisitioned but not furnished to Audit. Macro level data was not being maintained in the department.

The deficiencies observed in planning in respect of construction of selected sample of 674<sup>10</sup> bridges resulting in non-completion, excess expenditure as well as non-achievement of intended objectives of smooth road connectivity to the commuters are enumerated below:

#### **(i) Non-implementation of National Programme of Connectivity for remote villages**

The Government directed (February 2018) department to construct immediately 100 Bailey bridges<sup>11</sup> for connectivity to 209 remote villages in naxal affected Gadchiroli district under National programme. The bridges were to be completed before May 2019. The Government directed (April 2018) Nagpur region to submit a project report immediately. Accordingly, Gadchiroli circle invited (May 2018) a firm (a MINI RATNA Public Sector Undertaking under Ministry of Defence) which had vast

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<sup>10</sup> Major including RoB and long bridges-257 and Minor bridges-417

<sup>11</sup> A bridge made of pre-fabricated panels that can be rapidly assembled



experience<sup>12</sup> of construction of more than 5300 Bailey bridges, for presentation and thereafter submitted (July 2018) proposal to Government for construction of Bailey bridges with specification of 4.25 metre in width. A draft Memorandum of Understanding (MoU) with the firm was prepared (August 2018) by Gadchiroli circle for manufacturing and erection of 100 Bailey bridges of above said specification with stipulated period of completion of three calendar months. The Government also provided (November 2018) funds of ₹ 2.88 crore in Supplementary Statement of Expenditure 2018-19 for seven bridges. However, it was observed that though the firm was ready to supply bridges as per specification within the delivery schedule, the department changed (March 2019) the width of Bailey bridge to 5.30 metre and invited global tenders for construction of seven quick launch bridges.

Audit observed (August 2019) that the department neither executed MoU with the firm nor finalised any other agency for the above work till date. The department stated (January 2020) that tenders for five bridges were finalised and two were under finalisation.

On being asked (August 2019) the reasons for change in width of bridge, department did not submit any reply and further stated that only seven bridges were approved in 2018-19 budget and would be completed by December 2019.

However, till date not even a single Bailey bridge was constructed against the target given for construction of 100 Bailey Bridges by May 2019. This shows lack of planning in prioritization of work in spite of specific directives and resulted in non-implementation of National programme. Further, 209 remotely located naxal affected villages of Gadchiroli district continue to be isolated.

**(ii) Non-acquisition of forest land resulted in construction of bridge remaining incomplete**

Paragraph 251 of MPWM stipulates that no work should commence on land which has not been duly handed over by the responsible civil officer and in case tender for work is accepted prior to acquisition of the land required for the work then the time which should be allowed for the acquisition of the land should be ascertained from the concerned authority before issuing the work orders.

The Forest department accorded (August 2007) in principle approval to allotment of required forest land admeasuring 4.79 hectare on the condition of obtaining final clearance from Ministry of Environment & Forests (MoEF) for conversion of forest land into revenue land. Accordingly, the work of construction of major bridge<sup>13</sup> across river Udai and across Bodhi nalla was administratively approved (June 2012) by the Government for ₹ 23.50 crore for establishing connectivity of a tribal village Bilgaon with Savaryadigar. Pending final approval from MoEF, the Public Works (PW) Division, Shahada awarded (November 2013) the work for ₹ 20.51 crore to a contractor with a stipulated period of completion of 18 months.

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<sup>12</sup> For Indian Army, Border Roads Organisation *etc.* and Government of Orissa, Chhattisgarh and Uttarakhand also executed MoU with M/s GRSE for construction of Bailey bridges

<sup>13</sup> on Bilgaon Savaryadigar road, taluka Dhadgaon, district Nandurbar

Scrutiny revealed that the division made the payment of ₹ 5.27 crore to the contractor in respect of work executed up to March 2015. In March 2015 the Forest division, Shahada directed that work be stopped as required final approval from MoEF was not obtained. Thereafter, the division made penal compensatory afforestation payment of ₹ 47.56 lakh to CAMPA<sup>14</sup> in July 2017. The office of the Principal Conservator of Forest, Dhule allowed (July 2017) the PW division to restart the work in forest area.

Audit further observed that PW Region, Nashik granted extension for completion of work up to March 2020 and submitted (July 2018) a proposal to the Government for grant of revised administrative approval (RAA) for ₹ 31.85 crore, as the cost of work increased. The sanction to RAA was still awaited. The work was in progress and completed up to substructure level. The financial progress (September 2019) was only 51.12 per cent (₹ 16.45 crore) of the revised cost.

In reply, the division stated that in the High Power Committee meeting held on 06 September 2011 to monitor Sardar Sarovar Project, it was decided to complete the work within one year on war footing. PW Circle, Dhule (July 2013) instructed to start the road work by September 2013 and bridge work by October 2013. Accordingly, the work was commenced by division.

The reply is not acceptable, as this work was started prior to possession of forest land which had resulted in halting of work for more than two years after incurring an expenditure of ₹ 16.45 crore and the purpose of establishing the connectivity of tribal villages was not yet achieved, as the work is still under progress.

**(iii) Defective estimates resulting in additional cost**

In lump sum contract, a contractor shall complete work with all its contingencies in accordance with the drawings and specification for a fixed sum. In order to regulate fixed sum due to addition and alterations not included in the contract except when the design is altered, payment shall be made at the rates provided in the schedule of rates.

The Government administratively approved (January 2014) a work of improvement to road<sup>15</sup> including RoB for ₹ 27.40 crore. PW Circle, Nashik accorded (May 2015) technical sanction for ₹ 18.34 crore. The work order for lump sum contract was awarded (September 2015) to a contractor by PW Division, Nashik for ₹ 15.15 crore with stipulated period of completion of 18 months. The work was to be executed by contractor based on designs made available by the department. During execution, the design of the RoB was changed, as actual soil bearing capacity was found lower than estimated earlier and length of approaches to RoB was increased due to high gradient slope on site. The extension for completion up to January 2019 was sanctioned.

Audit observed that there was an increase in cost of work by ₹ 9.53 crore due to increased depth of piers and length of approaches. The work is still in progress and contractor had executed the work costing ₹ 23.19 lakh which was paid to him in March 2019.

<sup>14</sup> Compensatory Afforestation Fund Management and Planning Authority

<sup>15</sup> Bhagur Lahvit Vanjarwadi Mudhgaon Road (MDR-21) at km 0/00 to 5/00

In reply, division stated (September 2019) that initial bore was taken for estimation purpose but at the time of actual execution, hard strata was not achieved at expected level.

This shows deficient estimation by the department which resulted not only in additional cost of ₹ 9.53 crore but also the intended benefit of smooth connectivity could not be achieved till date due to non-completion of the work.

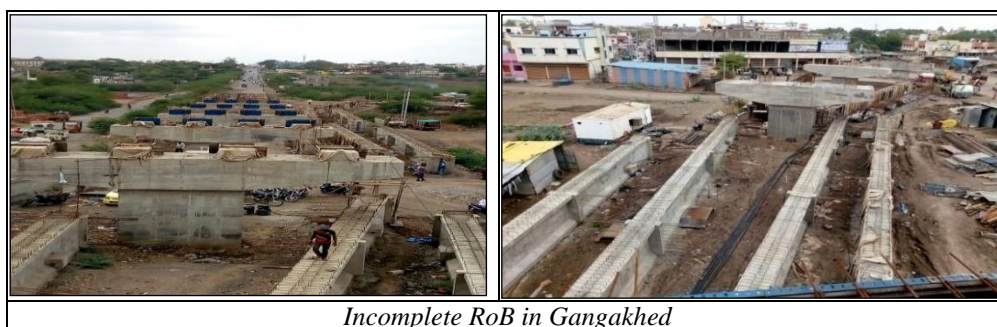
**(iv) Non-approval to design before commencement of work**

To overcome traffic congestion at railway crossing of commercial vehicles which used to get held up for long periods of time due to two sugar factories around village Gangakhed, the Government accorded (December 2013) administrative approval to work of construction of RoB<sup>16</sup> on Parali-Gangakhed-Palam-Loha-Nanded Road (MSH-16) for ₹ 22 crore. On receipt of approval to technical estimates from PW Circle, Nanded in January 2014, PW Division, Parbhani issued work order (January 2016) to the contractor for accepted tender cost of ₹ 15.93 crore with stipulated period of completion of 24 months.

Scrutiny revealed (June 2019) that the work was executed up to cap level of piers only and remaining construction work was under progress. It was further observed that for want of sanctioned drawings of pier caps and retaining wall, the contractor could not execute further work as per schedule since December 2017. Division requested (December 2017) for extension up to December 2018 due to delay in handing over of the design to the contractor. The payment of ₹ 9.37 crore was made (March 2019) to the contractor till date.

Audit observed that necessary sanctioned drawing was not handed over to the contractor till date (March 2019).

The physical verification of site by Audit (June 2019) revealed that the work was in very initial stage and most of the work remained incomplete in spite of expiry of 48 months from issue of work order.



Division stated (June 2019) that work was executed up to cap level and construction was under progress. Further, the approval to revised General Arrangement Drawings which was submitted to PW Region, Aurangabad in August 2018 was still awaited.

The commencement of work before obtaining necessary approval to designs not only resulted in abnormal delay in construction of bridge work and

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<sup>16</sup> at level crossing No. 16

creation of liability on account of price-escalation but also did not achieve the objective of reducing congestion of heavy vehicular traffic at railway crossing.

**(v) Delay in construction of bridge due to indecisiveness**

In the absence of road connectivity, 23 villages situated in remote and hilly areas on western side of Koyana dam were cut off with eastern side and other places of Mahabaleshwar *tahsil* in district Satara.

Thus, the work of construction of High Level Bridge<sup>17</sup> across Koyana Dam backwater (with approaches, culvert, retaining wall) was administratively approved (March 2017) for ₹ 75 crore.

Technical sanction for part of the work *i.e.* construction of bridge approaches, cross drainage works and retaining wall was sanctioned (November 2017) by PW Circle, Satara for ₹ 1.33 crore and work was awarded (February 2018) to a contractor for accepted cost of ₹ 1.16 crore. The work was to be completed with a period of 12 months. As on March 2019, contractor executed the work costing ₹ 64 lakh and work of approaches was still in progress.

Audit observed that as per the directives of State Government, PW Circle, Pune prepared and submitted (December 2019) a detailed revised estimate for Cable Stayed Bridge with viewing gallery costing ₹ 175 crore to Government for grant of new administrative approval with request to cancel earlier work which was approved for ₹ 75 crore in March 2017. The decision of the Government was awaited (February 2020).

Scrutiny revealed that work orders for remaining items of work such as bridge proper *etc.* were not issued till date even after the lapse of more than three years after the approval of the work. The work of approaches under execution was completed to the extent of only 55 *per cent* till date though stipulated to be completed by February 2019.

In reply, the PW (West) Division, Satara stated (December 2019) that new proposal for construction of advance type stay cable bridge costing ₹ 175 crore was submitted to Government for approval and sanction was awaited.

The reply of the division is not acceptable, as the Design Circle, Mumbai recommended (June 2017) to consider construction of innovative type bridge like suspension bridge/cable stayed bridge in view of tourist potential of the location. However, the same was not considered and execution of conventional type bridge was started in February 2018 as per administrative approval of March 2017. Presently, the status of work is uncertain as the department proposed (December 2019) to cancel earlier work and requested to approve new work for ₹ 175 crore. The decision of the Government was awaited (February 2020).

The indecisiveness on the part of the department resulted not only in delay in completion of bridge but also deprived the benefit of connectivity to the remote villages.

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<sup>17</sup> on Kumbharoshi Kalamgaon Tapola Ahir Road MDR 17 @ km 55/900, from Tapola to Ahir

**(vi) Blocking of funds due to payment of deposit to railway authorities before administrative approval**

The Government decided (July 2009 and February 2010) to construct RoB on level crossings (LC) on priority basis where the Train Vehicular Unit (TVU)<sup>18</sup> is high.

Accordingly, a work of RoB on Aahwa-Raipur-Khandbara-Dhanora road was administratively approved (October 2009) by the Government for ₹ 10.00 crore under Nashik Development Programme. However, during joint inspection of the site by department and railway authorities in August 2015, it was decided to construct Rail under Bridge (RuB) instead of RoB due to non-availability of land.

Accordingly, PW Circle, Nashik submitted (February 2017) a revised proposal to Government for construction of RuB. Meanwhile PW Division, Nandurbar deposited ₹ 4.99 crore<sup>19</sup> with railway authorities as per their demand. However, no progress was observed in this matter thereafter.

In reply, the division stated (September 2019 and February 2020) that the Government approval to revised proposal for construction of RuB was awaited.

The payment to railways prior to approval to the work resulted in blocking of funds amounting to ₹ 4.99 crore.

➤ **Planning for Maintenance of Bridges**

Bridges are key elements in the road network connectivity. Large numbers of bridges were constructed in the recent past and some of them are having complex structural arrangement. Thus, it has become necessary to carry out inspections of these bridges at a sufficiently higher technical level. Department issued (March 1988) a detailed technical circular on inspection of bridges detailing the requirements of routine inspections as well as comprehensive inspections including the frequency of inspection and the level at which these are to be carried out. To achieve intended objectives of smooth and safe connectivity, particular attention must therefore be given to the systematic inspection of bridges ensuring the protection of capital invested and life safety of road users by timely and economical planning of the preventive maintenance and repair works.

Audit examined the adequacy and effectiveness of the planning with respect to maintenance and repairs of bridges in selected units. Audit findings in this regard are given in the following paragraphs:

**2.1.7.3 Absence of planning for maintenance and repairs of existing bridges**

In detailed technical circular (March 1988), the Government reiterated the need of minimum inspection of every bridge at least twice a year (pre-monsoon and post-monsoon).

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<sup>18</sup> TVU means traffic density movement on a particular level crossing = number of train units x number of road vehicle units passing through that level crossing in 24 hours period

<sup>19</sup> ₹ 1.58 crore (March 2017) and ₹ 3.41 crore (October 2017)

In August 2016, a major bridge on Savitri river near Mahad on Mumbai Goa NH-66 collapsed due to flood leading to huge loss of 41 lives. Thereafter, the Government issued (August 2016) revised guidelines for inspection of all bridges and directed that (i) inspection of all bridges should be conducted within one month, (ii) circle office should conduct pre and post monsoon inspection of all bridges under their jurisdiction (iii) conduct structural audit of bridges which have outlived their life span in order to identify serious structural defects.

There were 16085 bridges (14003-minor, 1998-major and 84- long bridges) in the State as on September 2016. The department stated (December 2018) that initial inspections of 196 bridges were yet to be conducted. Further, out of 657 bridges which either outlived their life span or were severely damaged, the structural audit of 554 bridges was conducted leaving 103 bridges yet to be structurally audited.

In reply, the department did not submit any specific reasons for non-conduct of initial inspection as well as for non-conduct of structural audit as mentioned above.

The shortcomings/distresses in 103 bridges which were not inspected, remained unnoticed which may result in grave mishaps.

This shows the absence of planning and lackadaisical approach towards maintenance and repairs of the existing bridges.

The irregularities noticed in maintenance of existing bridges in test checked works are as under:

#### **2.1.7.4 Inadequate planning leading to bridges left unrepaired**

##### **➤ State level**

Post Savitri river incident (August 2016), the department identified that 2635 bridges were in urgent need of repairs which required outlay of ₹ 1218.94 crore. However, repairs of only 363 bridges were completed (January 2020) with an expenditure of ₹ 43.55 crore. The department (January 2020) stated that current information regarding status of the repair works of these 2635 bridges are not available with them.

##### **➤ Circle level**

Similarly, in 11 test checked circles, it was observed that works of maintenance of 1267 bridges with required outlay of ₹ 367.92 crore were proposed during 2014-15 to 2018-19, but the department sanctioned only 996 works with outlay of ₹ 181.57 crore. PW Circle, Thane did not submit required information till date (February 2020). Thus, 271 bridges were left untackled.

The department did not submit specific reasons for non-approval of these works till date.

Thus, though the bridges were identified for urgent repairs and maintenance, department did not prioritise these works and plan for required funds. Absence of timely preventive measures may result in further deterioration of these bridges making them more vulnerable to accident and loss of life of

commuters. Following case studies detail absence of irregularities in planning for repairs/maintenance:

**Case study 1: Reconstruction of minor bridge on Kannad-Bharadi-Sillod road**

A 40 year old minor bridge which connects World Heritage Ajanta caves on Kannad Bharadi Sillod Road in taluka Sillod collapsed in September 2016. The work of reconstruction of minor bridge was awarded by PW Division, Aurangabad to contractor (November 2016) for ₹ 53.76 lakh with stipulated period of completion of six months.

Audit observed that (June 2019) an expenditure of ₹ 36.59 lakh was incurred but the reconstruction of the bridge was not completed by the contractor till date.

In reply, division did not submit any reason for delay and stated that the concerned officials have been suspended due to negligence on their part (June 2019). Reply of department was awaited (June 2020).

**Case study 2: Non-approval to repair works of structurally audited bridge**

A structural audit of a bridge on Wardha river on Chandur-Bazar-Morshi-Simbhora road on SH-292 at chainage km 60/800 was conducted (December 2016) and consultant suggested various repair works viz. grouting, anti-crash barrier, Non-Destructive Tests for slabs, pointing for piers. Accordingly, PW Region, Amravati submitted (August 2018) an estimate of ₹ 1.57 crore to the department. However, approval of the department was awaited (July 2019).

**Case study 3: Non-approval to proposal of repairs to bridge since 2014-15**

A structural audit of a major bridge<sup>20</sup> constructed on Krishna river was conducted (February 2016) and consultant submitted observations that well foundations of pier footings were poor. He further recommended non-destructive tests, as the superstructure of bridge had deteriorated. Thereafter, PW Region, Pune conducted comprehensive inspection in February 2017 and directed to (i) install crash barrier on both sides of bridge, (ii) widen both sides of bridge, (iii) underwater inspection and jacketing of pier, (iv) filling up of cavities of pillars and (v) cleaning of expansion joints and replacement of bearings of bridge.

Audit observed that PW (West) Division, Satara was demanding funds of ₹ 35 lakh for repair work under *Gat 'C'*<sup>21</sup> every year since 2014-15. However, sanction for the same was still awaited (December 2019). Audit visited the bridge on 16 December 2019 and found that barriers to restrict plying of heavy vehicles were installed on both sides of the bridge. Further, it was observed

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<sup>20</sup> Bridge no 94/1 at highway Dicholi Navja Helwak Morgiri Sajur Tambve Wing Wathar Rethre Shenoli station road SH 148 at Ch (Bridge near Rethare BK village) Ch. 94/200

<sup>21</sup> *Gat 'C'* is for specialised works to be undertaken and sanctioned by respective CEs primarily for strengthening of weak bridges, repairs of small drain and all weather road connectivity for villages

that most of the plasters of bridge deck were peeled off and rusted bars were hanging out. The bridge deck was sagging at one point and there was spalling<sup>22</sup> of concrete in bridge spans.



PW Circle, Satara stated (December 2019) that under *Gat 'C'* programme, a job amounting ₹ 35 lakh was sanctioned. An estimate of ₹ 62 lakh for repairs of substructure was also submitted by division. As the amount of estimate was exceeding the sanctioned job amount, new estimate was under preparation. It was further stated that the bridge was closed for heavy vehicles since December 2019 and repair work would be taken up shortly.

Thus, non-approval of repairs to bridge for more than five years which had resulted in restriction of heavy vehicle traffic and public inconvenience shows the lack of required timely action on the part of the department towards upkeep and maintenance of bridges.

### 2.1.8 Funding

As per List of Major and Minor heads prescribed by Controller General of Accounts (CGA) of India and also as incorporated in Civil Budget Estimates (White Book) of Government of Maharashtra, there is a separate minor head of account *i.e.* "102- Bridges" and "101-Bridges" under Major Head (MH)-5054- Roads and Bridges (Construction) and MH-3054- Roads and Bridges (Maintenance) of the department, respectively.

The scrutiny of records revealed following audit observations:

#### 2.1.8.1 Non-operating of the budgetary head meant for bridge work

Audit observed that Government is booking the demand, allotment and expenditure related to construction of bridge along with road works under MH-5054 and relating to maintenance of bridge along with road works under MH-3054 under only one minor head *i.e.* "337- Road works" instead of minor

<sup>22</sup> As per IRC SP-40 Spalling of concrete is generally recognized to be a serious defect as it can cause local weakening, expose reinforcement, impair riding quality of deck and with time can cause structural failure. Spall is a depression caused by separation and removal of surface concrete



heads “101 and 102-Bridges” which have been separately allotted for bridge works.

On being asked the reasons for non-operation of separately allotted minor head meant for bridges, the department did not submit any specific reason and stated that the bridge is treated as an integral part of the road.

The reply is not tenable as there is a separate minor head prescribed by CGA for allotment and expenditure relating to bridges. This violation of prescribed procedure resulted in non-availability of separate information in respect of funds demanded, allotted and expenditure incurred relating to construction as well as maintenance of bridges separately at a glance. Thus, audit could not assess the correctness of assessment of demand of funds, availability and its utilisation by the department in respect of bridge works. Also, the department is deprived of disaggregated data on bridges needed for monitoring.

### **2.1.8.2 Absence of assessment for requirement of funds for construction and maintenance works**

As per provision of MPWA code, each division/circle/region was required to prepare an annual plan identifying the works and their requirement. Accordingly, demand for funds is to be placed before the Government.

However, audit observed that department did not prepare any annual plan to assess the demand. The grant is being sanctioned by the Government and accordingly, thereafter the works are being identified and executed as per the demand of local representatives and as per sanction accorded.

#### ➤ **State**

The details of funds demanded, allotted and expenditure incurred during 2014-15 to 2018-19 in respect of construction of roads and bridges by the department were called for. However, department submitted following information only in respect of allotment of grant and expenditure there from as shown in **Table 2.1.2:**

**Table 2.1.2: Details of funds in respect of construction of roads and bridges**

(₹ in crore)

Year	Grant allotted	Expenditure incurred	Unspent grant	Percentage of expenditure with allotted grant
2014-15	2,277.96	1,963.16	314.80	86
2015-16	3,173.50	2,844.35	329.15	90
2016-17	2,914.74	2,914.74	0	100
2017-18	5,172.32	3,462.73	1,709.59	67
2018-19	6,334.35	6,334.35	0	100

*Source : Information submitted by department*

Note: The fund position includes allotment and expenditure for roads and bridges, as there is no separate budgetary allocation for construction of bridge alone.

Similarly, the details of funds demanded, allotment and expenditure incurred during 2014-15 to 2018-19 in respect of maintenance of roads and bridges was as shown in **Table 2.1.3:**

**Table 2.1.3: Details of funds in respect of maintenance of roads and bridges**  
(₹ in crore)

Year	Demand	Budget allotted	Expenditure incurred	Percentage of Budget allocation with respect to Demand	Percentage of expenditure with allotted funds
2014-15	6,665.63	1,745.75	1,745.75	26	100
2015-16	7,257.83	1,682.69	1,667.69	23	99
2016-17	6,441.95	1,609.33	1,454.78	25	90
2017-18	6,121.90	1,689.78	1,520.82	28	90
2018-19	5,294.22	1,758.28	1,630.85	33	93

*Source: Information submitted by department*

Note: The fund position includes roads and bridges as there is no separate budgetary allocation for maintenance of bridges alone.

As seen from above, no demand was assessed by department for construction activity and expenditure was incurred on the basis of funds made available. Similarly, the allotment for maintenance activity was not as per the actual requirement. This shows the absence of financial planning at the apex level of the department.

#### ➤ Selected districts

The funds demanded, sanctioned and expenditure incurred for construction and maintenance of roads and bridges in selected divisions were as shown in **Table 2.1.4:**

**Table 2.1.4: Details of funds in respect of construction and maintenance of roads and bridges**  
(₹ in crore)

Year	Construction			Maintenance		
	Grant Demanded	Grant Sanctioned	Expenditure	Grant Demanded	Grant Sanctioned	Expenditure
2014-15	699.48	500.57	500.57	120.35	50.85	50.85
2015-16	525.91	422.43	422.43	97.02	46.37	46.37
2016-17	554.19	405.32	401.92	93.23	38.81	38.81
2017-18	402.28	353.03	352.91	80.97	61.02	61.02
2018-19	484.05	427.49	414.95	92.39	64.22	64.22
<b>Total</b>	<b>2,665.91</b>	<b>2,108.84</b>	<b>2,092.78</b>	<b>483.96</b>	<b>261.27</b>	<b>261.27</b>

*Source: Information furnished by test checked divisions.*

Note: The fund position includes roads and bridges as there is no separate budgetary allocation for bridge alone.

As seen from the table above, against demand of ₹ 2,665.91 crore for construction works, the Government had sanctioned funds of ₹ 2,108.84 crore (79 per cent); however, against demand of ₹ 483.96 crore for maintenance works, only ₹ 261.27 crore (54 per cent) was sanctioned. The short release of funds for maintenance works resulted in many works remained untackled and the bridges requiring urgent repairs remained unsafe for commuters as observed by Audit in selected circles where maintenance works of 271 bridges could not be taken up leaving the bridges open to further deterioration (as mentioned in **paragraph 2.1.7.4**). Thus, it is evident that department had neglected the maintenance works and compromised the safety of commuters.

Department accepted (January 2020) that there was inadequate provision for maintenance.

### 2.1.8.3 Stoppage of Nilwandi Bridge after incurring expenditure of ₹ 14 lakh due to paucity of fund

Paragraph 255 of MPWM envisages that no work shall begin except under special riders of the Government unless allotment of funds has been made. Similarly, no liability may be incurred in connection with any work until an assurance has been received from the authority competent to provide funds that such funds will be allotted before the liability matures.

The Nashik collectorate under Minimum Needs Programme (MNP) accorded approval (March 2013) to the work of construction of Nilwandi bridge<sup>23</sup> for ₹ 90 lakh. Accordingly, the PW (North) Division, Nashik awarded (April 2015) the work to a contractor at tendered cost of ₹ 66 lakh with stipulated period of nine months for completion.

Audit scrutiny revealed that the contractor had executed the work of ₹ 14.40 lakh only which was paid in March 2018. The contractor stopped the work since 2016. The work of bridge was completed upto pier level only.



*Incomplete approaches and deck slab of Nilwandi Bridge due to fund shortage*

In reply, the division stated that MNP was closed in 2015 and further required funds were not made available. Hence, contractor stopped the work for want of funds.

The reply is not acceptable as the work was approved in March 2013 under MNP. The scheme (MNP) was closed in 2015. Thus, division was required to execute the work prior to closure of MNP.

The delay on the part of the division resulted in unfruitful expenditure of ₹ 14.40 lakh on incomplete bridge work.

### 2.1.8.4 Non-completion of Bridge/Road over Bridge works due to pending Revised Administrative Approval.

Paragraph 134 of MPWA Code envisages that when the expenditure on a work exceeds or is found likely to exceed the amount administratively approved by more than 10 per cent or ₹ one crore, the Revised Administrative Approval (RAA) should be obtained from the authority competent to approve the revised cost.

Position of pending cases of RAA awaiting approval from the Government in respect of selected circles as on January 2019 was as shown in **Table 2.1.5**:

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<sup>23</sup> on Nilwandipade road VR-89 in taluka Dindori, district Nashik

**Table 2.1.5: Details of works held up for want of RAA from department**

(₹ in crore)

Sl. No.	Name of the Circle	Name of the district	Name of the work	Original AA cost and date of sanction	Revised cost	Expenditure incurred till date
1.	Nagpur	Nagpur	Construction of Major bridge across Aam river in km 1/00 on Veltur-Channa-Kujaba road Tq. Kuhi District Nagpur	1.44 04.02.1999	2.72	0.24
2.	Nashik	Dhule	Construction of ROB on Sukdev-Shindkhed-Chimthana road @ km 12/200 District Dhule	10.00 31.10.2009	14.95	0.00
3.	Pune	Sangli	Widening of road on ROB of Peth-Sangli-Miraj-Mhaisal to State border of Sangli district	3.00 20.3.2010	18.56	0.20
4.	Auranga- bad	Jalna	Construction of Major bridge across Purna river in km 55/700 on Buldana-Dhad-Mahora road Tq. Bhokardan District Jalna	4.00 20.10.2008	5.78	4.72
5.	Auranga- bad	Auranga- bad	Construction of missing length of bridge on Aurangabad-Lasur-Vaijapur road (SH-30) from km 34/660 to 35/460 near Hadas-Pimpalgaon in talukaVaijapur	4.35 31.10.2009	7.66	4.96
<b>TOTAL</b>					<b>49.67</b>	<b>10.12</b>

As seen from above, for want of RAA, these works are still incomplete for many years.

Department did not submit any specific reply for delay.

Thus for want of RAA, these five works remained incomplete resulting in non-achievement of desired benefit of connectivity to the commuters for more than ten years.

#### **2.1.8.5 Central Road Funds spent on inadmissible items**

As per rule 7(8) and 8(3) of Central Road Funds Rules 2007, (CRF) the works involving acquisition of land and shifting of utility services should not be sponsored under CRF. The executing agency shall render a certificate stating that the land is available, is in its possession and removing of utilities (if any) has been completed and not financed from CRF.

However, in three test checked divisions, irregular expenditure on shifting of utilities using CRF was observed as shown in **Table 2.1.6:**

**Table 2.1.6: Details of irregular expenditure on shifting of utilities from CRF**

(₹ in crore)

Sl. No.	Name of the division	Name of the work	Expenditure	Expenditure on shifting of utilities and land acquisition
1	PWD II, Chandrapur	Construction of major bridge across Uma river in km 8/00 on Petgaon Usrala Maroda Mul Bhejgaon road	8.51	0.57
2	PWD, Amravati	Improvement to Amravati-Badnera Road including widening of minor bridges	28.38	2.91
3	PWD, Nashik	Improvement to Bhagur Lahvit Vanjarwadi Mudhgaon Road MDR-21 km 0/00 to 5/00 including Railway-Over-Bridge	23.19	0.12
<b>Total</b>			<b>3.60</b>	

In reply, PW Division, Amravati (July 2019) and Nashik (September 2019) stated that there was a provision in the sanctioned estimate, hence payment was made from CRF. However, PW Division, Chandrapur stated (August 2019) that the work was of urgent nature and to complete the bridge work and approaches, the payment had been made from the CRF.

This resulted in irregular expenditure of ₹ 3.60 crore contrary to the provisions of CRF.

## **2.1.9 EXECUTION**

### **2.1.9.1 Non-acquisition of required land before commencement of work**

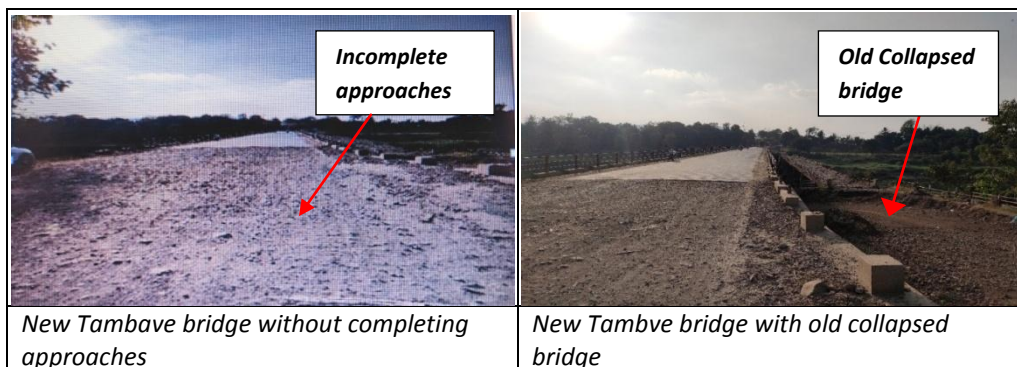
Paragraph 251 of MPWM stipulates that no work shall commence on land which has not been duly handed over by the responsible civil officer and in case tender for work is accepted prior to acquisition of the land required for the work then the time which should be allowed for the acquisition of the land should be ascertained from the concerned authority before issuing the work orders. In test-check of records of selected divisions, the following omissions were observed:

#### **(i) Inordinate delay in construction of new Tambave bridge**

A work of construction of major submersible bridge across Koyna river on Sakurdi-Tambave-Ambavade-Jinti Road along with its approaches and retaining wall was awarded (March 2016) by the PW (West) Division, Satara to a contractor for accepted cost of ₹ 9.49 crore with stipulated period for completion of 24 months.

It was observed that the work could not be completed in stipulated period due to land acquisition problem. Thus, PW Region, Pune granted (March 2018) the extension up to 31 December 2018. The contractor executed most of the works of bridge proper and approaches and submitted VIII<sup>th</sup> running account bill for ₹ 9.11 crore in March 2019. The division again proposed (October 2019) for extension up to 31 December 2019 which was awaiting approval from the region.

During physical inspection (16 December 2019), Audit observed that the work of granular sub base, water bound macadam and black topping on the surface of the bridge proper and approach roads from both the sides of the bridge as well as construction of retaining wall to the approaches was not done.



Further, as per paragraph 5.1.2 of IRC: SP: 52-1999, it was necessary to remove the debris of old bridge which may cause blockage to the waterways of river to avoid damage to newly constructed bridge. However, during said physical inspection, Audit observed that the debris of old Tambave bridge which collapsed in August 2019 was lying in the riverbed causing imminent danger to the newly constructed bridge.



On being pointed out (December 2019), the division replied that work of bridge proper was completed and remaining work would be completed. The division further stated that debris would be removed immediately.

The reply was not acceptable, as the work was initially delayed by 33 months due to land acquisition problem and extension was accordingly granted up to December 2018. But, the contractor failed to complete the works in extended period also. No further extension was granted. However, division failed to take appropriate action against the contractor as per the provisions of the contract.

Thus, in spite of lapse of nearly four years period and expenditure of ₹ 9.11 crore, the bridge was not ready for smooth traffic for want of proper roads with retaining walls to approaches and railings for the bridge. This depicts casual attitude of the department towards execution of works in violation of manual provisions endangering the life of commuters.

**(ii) Blocking of ₹ 6.95 crore on construction of major bridge on Krishna river**

The work of construction of major bridge on Krishna river at village Sukhwadi of *tahsil* Palus, district Sangli was administratively approved (July 2013) for (i) construction of bridge proper, (ii) approaches, (iii) land acquisition and (iv) miscellaneous items. PW Region, Pune accorded (June 2014) technical sanction for ₹ 11.98 crore. PW Division, Miraj awarded (September 2014) work at accepted cost of ₹ 10.76 crore with stipulated period of completion of 18 months.

However, due to non-acquisition of land on both the banks, the contractor did not start the work in 2014. Acquisition of land on only one side *i.e.* Sukhwadi side was done and work started from October 2017. The contractor executed the work to the extent of 64.65 *per cent* mostly relating to bridge proper and payment of ₹ 6.95 crore was made (September 2019). Thereafter, there was no record to show that the work had progressed further. The extensions were granted from time to time, the last one till September 2019 (February 2018). However, it was observed that contractor requested (November 2019) to finalise the contract on 'where is and as it is' basis. The land acquisition process for other side *i.e.* Tung village side was still under progress (December 2019).

Audit observed that the work could not be completed even after expiry of 64 months as against the stipulated 18 months. The work of approaches on other side (Tung village side) was not initiated till date for want of required land.

In reply, the division stated that the process of land acquisition though started very early could not be completed due to problems from land owners. The division further stated that land acquisition was in the final stage.

The reply was not acceptable as the execution of work was started without having the required land in possession. This resulted in blocking of expenditure incurred apart from the liability of excess expenditure on account of price-escalation. Further, the proposed benefit of smooth road connectivity is not assured till date for want of acquisition of land on Tung village side.

**(iii) Idle expenditure of ₹ 7.84 crore on construction of major bridge near village Kalashi**

A work of construction of major bridge<sup>24</sup> in Amravati district under Deposit Head<sup>25</sup> was awarded<sup>26</sup> (January 2017) to a contractor at an accepted cost of ₹ 8.04 crore with stipulated period of 24 months. The scope of work included a bridge proper and its approaches.

It was observed that payment of ₹ 7.84 crore was made to the contractor for the works executed mostly relating to bridge proper only. The land required for approaches was not available, hence the contractor requested to finalise the contract on 'where is and as it is' basis in May 2019.

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<sup>24</sup> in km 9/200 on Ganeshpur- Gaiwadi- Amla road MDR-13 near village Kalashi (Wadhadi Irrigation Project) in taluka Daryapur

<sup>25</sup> Deposit from VIDC

<sup>26</sup> by Special Project (PW) Division II, Daryapur

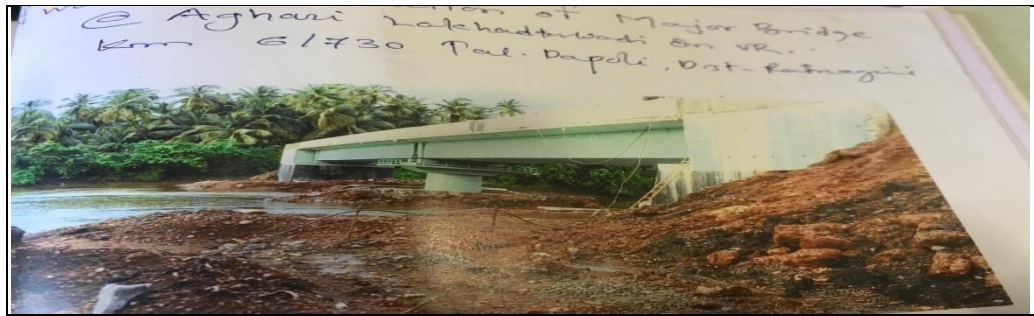
In reply, division stated that the required land was handed over and the work had started. But later on the land owners created problems for the user department, hence delay occurred.

The reply was not acceptable as division did not submit any records to substantiate their submission.

Non-availability of land resulted in delay in completion of work as well as liability of excess expenditure on account of price-escalation apart from deferment of desired benefit of road connectivity.

**(iv) Blocking of ₹ 4.22 crore on construction of bridge at Aghari Lakhadtarwadi**

The Government approved (February 2014) the work of construction of 70 meter long bridge with approach road of 800 metre on Village Road 18 at Aghari Lakhadtarwadi, district Ratnagiri for ₹ 4.98 crore. Technical sanction was accorded by PW Region, Mumbai in July 2014 for ₹ 5.05 crore (₹ 4.33 crore for bridge and ₹ 72 lakh for approaches). PW Division, Chiplun awarded (February 2015) the work of construction of bridge portion only to a contractor at accepted cost of ₹ 4.21 crore. The work of construction of bridge work was completed in August 2016 with an expenditure of ₹ 4.22 crore.



*Major bridge at Aghari Lakhadtarwadi on VR 18 @ km 6/730*

Audit observed (December 2019) that the work of construction of approach road to this bridge was not taken up till date due to non-acquisition of required land for approaches on one side of the bridge.

Division accepted (December 2019) that the work of approaches was held up due to land-acquisition problem and further submitted that as soon as the land is acquired, tendering for the said work would be done.

The reply of the division confirms the non-compliance of the MPWM provisions. Non-availability of approaches resulted in blocking of funds of ₹ 4.22 crore on construction of bridge proper since last 42 months.

**(v) Blocking of ₹ 1.03 crore on construction of major bridge on Utavali river**

PW Division, Akola awarded (March 2015) a work of construction of major bridge along with approaches on Utavali river on Pimpalkhuta-Adgaon VR-65 to a contractor at accepted cost of ₹ 1.68 crore with stipulated period of completion of 18 months.

Audit observed (July 2019) that the construction of bridge proper to the extent of 95 per cent was completed in August 2016 and payment of ₹ 1.03 crore was made (March 2017) to the contractor. However, the contractor intimated



(April 2017) the non-availability of land required for the work of approaches due to stiff opposition from the farmers and requested to finalise the work.

In reply, the division stated (July 2019) that in anticipation of land acquisition, the work was started. However, due to protest by farmers, there was difficulty in procuring land. The matter was in progress and after procurement of land, the approaches would be completed soon.

The reply is not acceptable, as the work was commenced in anticipation of acquisition of land contrary to the codal provisions. This resulted in blocking of ₹ 1.03 crore on incomplete bridge work.

### **2.1.9.2 Wasteful expenditure on abandonment of bridge work**

The work of construction of a minor bridge<sup>27</sup> on Ajintha river was administratively approved for ₹ 2.00 crore. The PW Division, Aurangabad awarded (January 2011) the work to a contractor at an accepted cost of ₹ 2.41 crore with stipulated period of 18 months. However, the execution of work got delayed abnormally. Till May 2015, the contractor had completed the work up to pier level only costing ₹ 2.51 crore which was paid in March 2018. The work of deck slab (super-structure) of the bridge was not yet completed. The reasons for abnormal delay in execution of work were not available on record.

Audit observed (February 2019) that consequent upon declaration of this road as national highway vide GoI notification (January 2017), the said incomplete work was transferred 'as it is' (May 2017) to National Highway Division (NHD) Aurangabad. This rendered the expenditure incurred on the executed work amounting to ₹ 2.51 crore as wasteful. Further, the irregularity of incurring excess expenditure on this work over and above the amount of administrative approval by 25.5 per cent was also not regularized.

In reply, the division submitted that (February 2019) the design of bridge and its approaches were changed during execution and construction of deck slab remained untackled considering the cost of AA.

The reply is not tenable as the excess expenditure over AA was not regularised till date and handing over of the same work to NHD resulted in wasteful expenditure of ₹ 2.51 crore on incomplete bridge work. Had the work been completed in time, it would have been possible to take the completed work into account for planning the National Highway route/design.

### **2.1.9.3 Unfruitful expenditure of ₹ 1.48 crore on incomplete work of construction of a major bridge across Wan River**

In order to establish connectivity of villages Sonpeth with village Nathra, the PW Division, Parbhani awarded (September 2013) the work of construction of a major bridge across Wan river in Parbhani district to a contractor at accepted tendered cost of ₹ 1.60 crore with stipulated completion period of 12 months. The scope of work included the construction of bridge as well as its approaches. The work could not be completed in stipulated time due to acute shortage of water and paucity of required funds. Thus, PW Circle, Nanded

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<sup>27</sup> on Aurangabad-Jalgaon Road MSH-8 at Ch.91/200

granted extension to complete the work from time to time. The last extension was granted up to August 2017.

Audit observed that the contractor executed the work relating to bridge proper and deck slab only costing ₹ 1.48 crore up to July 2017 which was paid in March 2018. Thereafter, the contractor stopped the work and did not execute remaining works<sup>28</sup> from July 2017.

Site visit (June 2019) of bridge by Audit revealed that though the bridge proper was completed, the same was not put to use due to non-construction of its approaches from either side.



*Incomplete bridge proper and approaches*

The division accepted the fact and stated (June 2019) that action of recovery of penalty from the contractor would be taken.

The reply is not acceptable as inspite of lapse of more than 70 months and spending more than 92.5 per cent of tendered cost, the work remained useless for want of construction of approaches and other required works. Further, there were no records to show that any action has been planned against the contractor for not executing the balance works.

The non-execution of approaches to bridge not only rendered expenditure of ₹ 1.48 crore unfruitful but also the objective of providing connectivity to villages Sonpeth and Nathra could not be achieved even after six years.

### 2.1.10 Inspection and Monitoring

#### State

Periodic inspection and adequate monitoring provides reasonable assurance for smooth and safe road network. The manner and periodicity of inspection of the bridges and documentation thereof at different levels in the department are specified in the Technical Circular issued (March 1988) by Government. Chapter 2 of IRC SP-18 prescribes for maintenance of a bridge register in every division. One bridge register may include the records of several bridges. However, for each bridge, there must be two reports *viz.* (i) original bridge report giving the general details of the bridge such as name, location, hydraulic particulars, lower water level, loadings, soil particulars, details of span, design details and drawings, diagrammatic sketch, date of completion *etc.* and (ii) inspection reports containing the details of inspection such as date of inspection, authority which conducted the inspection and observations and recommendations of inspecting officer. Audit observed that the circular and

<sup>28</sup> Works relating to construction of approaches and other works like providing rubble filling behind abutments, RCC railings, cement concrete work of balance walls, curves *etc.*

manual provisions were not followed by the division/circle offices, thereby maintenance and repair works were not taken up in a timely manner to maintain the life span of the bridge and minimise the cost of maintenance.

#### **2.1.10.1 Non-maintenance of bridge register**

The bridge register should provide complete up to date history of each bridge from start of its execution till completion and various inspections done thereafter. It should be maintained by division concerned and made available to inspecting officers.

However, Audit observed that in 15<sup>29</sup> divisions, bridge register was not maintained.

In reply, it was stated that prescribed bridge register would be maintained properly in future.

Due to non-maintenance of bridge register, Audit could not get required information for scrutiny in the selected divisions. Also in the absence of such a basic record, the divisions could not have carried out necessary inspections for maintenance.

#### **2.1.10.2 Non/improper maintenance of masonry registers**

Masonry register is a vital record required to be maintained at circle level for long bridges, at division level for major/long bridges and at sub-division level for minor/major bridges for notings of routine inspection and its follow up action. In masonry register, the details of the bridge such as name, location, construction year, cost and details of inspection such as date of inspection, authority which conducted the inspection and observations and recommendations and maintenance of bridge were to be recorded. The notes of routine inspections were required to be recorded in masonry register.

Scrutiny in 12 selected circles revealed that masonry register was not maintained in six<sup>30</sup> circles in respect of 34 long bridges. Similarly, in two<sup>31</sup> out of 30 selected divisions, masonry register in respect of 39 major/long bridges was not maintained. In another 20 test checked divisions, Audit observed that all required details were not recorded in masonry registers of 251 major bridges (out of test checked 255) and 417 (out of 417 test checked) minor bridges. Remaining eight divisions found to have maintained masonry registers properly.

In reply, four PW circles<sup>32</sup> accepted the fact while two<sup>33</sup> circles did not furnish any specific reply. Similarly, two<sup>34</sup> divisions stated that the masonry register would be maintained.

This goes to show that the department was not paying sufficient attention to the important function of inspections. In the absence of up to date registers

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<sup>29</sup> PWD–Achalpur, Akola, Amravati, Aurangabad (West), Malegon, Nandurbar, Nashik (North), Palghar, Sahada, PWD I Chandrapur, PWD II Chandrapur, PWD I Gadchiroli, PWD II Gadchiroli, SPD Amravati, SPD II Daryapur

<sup>30</sup> Aurangabad (1), Chandrapur (11), Gadchiroli (3), Nashik (4), Ratnagiri (12) and Thane (3)

<sup>31</sup> Chandrapur II (14) and Jawhar (25)

<sup>32</sup> Aurangabad, Chandrapur, Gadchiroli and Thane

<sup>33</sup> Nashik and Ratnagiri

<sup>34</sup> Chandrapur and Jawhar

with records of inspections done and recommendations, no follow up action was possible. Hence the inspections done had become unfruitful.

This resulted in non-compliance to the Government directives in respect of maintenance of records of the bridges. Further, Audit could not assess whether the required inspections of bridges were done timely by the respective authorities.

### 2.1.10.3 Inspection of bridges

Technical Circular (March 1988) prescribes the type, manner and periodicity of inspection of bridges and documentation thereof at different levels. There are three types of inspection *viz.* routine inspection, comprehensive inspection and special inspection. A calendar of inspection shall be prepared by each responsible inspecting officer.

**Routine inspection:** Routine inspection is relied mainly on visual assessment using conventional standard tools and methods. The purpose is to report the fairly obvious deficiencies which might lead to traffic accidents or cause high maintenance and repairs costs if not treated promptly. It is desired that routine inspection twice in a year (pre-monsoon and post-monsoon) of long and major bridges should be conducted by division and sub-division is responsible for major and minor bridges coming under their jurisdiction. Also, circle should conduct routine inspection of all long bridges once in a year. Technical circular prescribed a proforma for recording the notes of such inspections in masonry register to be maintained at respective levels.

**Comprehensive inspection:** Comprehensive inspection is a closer visual assessment supplemented by standard instrumented aids for intensive and detailed inspection of the elements of the structure. Comprehensive inspection of each bridge is envisaged after six months of its completion. Thereafter, minimum frequency for comprehensive inspection shall be as given in **Table 2.1.7:**

**Table 2.1.7: Frequency of comprehensive inspection for different types of bridges**

Type of bridge	Level of Inspecting Officer	Frequency
Minor bridge with slab drains	Division	Once in 5 years
Major bridge in moderate environment	Circle	Once in 5 years
Major bridge in severe environment		Once in 3 years
Long bridge in moderate environment	Region	Once in 5 years
Long bridge in severe environment		Once in 3 years

**Special inspection:** Special inspections are undertaken in the event of unusual occurrence such as earthquakes, accidents, passage of unusual loads or flood. Such inspections require supplementary testing and structural analysis and will invariably require detailed involvement of design organisation and experts in the relevant field.

Audit test checked the records of 255 major (out of 892) and 417 minor (out of 4,092) bridges in the selected 30 divisions. The deficiencies noticed are detailed below:

**(i) Deficiency in routine inspection**

In 20 divisions, 2,550 inspections pertaining to 255 major/long bridges were required to be carried out during the period 2014-19. However, only 1,230 inspections were carried out resulting in shortfall of 1,320 (51.76 per cent). Similarly 4,170 inspections pertaining to 417 minor bridges were required to be carried during the period 2014-19. However, only 1,964 inspections were carried out resulting in shortfall of 2,206 (52.90 per cent).

On being pointed out, 11 divisions stated that the regular inspections would be carried out in future. Remaining nine divisions did not submit specific reply in this respect.

**(ii) Deficiency in comprehensive inspection**

**Regional level:** Out of six regions, it was observed that Konkan region did not conduct any comprehensive inspection pertaining to 19 long bridges during 2014-19.

In reply, it was stated that inspections would be conducted between December 2019 and January 2020. Further progress was awaited (June 2020).

**Circle level:** Out of 12 test checked circles, seven<sup>35</sup> circles did not conduct comprehensive inspection in respect of 392 bridges out of 593 major bridges during last five years.

In reply, two circles<sup>36</sup> stated that only those bridges, where damages/lapses during routine inspections were noticed, were taken up for comprehensive inspection. Chandrapur circle stated that comprehensive inspection of bridges (30-60 metre) is to be carried out by divisions concerned as per Government circular of August 2016 and divisions concerned would be instructed to maintain comprehensive inspection report in pro-forma of IRC SP-18. Ratnagiri circle stated that the remaining bridges would be inspected during next year. Kolhapur circle stated that reply would be furnished shortly. Gadchiroli circle did not submit any reply. Amravati circle stated that remaining bridges would be inspected before October 2019.

Replies are not acceptable as technical circular of 1988 stipulates that comprehensive inspection of all major bridges should be conducted by the circles concerned and inspection reports were required to be maintained in pro-forma of IRC SP-18. Further progress of comprehensive inspections by the selected circle offices was awaited (June 2020).

**Division level:** In all 30 test checked divisions, Audit observed that comprehensive inspection of selected minor bridges was not conducted during 2014-19 except five minor bridges of PW (West) Division, Sangli and 18 minor bridges of PW (North) Division, Ratnagiri.

In reply, 13 divisions stated that the comprehensive inspections of minor bridges would be carried out as per norms in future. Remaining divisions did not submit any specific reasons.

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<sup>35</sup> Akola (97/101), Amravati (111/117), Chandrapur (37/77), Gadchiroli (35/41), Kolhapur (30/117), Ratnagiri (30/56) and Satara (52/84)

<sup>36</sup> Akola and Satara

Non-conduct/huge deficiency in conduct of comprehensive inspections of bridges shows the casual approach of the department towards compliance of inspection guidelines which further may result in delayed identification of serious defects. This defeats the purpose of timely and economic planning of preventive maintenance and also assurance of safety to road users.

**(iii) Deficiency in special inspection:**

Audit observed that no special inspection of any of the bridge was conducted in any of the test checked divisions. PW circle, Dhule stated that all long bridges were found in good condition during regular inspection. Amravati and Nanded circle stated that special inspection was not required and Gadchiroli circle submitted nil information. Remaining eight circle offices did not submit any response.

**(iv) Non-preparation of Calendar of Inspection**

During test check of selected offices, Audit observed that none of the test checked regions, circles, divisions and sub-divisions had prepared calendar of inspection for routine and comprehensive inspections as envisaged in the technical circular.

In reply, none of the authorities submitted any specific reason for non-preparation of calendar of inspection.

**2.1.10.4 Non-formation of dedicated circle offices for inspection and maintenance of bridges**

After the incidence (August 2016) of Savitri river, department decided (September 2016) to form dedicated circle offices at Mumbai, Aurangabad and Nagpur for detailed inspection and maintenance of bridges.

In Madhya Pradesh, this type of arrangement of dedicated offices for maintenance and control of bridges is in existence.

However, Audit observed (November 2019) that no such dedicated offices for inspection and maintenance of bridges were formed at any circle level.

On being requested by Audit to furnish the relevant records, the department stated (January 2020) that the file was not traceable and further submitted that the idea to have separate wing for bridge was abandoned.

This shows lackadaisical approach of the department towards maintenance of bridges resulting in shortfall in conducting required types of inspections as pointed out in previous paragraphs.

In MSRDC, inspection and monitoring of the works of construction and maintenance of projects awarded to concessionaire are carried out through appointment of Independent Engineers (IE). IE submits inspection reports on monthly and quarterly basis as per the terms of the agreement. IE recommends various routine/periodical maintenance of components of project viz. road, bridges and flyovers in inspection reports and ensures its compliance by the concessionaire. MSRDC further exercises the necessary checks/monitoring on these works of the project.

**Case study: Operation and Maintenance of Securitization of toll at five entry points in Mumbai with maintenance of 27 flyovers and allied structures**

The work of Securitization of toll at five entry points in Mumbai with maintenance of 27 flyovers and allied structures was awarded to a concessionaire in November 2010 for a period of 16 years. The scope of concession agreement included:

- i) operation and maintenance of five entry points of Mumbai consisting of flyovers and allied structures on Sion-Panvel Highway, Western Express Highway Corridor, Eastern Express Highway Corridor, Lal Bahadur Shastri Marg Corridor and Airoli Bridge Corridor for concession period of 16 years.
- ii) capacity augmentation of Mulund (EEH), Mulund (LBS) and Vashi toll plaza; and
- iii) collection of toll at toll plazas on five entry points of Mumbai.

For inspection and monitoring of the above work, an Independent Engineer was appointed by MSRDC.

Audit observed that, the regular toll collection and works of maintenance was being done by the concessionaire and the work of concessionaire was being monitored by IE. Monthly reports to that effect were being submitted by IE to MSRDC. Audit further observed that these works were monitored by MSRDC authorities who also exercised the necessary checks on the maintenance/repairs work executed by the concessionaire.

#### **2.1.11 Conclusion**

There was no evidence of strategic planning for bridge development and maintenance. Construction of bridges was done as per proposals from the divisions. There was abnormal delay in approval of the RDP 2001-2021. Periodic targets were not fixed for the implementation of RDP. Due to lack of planning in prioritization of work to construct Bailey bridges, 209 remotely located naxal affected villages of Gadchiroli district remained isolated. Inadequate planning for acquisition of land, estimation, approval of design and indecisiveness resulted in inordinate delay and extra cost in construction of bridges. Planning for maintenance of bridges was ineffective as reflected in non-conduct of initial/routine inspections and structural audits leading to non-approval of maintenance works of bridges which are in urgent need of repairs.

Non-operation of separately allotted minor head meant for bridges resulted in non-availability of separate information at a glance in respect of funds demanded, allotted and expenditure incurred relating to construction as well as maintenance of bridges and also deprived the department of disaggregated data on bridges needed for monitoring. There was absence of financial planning at the apex level of the department as the allotment and expenditure incurred were not related to the actual requirement placed by the divisions. There was irregular expenditure from CRF of ₹ 3.60 crore on inadmissible items.

Works remained incomplete as acquisition of required land was not completed prior to commencement of works. There was unfruitful expenditure due to incomplete work of super structure, non-execution of approaches to bridge.

Inspection and monitoring was deficient as reflected from non-maintenance of bridge registers, non/improper maintenance of masonry registers, shortfall in conduct of routine, special and comprehensive inspections and non-preparation of calendar of inspection. In the absence of preventive maintenance, cost of maintenance would increase drastically besides putting the life of commuters at risk.

### **2.1.12 Recommendations**

The Government may:

- prepare yearly plan and ensure fixing of targets for construction works;
- ensure strict following of the prescribed inspection schedule;
- ensure acquisition of required land and approval to designs prior to commencement of work;
- ensure assessment and allotment of funds as per the plan and targets identified;
- operate budgetary head meant for bridge works; and
- expedite revision of administrative and financial approvals for completion of pending works.



## **CHAPTER – III (*Economic Sector*)**

### **AUDIT OF TRANSACTIONS**

- 3.1 Thematic Audit on *tur* procurement and disposal under Market Intervention Scheme of Government of Maharashtra for *Kharif* season 2016**
- 3.2 Inadmissible Payment**
- 3.3 Extra Payment**
- 3.4 Arbitrary withdrawal of works and award at higher rate**
- 3.5 Wasteful Expenditure due to non-assessment of economic viability of the entire project**
- 3.6 Wasteful Expenditure due to commencement of the work without acquisition of land**
- 3.7 Unfruitful Expenditure due to stoppage of work for more than three years**
- 3.8 Unfruitful Expenditure due to deficient planning**
- 3.9 Avoidable Extra Payment**
- 3.10 Excess Expenditure**

## CHAPTER III

### CO-OPERATION, MARKETING AND TEXTILE DEPARTMENT

#### 3.1 *Tur* Procurement and disposal under Market Intervention Scheme of Government of Maharashtra for *Kharif* season 2016

##### 3.1.1 Introduction

The production of *tur* in the State of Maharashtra increased from 4.44 lakh metric ton (MT) in 2015-16 to 20.89 lakh MT in 2016-17. Due to increase in production, there was a decline in the market price of *tur* which ranged between ₹ 4,000 and ₹ 4,500 per quintal and was less than the Minimum Support Price (MSP) of ₹ 5,050 per quintal declared by the Government of India (GOI) for the year 2016-17. Though procurement of *tur* at MSP was being done annually in the state by GoI, the same was limited to 25 per cent of total *tur* production in the state. In view of the decline in market price of *tur* and large quantity of *tur* registered by farmers for sale with Agricultural Produce Market Committee (APMC)<sup>1</sup>, the Co-operation, Marketing and Textiles Department (department), Government of Maharashtra (Government) introduced Market Intervention Scheme (scheme) on 27 April 2017 for procurement of *tur* at MSP.

The department appointed (April 2017 and May 2017) the Maharashtra State Cooperative Marketing Federation Ltd<sup>2</sup> (MARKFED), Mumbai, Vidarbha Cooperative Marketing Federation Ltd<sup>3</sup> (VCMF), Nagpur and the Maharashtra State Tribal Development Corporation<sup>4</sup> (MSTDC), Nashik as nodal agencies for procurement of *tur* in the state at MSP. MARKFED was responsible for payment to VCMF and MSTDC to enable these two agencies to procure *tur* apart from disposal of *tur* procured by all the agencies. The entire cost for the procurement incurred by MARKFED was to be reimbursed by the Government, including the agency charges.

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<sup>1</sup> APMCs were established for regulating the marketing of different kinds of agriculture produce

<sup>2</sup> MARKFED is an apex society for agriculture marketing and processing cooperatives created with the objective of creating an institutional agency for the marketing of agricultural produce and supply of requisite agricultural input to the farmers

<sup>3</sup> The VCMF is playing a role in serving the farmers as well as customers in the regions of Vidarbha and Marathwada by providing hygienic and safe quality consumer products

<sup>4</sup> The MSTDC has been established for socio-economic development of tribals in the state and to act as an agency to prevent economic exploitation of tribals

### 3.1.2 Organisational Structure

The Director of Marketing<sup>5</sup>, Pune, under the administrative control of the department was responsible for checking the quality of *tur* procured under the scheme. The District Marketing Officers of the nodal agencies were responsible for procurement of *tur* under the scheme through “Tahsil Cooperative Purchase and Sale Society” acting as sub-agents.

### 3.1.3 Audit scope and methodology

We conducted the audit during May 2019 to August 2019 with a view to assess the effectiveness of the system to procure *tur* at MSP and manage its disposal. For this purpose, records in the department were test-checked along with the records of MARKFED which had done 90 *per cent* procurement in the state. Out of six divisions in the state, three divisions having maximum procurement *viz.*, Amravati, Aurangabad and Nagpur and five districts *viz.*, Amravati, Buldhana, Beed, Latur and Wardha in these three divisions having the highest percentage of procurement were selected for detailed scrutiny. In the selected districts, records of five procurement centres having maximum procurement in each district (25 procurement centres) were test-checked. Out of 39,256 farmers from whom procurement was done in these 25 procurement centres, records of 2,389<sup>6</sup> farmers were also test-checked. Besides survey of 250<sup>7</sup> farmers in these five districts jointly with the officials of the department was conducted. The findings were issued (January 2020) to the Government; the reply was awaited (June 2020).

## Audit findings

### 3.1.4 Planning

#### 3.1.4.1 Delay in introduction of scheme despite anticipated increase in production

The Commissionerate of Agriculture, Pune prepares estimate of agriculture produce in the state four times in a year. In the first estimation of *tur* production for the *Kharif* season 2016 done in August 2016, the *tur* production was estimated at 12.55 lakh MT which was 183 *per cent* more than the total production of the previous year. In second estimation done in January 2017, the *tur* production was estimated at 11.71 lakh MT which was 164 *per cent* more than the total production of the previous year. In the third estimation done in March 2017, the production of *tur* was estimated at 20.34 lakh MT which was 358 *per cent* more than the production of the previous year. Thus, the first estimation itself gave a clear indication of the increase in the production of *tur* in comparison with the previous year.

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<sup>5</sup> The Directorate of Marketing controls the marketing activities of agriculture products produced by farmers of Maharashtra State. It enables department/Government to regulate the prices of produce in market of agriculture products so that products are made available to consumers at reasonable price

<sup>6</sup> five *per cent* of total farmers or minimum 50 farmers in the selected centres whichever was highest

<sup>7</sup> survey covered 125 farmers selected on random basis who sold *tur* at MSP and 125 farmers who did not sell *tur* at MSP

Further, GoI commenced the procurement of *tur* under Price Stabilisation Fund<sup>8</sup> (PSF) Scheme from 15 December 2016 and procured 4.02 lakh MT *tur* by 22 April 2017 which was almost equal to the total production of 4.44 lakh MT during the previous year.

We observed that though the department had the information of bumper crop of *tur* during *Kharif* season 2016 and was also aware of the limited quantity of *tur* (25 per cent of total production of *tur* in the state) being procured by GoI, the department introduced Market Intervention Scheme belatedly only on 27 April 2017. As a result, there was delay in procurement and only 37 per cent of *tur* was procured as discussed in **paragraph 3.1.4.2**.

### 3.1.4.2. Delay in procurement from the farmers

The date-wise quantity of *tur* procured in the state by GoI and GoM is shown in **Table 3.1.1**:

**Table 3.1.1: Tur procurement by GoI and GoM**

Procurement by GoI (Scheme name) /GoM	Number of procurement centres	Period of procurement	Quantity procured (in lakh MT)
GoI (PSF)	323	15.12.2016 to 22.04.2017	4.02
GoM	116	27.04.2017 to 08.05.2017	0.70
GoI (PSS)*	169	09.05.2017 to 26.05.2017	1.00
GoM	150	27.05.2017 to 05.06.2017	0.62
GoI (PSS)*	150	06.06.2017 to 08.06.2017	0.15
GoM	150	09.06.2017 to 12.06.2017	0.24
GoM	75	23.07.2017 to 12.09.2017	0.96
<b>Total</b>			<b>7.69</b>
<i>Source: Information furnished by the department</i>			
* Procurement by GoI under Price Support Scheme was done at the request of GoM			

After registration with the APMC, the farmers had to bring *tur* in the APMC yard. On verification of proof of land holding and AADHAR linked bank accounts details, token was issued to farmers. The *tur* is then procured from farmers to whom tokens were issued after verification of quality and quantity of *tur*. The scheme initially mandated procurement of *tur* from farmers who were issued tokens by the APMC up to 22 April 2017, for an estimated quantity of one lakh MT. Belatedly on 21 July 2017, the department issued orders for procurement of *tur* from farmers to whom tokens were issued up to 31 May 2017. Accordingly, procurement which had stopped after 12 June 2017 commenced from 23 July 2017. No procurement was done for a period of 40 days from 13 June 2017 to 22 July 2017. The procurement which commenced from 23 July 2017 continued up to 12 September 2017 and 0.96 lakh MT (38 per cent) of *tur* was procured. Thus, the *tur* of farmers, who were issued token up to 31 May 2017 was procured by the Government during 23 July 2017 till the next *Kharif* season *i.e.*, up to 12 September 2017 after a time lapse ranging between 53 days<sup>9</sup> and 104 days<sup>10</sup>. Analysis of records of 2,005<sup>11</sup> farmers out of records of 2,389 farmers (of the 39,256 farmers from

<sup>8</sup> Government of India launched Price Stabilisation Fund Scheme in March 2015 with a corpus of ₹ 500 crore for procurement and distribution of agri-horticultural commodities, to mitigate hardships to consumers

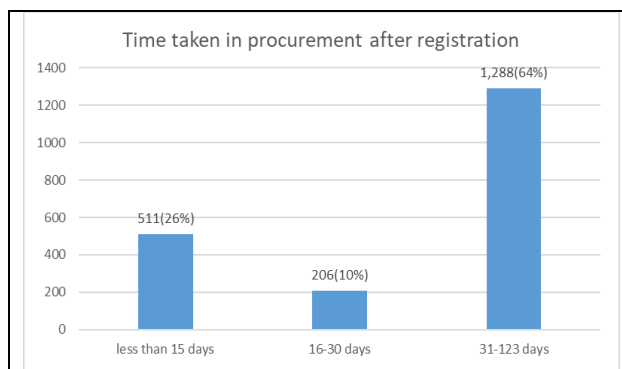
<sup>9</sup> 31 May 2017 to 23 July 2017

<sup>10</sup> 31 May 2017 to 12 September 2017

<sup>11</sup> Date of registration in respect of 384 farmers was not available

whom procurement was done in 25 test-checked procurement centres) test-checked in audit revealed delay in procurement of *tur* from the farmers as depicted in **Chart 3.1.1**.

**Chart 3.1.1: Delay in procurement from farmers**



As seen from **Chart 3.1.1**, procurement in respect of 1,494 farmers (74 per cent) was done after a period ranging from 16 days to 123 days. The possibility of similar delay in procurement from farmers in other cases cannot be ruled out. Procurement of

*tur* in respect of balance 511 farmers (26 per cent) was done within 15 days. Thus, the delay in introduction of scheme and delay in taking decision to continue procurement from farmers who were issued token after 22 April 2017, delayed procurement with consequent delays in payment to the farmers.

### 3.1.4.3 Non-opening of procurement centres

We noticed that out of 25 districts in which procurement was done, Satara district had the lowest production of *tur* of 878 MT. We observed that in five districts viz., Bhandara (22,988 MT), Gondia (12,754 MT), Gadchiroli (9,037 MT), Palghar (2,109 MT) and Raigad (1,440 MT), the production was more than the production in Satara district. However, neither the nodal agencies opened procurement centres nor did department ensure that procurement centres were opened in these districts; thereby depriving the farmers an opportunity to sell *tur* under the scheme.

We further noticed that out of 20.89 lakh MT *tur* produced in the state, only 7.69 lakh MT (37 per cent) *tur* was procured by GoI (5.17 lakh MT) and GoM (2.52 lakh MT). However, department did not conduct periodical review to assess reasons for poor procurement.

## 3.1.5 Implementation of scheme

The implementation of scheme revealed the shortcomings such as procurement of *tur* from farmers in excess of average yield of tahsil, payment to farmers by cheque instead of direct credit into their accounts, delay in payment of MSP to farmers and delay in disposal of *tur* as discussed in the succeeding paragraphs.

### 3.1.5.1 Procurement of *tur* in excess of average yield of tahsil

The Agriculture department works out the average yield of *tur* per hectare in each tahsil based on actual sowing area under *tur* cultivation. The *tur* under the scheme was to be procured from the farmers considering the area under *tur* cultivation and the average yield of the tahsil fixed by the Agriculture department.

Analysis of records of 2,389 farmers out of 39,256 farmers from whom procurement was done in 25 test-checked procurement centres revealed that in 947 cases (40 per cent), procurement was more than the average yield of the

tahsil per hectare fixed and the land under *tur* cultivation by the farmers. Out of these 947 cases, in 452 cases (48 *per cent*) the excess procurement was above five quintals. In view of procurement of *tur* in excess of average yield, the possibility of sale of *tur* by the traders to Government could not be ruled out.

### **3.1.5.2 Payment to farmers by cheque instead of direct credit into bank account**

The scheme guidelines stipulated payment to farmers directly into their AADHAR linked bank account through NEFT/RTGS. Analysis of records of 2,389 farmers out of 39,256 farmers from whom procurement was done in 25 test-checked procurement centres revealed that payments to 2,336 farmers (98 *per cent*) were made through cheques while the remaining 53 farmers were paid through NEFT/RTGS. In view Audit analysis, the possibility of payment through cheques instead of direct credit into bank accounts of farmers cannot be ruled out. The department did not ensure that the procurement agencies adhered to the scheme instructions regarding direct payment to farmer's bank account.

### **3.1.5.3 Delay in payment of MSP to farmers**

The department directed MARKFED to follow the procedures adopted by the National Agriculture Co-operative Marketing Federation<sup>12</sup> (NAFED) in procurement of agriculture produce under Price Support Scheme<sup>13</sup> (PSS) of GoI. As per PSS guidelines, the payment to the farmers was required to be made within three days from the receipt of their produce. Analysis of data of 2,336 farmers to whom cheques were issued revealed that payment to 1,222 farmers (52 *per cent*) was done after a delay ranging from four days to 120 days (after excluding a period of seven days for collection of cheque by farmers from sub-agents). In respect of 53 farmers to whom payment was made through NEFT/RTGS, the delay ranged from 28 days to 90 days. Similar delay in payment of MSP to farmers in other cases cannot be ruled out. The department also did not obtain reports to assess the reasons for delay in payments to farmers.

Analysis of the cause for delay in payment revealed that procedure followed before making payment to the farmers was time-consuming. As per the procedure followed, funds were released by MARKFED to the sub-agents for payment to the farmers only after the quantity of *tur* was acknowledged by the warehouse. This was to ensure that payment to the sub-agents was made only for the quantity received at warehouse since transportation loss was to be borne by the sub-agents. The sub-agents, on receipt of funds, issued cheques to the farmers. Thus, due to the time taken at each stage, the delay in payment to farmers in the test-checked cases ranged from four days to 120 days.

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<sup>12</sup> NAFED is an apex organisation of marketing co-operatives for agricultural produce in India, under Ministry of Agriculture, Government of India

<sup>13</sup> Price Support Scheme is intended to provide remunerative prices to the growers for their produce with a view to encourage higher investment and production and to safeguard the interest of consumers by making available supplies at reasonable prices with low cost of intermediation

The delay in payment could be reduced to a large extent by having an online system to capture the essential data of farmers including bank account details and farmer-wise procurement done each day thereby facilitating release of funds directly by the district office to farmers' bank account. This system was adopted by NAFED for procurement of agriculture produce on behalf of GoI. For any shortage in transportation of *tur*, appropriate security could be obtained from the sub-agents.

#### **3.1.5.4 Delay in crediting MSP into farmers' accounts**

We analysed the data regarding date of issue of cheque as mentioned in the register and actual credit of MSP into the farmers account from the bank statements available with the sub-agents. The analysis of the data of 2,336 cases revealed that the time taken from the date of issue of cheque to the date of credit into farmer's account ranged from 15 days to 201 days in 1,385 cases (66 *per cent*<sup>14</sup>). Out of the 1,385 cases, in 62 cases the time taken for credit was more than 90 days. We also observed that in none of the test-checked procurement centres, dated acknowledgment of farmers in token of receipt of cheques were obtained. The significant time taken to credit into the bank account indicated that the cheque issue date shown in the register was back dated. The above cases are illustrative and such irregularities in crediting MSP into farmers account in other cases cannot be ruled out.

The delay in introduction of the scheme and the delay in taking decision to continue procurement with the consequent delay in payment to the farmers could be a significant factor responsible for the procurement being only 37 *per cent* out of the total production in the state. During joint survey of 125 farmers who did not sell *tur* under MSP, 42 farmers (34 *per cent*) attributed the delay in payment of MSP as the reason for not selling *tur* under MSP.

#### **3.1.5.5 Delay in disposal of *tur***

The disposal of *tur* procured under the scheme was the responsibility of MARKFED which was to be done after approval of their proposal by the department.

MARKFED submitted (30 April 2017) a proposal to the department with two alternatives along with the estimated loss under both the alternatives *i.e.*, e-auction of *tur* procured or sale of *tur* dal after milling. However, no decision was taken by the department. MARKFED again submitted (17 June 2017) a proposal for disposal of *tur* to the department with the same two alternatives as proposed in the earlier proposal of April 2017. The proposal was accepted belatedly by the department on 08 August 2017 and Government Resolution for milling of *tur* and e-auction of *tur* was issued on 25 October 2017 and 19 June 2018 respectively.

Accordingly, MARKFED issued work orders between October 2017 and April 2019 to various millers and 1.31 lakh MT of *tur*, after milling, was sold to various Government departments and through Public Distribution System

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<sup>14</sup> Out of 2,336 cases, in 225 cases, the date of credit in bank accounts' of farmers was not available. Hence, the percentage has been worked out on 2,111 cases (2,336-225)

during December 2017 to October 2019. MARKFED also disposed off 1.21 lakh MT of *tur* through e-auction during June 2018 to December 2018.

We observed that the *tur* procured (during April to September 2017) and lying with MARKFED accumulated from 0.70 lakh MT (May 2017) to 2.52 lakh MT (September 2017). The delay in decision to dispose of *tur* by the department resulted in the commencement of the disposal of *tur* only from December 2017 onwards.

We noticed that due to delay in taking a decision to dispose of *tur* procured, the warehouses were full. Therefore, the *tur* procured subsequently could not be transported immediately by the sub-agents to warehouse for storage. This, in turn, delayed release of funds by MARKFED to the sub-agents and the consequent delay in payment to the farmers as discussed in **paragraphs 3.1.5.3 and 3.1.5.4**. A prompt decision to dispose the *tur* procured would have minimised the expenditure on warehouse charges and interest on loans.

### **3.1.6 Financial Management**

As on 31 October 2019, an amount of ₹ 1,521.59 crore was incurred under the scheme. Of this, ₹ 1,275.04 crore (83.80 *per cent*) was towards payment of MSP to farmers, ₹ 108.91 crore (7.16 *per cent*) was towards interest on loans including penal interest levied by banks, ₹ 53.77 crore (3.53 *per cent*) was towards godown rent for storage of *tur* and ₹ 83.87 crore (5.51 *per cent*) was towards incidental expenses.

#### **3.1.6.1 Delay in finalisation of funding pattern for procurement of *tur***

As per the scheme guidelines, funds required for implementation of the scheme was to be made available to the nodal agencies by the Finance department or the Government was to give guarantee for availing loan from banks by the nodal agencies. The department submitted proposal to the Finance department for giving bank guarantee for the loan to be raised by MARKFED without ascertaining from the Finance department the feasibility of funding through Government's own fund. The department also did not reckon the time required for issuing work order for milling (issued in October 2017) and selling of the *tur* which was crucial for timely/early repayment of loan to keep the interest burden low, before submitting the proposal for raising loan. The Finance department accepted (April 2017-for the initial loan of ₹ 570 crore) the proposal of giving bank guarantee submitted by the department. Because of the delay in disposal of *tur*, it was only in June 2018, the department withdrew ₹ 1,528 crore from contingency fund for repayment of loan on the ground that the receipt on disposal of *tur* would take long time and increase interest burden. The entire loan of banks amounting to ₹ 1,451.72 crore was cleared in June 2018. Had the department taken a decision to fund the scheme out of Government's own fund, considering the fact that no decision was taken regarding disposal of *tur* till August 2017, the interest liability of ₹ 108.91 crore on loan could have been avoided.



### 3.1.6.2 Avoidable payment of penal interest due to delay in renewal of guarantee

The State Government had given guarantee for loan amounting to ₹ 1,493 crore sanctioned during May 2017 to September 2017 by two nationalised banks (Union Bank of India: ₹ 923 crore; Indian Bank: ₹ 570 crore) to MARKFED. The guarantee was valid for a period of six months. The loans were to be repaid by MARKFED from amount realised on disposal of *tur*. However, since the loan was not repaid within six months, the guarantee had to be renewed. We noticed delay in renewal of guarantee by the department in respect of loan sanctioned by Indian Bank resulting in payment of penal interest of ₹ 2.47 crore as shown in **Table 3.1.2**.

**Table 3.1.2: Delay in renewal of bank guarantee**

Loan amount sanctioned (₹ in crore)	Date of release of loan amount	Due date for repayment (six months) and renewal of guarantee	Date of renewal	Delay in renewal of guarantee in days	Penal interest (₹ in crore)
1	2	3	4	5 (4-3)	6
435	20.05.2017	20.11.2017	12.02.2018	83	2.06
135	04.07.2017	04.01.2018	12.02.2018	39	0.41
<b>Total</b>					<b>2.47</b>

Source: Information obtained from MARKFED

In respect of loan availed from Union Bank of India, no penal interest was levied by the bank for delay in renewal of guarantee. The levy of penal interest for the delay in renewal of guarantee indicated lack of proper monitoring of the loan repayment by MARKFED so as to ensure timely renewal of bank guarantee. As per the scheme, the nodal agencies were required to submit monthly progress report of loan repayment to the department. We noticed that the monthly progress reports were not submitted, which would have facilitated the department to take timely action for renewal of guarantee.

### 3.1.6.3 Avoidable interest payment due to default in loan repayment

As per the loan agreement with the banks, in the event of default in payment of interest/instalments on the respective due dates, the bank was entitled to charge overdue interest of two *per cent* over and above the monthly interest rates on the defaulted amount. Test check of records at MARKFED revealed that ₹ 1.25 crore was levied by the banks for delay in payment of monthly instalments of interest on loans.

Thus, the delay in renewal of bank guarantee and delay in payment of monthly instalments of interest on loans resulted in avoidable payment of ₹ 3.72 crore<sup>15</sup> of interest and penal interest.

## 3.1.7 Monitoring

### 3.1.7.1 Poor monitoring of the scheme by the department

The responsibility for procurement of *tur* and its disposal was entrusted by the department to the nodal agencies. Since, the scheme was implemented through nodal agencies, proper monitoring of the scheme by the department was vital

<sup>15</sup> Penal interest: ₹ 2.47 crore *plus* delay in payment of installment of interest on loan amount: ₹ 1.25 crore = ₹ 3.72 crore

to ensure effective and efficient implementation of the scheme. We, however, observed the following weaknesses in the monitoring of the scheme:

- The department did not conduct periodical review to assess the reasons for poor procurement under the scheme for suitable corrective action in coordination with the nodal agencies.
- The department did not ascertain the reasons for non-procurement in all the districts though monthly procurement details were received from the nodal agencies.
- The department did not ascertain the reasons for payment to the farmers through cheques instead of direct bank transfer as envisaged under the scheme.
- The department also did not obtain management information reports to ensure that the payments to the farmers were made without delay.
- The nodal agencies were required to submit monthly progress report of loan repayment to the department. Though the monthly progress reports were not submitted, the department did not take any action.
- The department did not ensure renewal of bank guarantee on time.

### **3.1.8 Conclusion**

The production of *tur* in the state was 20.89 lakh MT during the *Kharif* season 2016 as against 4.44 lakh MT during the previous year. Due to bumper crop, the market price declined which was less than the Minimum Support Price (MSP) declared by Government of India. The introduction of the Market Intervention Scheme in the state by the department was delayed despite the availability of information and estimation of bumper crop. Even after the introduction of the scheme, there was delay in taking decision to procure leading to delay in procurement, despite registration done by the farmers for sale of *tur*. To add to the distress of the farmers, the payment of MSP to the farmers was delayed. Payments to the farmers were done through cheques instead of payment through NEFT/RTGS. The department did not ensure that implementing agencies adhere to the scheme instructions regarding direct payment to farmer's bank account. There was delay in disposal of *tur* which increased the warehouse charges and interest on loans. The delay in disposal was also one of the factors for delay in payment to farmers. The monitoring of the scheme by the department was weak.

### **3.1.9 Recommendations**

The Government may:

- cut down delays in procurement of agricultural products under Market Intervention Scheme so that the farmers can derive maximum benefit from the scheme;
- consider establishing an online system to facilitate prompt payment to farmers' bank account directly by the district nodal agencies as being done by NAFED on behalf of GoI; and
- strengthen monitoring of the implementation of the scheme by devising management information reports on key parameters of the scheme.

## PUBLIC WORKS DEPARTMENT

### 3.2 Inadmissible Payment

#### **Inadmissible payment of ₹ 97.65 lakh due to non-compliance of condition for additional cost of 16.50 per cent**

Public Works Department (PWD), Government of Maharashtra accorded (November/December 2016) administrative approval (AA) to Hybrid Annuity Project<sup>16</sup> under public private partnership (PPP) basis on design, build, operate and transfer in Wardha district for ₹ 158.76 crore and has assigned the powers for execution of agreement to Public Works (PW) Division, Arvi, district Wardha (division).

Scrutiny of records (March 2019) of division revealed that a Concession Agreement (CA) for construction of two lanning<sup>17</sup> with paved shoulders in Wardha district having total length of approximately 75.30 km (HAM: HYBRID ANNUITY NAG 149) was executed (September 2018) between concessionaire and the division for ₹ 154.52 crore and PW Region, Nagpur approved the appointment date<sup>18</sup> (06 November 2018) to commence the work.

Meanwhile, a bridge<sup>19</sup> at Km 0/460 which was not in the scope of HAM: HYBRID ANNUITY NAG 149 was damaged on 05 November 2018 due to impact of a heavily loaded trailer. Inspection at Government level of the damaged bridge was carried out on 11 November 2008 and it was directed that urgent reconstruction of the bridge with approaches be assigned to the concessionaire as an extra work in accordance with Article 16 of the concession agreement<sup>20</sup>. The Government while approving the variation in principle directed that the bridge should be opened for traffic by 26 January 2019.

Accordingly, the PW Region, Nagpur approved (03 December 2018) the variation proposal of HAM: HYBRID ANNUITY NAG 149 for construction of major bridge with approaches costing ₹ 7.48 crore. An addition of 16.50 per cent was considered in the rate analysis of items of work over and above the current schedule of rates (2018-19). This addition in the rates was an incentive to the concessionaire to deploy men and machinery in three shifts 24x7 for completion within 45 days along with the following conditions:

- The work was to be commenced immediately and completed on or before 26 January 2019.
- In case, agency failed to open the bridge for traffic on or before 26 January 2019, the incentive amount (16.50 per cent considered in rate analysis) would not be payable.

<sup>16</sup> Project consists of the works (i) Kharangana-Masod-Kondhali-Sawargaon-Chincholi road km 0/00 to 30/200 (₹ 71.40 crore) and (ii) Rohana-Wadhona-Karan-Jalalkheda-Mowad to State border road km 0/00 to 40/00 (₹ 87.36 crore)

<sup>17</sup> (i) Kharangana-Masod-Kondhali-Sawargaon-Chincholi road km 0/00 to 35/800 and (ii) Rohana-Wadhona-Karan-Jalalkheda-Mowad to state border road km 0/00 to 39/500

<sup>18</sup> day on which site has been handed over to the concessionaire

<sup>19</sup> at chainage Kharangana-Masod-Kondhali-Sawargaon-Chincholi road km 0/00 to 35/800

<sup>20</sup> HAM: HYBRID ANNUITY NAG 149

The concessionaire had accepted (December 2018) these conditions.

Audit observed (March 2019) that the contractor had executed the work of bridge proper before the set deadline but the bridge could not be opened for traffic due to non-completion of approaches as shown in the photographs below:



The concessionaire completed the work of approaches in April 2019 and was paid (July 2019) ₹ 6.90 crore for the major bridge which included the inadmissible payment of ₹ 97.65<sup>21</sup> lakh on account of incentive.

In reply, the Government stated (March 2020) that the bridge was completed before 26 January 2019 as stipulated and the additional incentive of 16.50 per cent was paid to agency for bridge portion only. The work of approaches including retaining wall was completed in the regular scope of HAM work. The department further stated that the work of approaches was delayed due to late receipt of tree cutting permission from Forest department.

The reply is not acceptable, as the variation proposal which provided for the payment of incentive was approved on the condition that the bridge should be opened for traffic by 26 January 2019 and included following scope of work:

- (i) Dismantling of existing damaged bridge;
- (ii) Construction of major bridge having nine spans of 10 meters;
- (iii) Construction of approach road of 300 meter length on each side; and
- (iv) Widening and improvement of existing road.

Further, the requirement of cutting trees was not unexpected either for the department or the concessionaire. Thus, the payment of incentive in spite of non-compliance to express condition of the variation proposal regarding opening the bridge for traffic on or before 26 January 2019 by the concessionaire resulted in inadmissible payment of ₹ 97.65 lakh on account of incentive.

<sup>21</sup> Cost of work executed: ₹ 6,89,50,145 \*16.5/ 116.5

### 3.3 Extra Payment

#### Absence of inter-department compliance system resulting in extra payment ₹ 75.40 lakh

Ministry of Environment, Forests and Climate change, Government of India (GoI) issued (January 2016) a notification to encourage utilization of fly ash released from Thermal Power Stations (TPS) in construction works so as to safeguard the environment from dumping of fly ash. On the lines of GoI notification, the Public Works (PW) Department issued (July 2016) a Government Resolution (GR) making it compulsory to utilize fly ash generated by the TPS in construction works of buildings, roads *etc.* executed within a radius of 300 km from such TPS. Transportation charges of fly ash to works site situated within the radius of 100 km shall be borne by the concerned TPS.

Accordingly, PW Circle, Akola sanctioned estimates without inclusion of transportation charges of fly ash<sup>22</sup> and PW Division, Khamgaon awarded (June 2017) the work<sup>23</sup> of widening and strengthening of Khamgaon-Shegaon-Balapur-Patur road to a contractor at 18 *per cent* below the estimated cost of ₹ 46.85 crore put to tender with the stipulated period of completion of 18 months (December 2018). However, TPS Paras (July 2017) did not agree to bear the transportation cost of fly ash on the plea that the decision of competent authority (MAHAGENCO<sup>24</sup>) to bear transportation charges of fly ash within the range of 100 KM from power station was not finalized.

Thus, the PW Region, Amravati revised (November 2017) the estimate and included transportation charges of fly ash amounting to ₹ 88.15 lakh from TPS/ pond to the work site. This was in contravention to the notification issued by GoI and department as cited above.

Scrutiny revealed that the contractor was paid ₹ 33.27 crore for the work executed up to November 2018 which included ₹ 75.40 lakh (**Appendix 3.1**) towards transportation charges of fly ash from TPS/pond to the work site which was at a distance ranging from 42 km to 54 km. This resulted in inadmissible payment of ₹ 75.40 lakh to the contractor towards transportation charges of fly ash from TPS Paras.

In reply, the Government stated that the MAHGENCO was ready to provide fly ash free of cost but expressed inability to bear transportation cost hence, revised estimate for addition of transportation charges was sanctioned in order to complete project in time.

This shows the absence of inter-departmental compliance system. The payment of transportation charges by user department was in contravention to GoI notification.

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<sup>22</sup> Fly ash from Thermal Power Station, Paras which is within the vicinity of 42 to 54 KMs was to be used in the said work

<sup>23</sup> Widening and strengthening of Khamgaon-Shegaon-Balapur-Patur road SH24, SH 269 & SH 279 for two lanes including paved shoulders (As per IRC Standard) in districts Buldana and Akola

<sup>24</sup> Maharashtra State Power Generation Company Limited, a GoM owned Company

### 3.4 Arbitrary withdrawal of works and award at higher rate

**Arbitrary withdrawal of part works from one contractor and awarded to another contractor at higher rate without inviting tender, resulted in avoidable expenditure of ₹ 2.86 crore, besides vitiating transparency in the award of work**

The Public Works Department (department) sanctioned (October 2017) construction of concrete pavement on Sion-Panvel highway main carriageway (5+5 lanes). The construction was to be done at the balance stretches from Kalamboli junction km 115/800 to Bhabha Atomic Research Centre junction km 140/690, at the risk and cost of entrepreneur who did not complete the Build, Operate and Transfer (BOT) project. The PW (Special Project) Region, Mumbai (regional office) accorded (April 2018) technical sanction of ₹ 69.03 crore for the work. The work was awarded (August 2018) to contractor A at a cost of ₹ 67.57 crore to be completed within 18 calendar months including monsoon *i.e.*, on or before February 2020.

During site inspection (December 2018) of the work conducted at Government level, it was directed to withdraw a portion of work from contractor A on the ground of slow progress and handover of same for-execution to contractor B who was executing work at another stretch on Sion-Panvel highway. It was also directed that the work should be completed by contractor B before 31 March 2019. Accordingly, five works comprising of CBD flyover approach (both flyovers), Uran flyover, Kamothe flyover, Taloja flyover and Kalamboli transport under-pass were withdrawn from contractor A on 30 January 2019. However, even before withdrawal of the said five works, Multi Storeyed Building Construction Division, Mumbai (division) had instructed (December 2018) contractor B to start execution of works amounting to ₹ 17.80 crore (including extra work of ₹ 0.46 crore), pending approval from department. Regional office also intimated (March 2019) department that contractor B was ready to execute the works at Current Schedule of Rates of 2018-19 instead of tendered rate. Contractor B completed works amounting to ₹ 13.32 crore till date (January 2020).

We scrutinised the records (June 2019) and observed the following:

- Except for a slight delay in reaching the first milestone under the contract, contractor A had covered the delay in the second and third milestone under the contract. Therefore, no penalty was levied by department for delay in execution of work. Contractor A in response to the notice issued (November 2018) by the division for slow progress of work stated that traffic permission was received only on 02 October 2018. It was further stated that permission of division for use of crushed sand instead of natural sand was also received only on 17 October 2018, thereby delaying the commencement of work. However, this justification was not considered by department before withdrawing the work and was thus, arbitrary.
- The award of work valuing ₹ 17.80 crore directly to contractor B without inviting tender also vitiating transparency in the award of work. If required, department could have resorted to short notice tender and expedited the process of placing the work order considering the urgency of work.

Thus, arbitrary withdrawal of work from contractor A and its award to contractor B at a higher cost, resulted in avoidable expenditure of ₹ 2.86 crore (cost of work transferred to contractor B: ₹ 17.34 crore *minus* cost of work withdrawn from contractor A including escalation charges computed by Audit: ₹ 14.48 crore).

In reply, division stated (December 2019) that due to slow and unsatisfactory progress of works of contractor A and to attend to the chronic spots before monsoon, the work was awarded to contractor B. It was further stated that invitation of tender would have resulted in commencement of work after three to four months.

The reply is not convincing as the justification given by contractor A for the slow progress of work was not considered and anyway there was inordinate delay in completion of works by contractor B.

The matter was referred to the Government (February 2020); reply thereto was awaited (June 2020).

## **WATER RESOURCES DEPARTMENT**

### **3.5 Wasteful Expenditure**

**Execution of height raising work of dam of Anjani Medium Project without acquiring the required land for submergence and non-assessment of economic viability of the entire project resulted in wasteful expenditure of ₹ 32.38 crore**

Paragraph 251 of Maharashtra Public Works Manual (MPWM) provides that no work should be commenced on land which has not been duly made over by the responsible civil officer. When tenders for works are accepted but the land required for the purpose is still to be acquired, the time that should be allowed for the acquisition of the land should be ascertained from the Collectors concerned before orders to commence the works are issued. Further, Government circular regarding benefit cost (BC) ratio<sup>25</sup> clearly envisages that to declare any medium irrigation project to be economically feasible, it should be equal to or more than 1.5.

Government of Maharashtra, Irrigation Department (Government) accorded (March 1977) Administrative Approval (AA) to Anjani Medium Project in Erandol tahsil of Jalgaon district for ₹ 2.85 crore which was subsequently revised by the Tapi Irrigation Development Corporation (TIDC) from time to time and latest in September 2005 (2<sup>nd</sup> Revised AA) for ₹ 85.21 crore. The project envisaged construction of an earthen dam across Anjani river with gross storage capacity of 19.39 mcum to create irrigation potential (IP) of 3,000 hectare (ha). The BC ratio of the project to know the economic feasibility of the project was worked out to 1.5.

Subsequently, with a view to increase the capacity of gross storage from existing 19.39 mcum to 36.78 mcum and create additional IP of 4,902 ha,

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<sup>25</sup> A benefit-cost ratio is an indicator used in cost-benefit analysis to show the relationship between the relative costs and benefits of a proposed project

TIDC accorded (January 1999) a separate AA to work of height raising of said earthen dam for ₹ 31.05 crore. After increasing the height, total IP was envisaged at 7,902 ha to benefit the additional area of Dharangaon *tahsil* apart from the existing area of Erandol *tahsil* in Jalgaon district. However, the aggregate BC ratio of the entire project was not worked after inclusion of height raising work.

Scrutiny of records revealed (July 2018) that the height raising work of earthen dam was executed simultaneously along with the original work and the entire dam work completed in June 2008 after incurring an expenditure of ₹ 163.10 crore which includes expenditure of ₹ 32.38 crore on height raising work.

As per instruction of the Water Resources Department (November 2015), the B.C. Ratio was worked out which was 1.10 i.e. much less than required B.C. Ratio of 1.50 for a medium irrigation project.

It was further observed that acquisition of 302 ha land of three<sup>26</sup> additional villages coming under submergence due to raising the height of the dam and 46 ha suitable land for rehabilitation and resettlement of these villagers were not done and water storage capacity remained at 19.39 mcum (January 2018).

Governing Council of TIDC approved (January 2018) the cancellation of work of land acquisition and rehabilitation required for raising the height of dam on the plea of cost of land acquisition (₹ 267.55 crore) and non-feasibility of the project as aggregate BC ratio of the project was less than the norms prescribed by the Government. Government cancelled (July 2018) the work of land acquisition along with rehabilitation and resettlement of these villagers required for storage of additional water. Jalgaon Medium Project Division No. 1 Jalgaon (division) submitted (October 2018) proposal to TIDC to write-off an expenditure of ₹ 32.38 crore incurred on additional work of height raising of earthen dam.

Thus, commencement of work without acquiring requisite land in violation of the provisions of MPWM resulted in unfruitful expenditure of ₹ 32.38 crore.

In reply, the division stated (July 2018) that the height-raising AA was separately accorded, thus, there was no need to calculate BC ratio for the entire project. The TIDC submitted (August 2019) that the expenditure was fruitful, as it was incurred on height raising to create 3685 ha I.P. and would be helpful to absorb the high flood (on occurrence) and maintain carry over storage.

Replies are not acceptable, as Government cancelled the work of land acquisition and rehabilitation of villages required for storage of additional water on the plea that aggregate BC ratio of the project was less than the norms prescribed. Further, the height raising work was to create additional I.P. of 4,902 ha in addition to original target of 3000 ha which was not achieved.

The matter was referred to the Government (April 2019); reply thereto was awaited (June 2020).

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<sup>26</sup> Sonabardi, Hanumantkhede B. and Hanumantkhede Majre



### 3.6 Wasteful Expenditure

#### Wasteful expenditure ₹ 4.38 crore due to commencement of the work without acquisition of land

Paragraph 251 of MPWM stipulates that no work should be commenced on land which has not been duly made over by the responsible civil officer. When tenders for works are accepted but the land required for the purpose is still to be acquired, the time that should be allowed for the acquisition of the land should be ascertained from the Collectors concerned before orders to commence the works are issued.

The Waghur Dam Division, Jalgaon (division) awarded (October 2008 and December 2008) two branch canal works<sup>27</sup> to contractors at 5.75 per cent and 5.62 per cent above the estimated cost of ₹ 7.27 crore and ₹ 10.07 crore respectively with stipulated period of completion of works within 12 months from the date of issue of work orders.

Scrutiny of records revealed (April/May 2018) that out of total 196.13 ha of required land for the work of canal and distributaries, division could acquire only 94.72 ha and remaining land could not be acquired due to stiff opposition from farmers/land owners. The contractors executed works in intermittent chainages where land was available and since 2010 the works were stopped for want of required land. An expenditure of ₹ 8.12 crore (₹ 3.29 crore in respect of B1/2008/14 till July 2018 and ₹ 4.83 crore in respect of B1/2018/16 till April 2011) was incurred.

The Governing Council of Tapi Irrigation Development Corporation (TIDC) resolved (May 2016) to complete the work in abandoned portion of length of Asoda branch canal and its distributaries by Pressurized Pipe Distribution Network (PPDN) instead of traditional canal to overcome land acquisition problem and to submit the proposal to write-off expenditure incurred on these works.

Accordingly, the TIDC submitted (January & March 2017) the proposal to write-off an expenditure of ₹ 4.38 crore incurred on earthwork in abandoned portion of Asoda branch canal and its distributaries to the Government for approval. Approval from Government was still awaited (April 2019).

Scrutiny further revealed that Government approved (June 2017) the PPDN to Asoda branch canal and its distributaries. Tender process thereof has been completed and work was in progress.

In April 2018, the division cancelled both the agreements under clause 15(1)<sup>28</sup> of contracts as there was no possibility of acquisition of remaining land.

<sup>27</sup> (i) work of constructing earth work and structures in km 7 to 11 and minor 5 and 6 of Asoda branch canal of Waghur left bank canal (B1/2008/14) and (ii) work of constructing earth work and structures in km 1 to 20.34, minor No. 1R to 11R, minor No. 1L to 3L of Asoda Dy. off taking chainage 10,870 m of Asoda branch canal (B1/2008/16)

<sup>28</sup> The Engineer shall for any reason what-so-ever (other than default on the part of the contractor for which the corporation is entitled to rescind the contract) desires that the whole or any part of the work specified in the tender should be suspended for any period or that the whole or part of the work should not be carried out at all, shall suspend or stop the work wholly or in part as required

Thus, issue of work orders without ensuring the possession of the required land resulted in wasteful expenditure of ₹ 4.38 crore on abandoned works of canal and distributaries.

In reply, the division stated (April 2018) that due to strong opposition from farmers, acquisition of land could not be done despite many efforts.

Reply of the division was not tenable, as the division issued work orders prior to acquisition of required land in violation of the provision of MPWM which ultimately resulted in wasteful expenditure of ₹ 4.38 crore.

The matter was referred to the Government (August 2019); Reply thereto was awaited (June 2020).

### 3.7 Unfruitful Expenditure

#### **Injudicious planning resulted in unfruitful expenditure of ₹ 117.58 crore due to stoppage of work of LIS for more than three years**

With a view to overcome water scarcity of Majalgaon dam, increase irrigation potential and supply adequate water to Parli Thermal Power Station, Government decided (February 2008) to construct a Majalgaon Lift Irrigation Scheme (LIS) to lift water from Loni Sawangi Barrage to be constructed on Godavari river. This LIS was included in a proposal<sup>29</sup> (July 2009) for fourth Revised Administrative Approval (RAA) of Jayakwadi Project Stage-II and a provision of ₹ 350.00 crore was included for the LIS.

Accordingly, the Command Area Development Authority, Aurangabad accorded (June 2010) technical sanction to LIS for ₹ 150.25 crore and the Majalgaon Project Division No.10, Parbhani (division) awarded (November 2010) the work of “Construction of Majalgaon Lift Irrigation Scheme from Loni Sawangi Barrage” to a contractor for ₹ 163.68 crore with stipulated period for completion of work within 36 months i.e. November 2013.

It was observed that water availability certificate was not obtained at the time of taking up the project from Water Planning and Hydrology, Nashik for the proposed LIS, on the pretext that this LIS was a part of the Jayakwadi Stage-II and run-off<sup>30</sup> water was to be utilized for this purpose.

Scrutiny at Jayakwadi Project Circle, Aurangabad (January 2019) and the division (April 2017) revealed that though the work order was issued in November 2010, the work could not start till June 2013 for want of funds. Further, the proposal for acquisition of land required for canal No. 1 and 2 (29.02 ha) was submitted to Collectorate, Beed in August 2015, but due to stiff opposition from the farmers, the division could not acquire required land. Jayakwadi Project Circle stated that instead of canal, underground R.C.C. box conduit was under consideration.

<sup>29</sup> As per the proposal, 150 mm<sup>3</sup> excess water in rainy season was to be pumped to Majalgaon dam from the LIS, of which 90 mm<sup>3</sup> was to be utilized for irrigation and drinking water needs and 60 mm<sup>3</sup> was to be reserved for Parli Industrial Electricity Generation and Distribution Centre

<sup>30</sup> Flood water

For arrangement of funds, a Memorandum of Understanding (MoU) was executed (March 2013) between Godavari Marathwada Irrigation Development Corporation, Aurangabad (GMIDC) and Maharashtra State Power Generation Company (MAHAGENCO). As per the terms of the MoU, MAHAGENCO was to invest ₹ 199.86 crore in the LIS for utilizing 60 MM<sup>3</sup> of water for Parli Industrial Electricity Centre. Thereafter, the work of LIS was commenced (June 2013) and the contractor was paid (October 2015) ₹ 117.58 crore for the work executed up to 14<sup>th</sup> running account bill.

In a meeting (September 2015), held at the ministerial level of the Water Supply and Sanitation (WSS) department expressed displeasure on non-completion of project due to poor planning as well as award of technical sanction and work order before acquisition of required land. Similarly, Energy department expressed doubt over completion of project and supply of water to MAHAGENCO and decided to stop further funding from MAHAGENCO for the project. WSS department directed that the LIS project be put on hold and a report on usefulness of the project in the present scenario be obtained from Maharashtra Engineering Research Institute/Water Planning and Hydrology, Nashik. A committee was constituted for revaluation of the project. Accordingly, the division directed (January 2016) the contractor to stop work immediately.

Scrutiny further revealed that MAHAGENCO informed (August 2017) that an amount of ₹ 142 crore given to GMIDC as an investment for the above project was rendered unfruitful due to stalled project and asked GMIDC to refund the money along with interest.

Thus, an expenditure of ₹ 117.58 crore incurred on incomplete LIS project which was stalled since February 2016 was rendered unfruitful. In April 2017, the division stated that the work of LIS was temporarily held up from February 2016 and would be restarted immediately after verification of water availability by Central Water Commission, New Delhi.

In reply, the GMIDC stated (January 2020) that the work was stopped as per the orders of the Minister and further stated that the Government had given permission to restart the work.

The reply was not tenable as the division started the execution of work without obtaining water availability certificate as well as without prior financial planning and acquisition of required land. This resulted in stoppage of LIS and unfruitful expenditure of ₹ 117.58 crore for more than three years.

The matter was referred to the Government (August 2019); reply thereto was awaited (June 2020).

### 3.8 Unfruitful Expenditure

#### Deficient planning resulting in unfruitful expenditure of ₹ 55.22 crore on un-economical Unkeshwar High Level Barrage

Godavari Marathwada Irrigation Development Corporation, Aurangabad (GMIDC) accorded (November 2005) administrative approval for ₹ 2.06 crore to Unkeshwar Kolhapur Type (KT) Weir on Painganga basin to create irrigation potential (IP) of 281 ha with projected benefit cost (BC) ratio<sup>31</sup> of 1.52. Aurangabad Regional Office of Water Resources Department accorded (March 2006) technical sanction to KT Weir of ₹ 1.76 crore. Minor Irrigation Division, Nanded (division) awarded (March 2008) the work of “construction of Unkeshwar K.T. Weir” to a contractor at tendered cost of ₹ 2.00 crore *i.e.* 18.51 *per cent* above the estimated cost (₹ 1.69 crore) with stipulated period of 30 months for completion *i.e.* September 2010.

In view of Government policy<sup>32</sup> (September 2008), it was unanimously decided (July 2009) by the Water Resources Department (WRD), GMIDC, Vidarbha Irrigation Development Corporation (VIDC) and respective regional offices to convert said KT Weir into Unkeshwar High Level Barrage (HLB) and include it in the revised administrative approval (RAA) of Lower Painganga Project<sup>33</sup> (LPP) in a meeting held at the ministerial level.

Subsequently, GMIDC accorded in-principle approval (August 2009) to the conversion of KT Weir into Unkeshwar HLB subject to the condition of inclusion in LPP. The technical estimates of ₹ 64.19 crore were sanctioned (October 2009) by Aurangabad regional office and an expenditure of ₹ 55.22 crore was incurred on the work till March 2018.

Meanwhile, VIDC accorded (August 2009) first RAA to LPP for ₹ 10,429.39 crore and included two new works<sup>34</sup> but did not include Unkeshwar HLB. VIDC submitted (April 2015) following reasons to WRD for non-inclusion of Unkeshwar HLB in RAA and requested not to consider HLB in the subsequent RAA of LPP:

- i. The dam height of LPP was proposed at 230.33 meter whereas proposed height of Unkeshwar HLB was at 234.00 meter. Thus, excess height by 3.67 meter of Unkeshwar HLB would cause disturbance and LPP would come under the submergence of Unkeshwar HLB due to higher Full Reservoir Level<sup>35</sup> (FRL).

<sup>31</sup> A benefit-cost ratio is an indicator used in cost-benefit analysis to show the relationship between the relative costs and benefits of a proposed project

<sup>32</sup> Government have taken policy decision to convert existing KT Weir to High Level Barrage in every district

<sup>33</sup> The LPP is a major interstate project (Maharashtra and Telangana) in Yavatmal district which comes under the jurisdiction of VIDC and administratively approved (June 1997) for ₹ 1,402.43 crore by GoM (WRD)

<sup>34</sup> Barrage on downstream of Painganga river and Sahastrakund Hydro-electric Project

<sup>35</sup> It is the **level** corresponding to the storage which includes both inactive and active storages and also the flood storage, if provided for. In fact, this is the highest **reservoir level** that can be maintained without spillway discharge or without passing water downstream through sluice ways

- ii. The first RAA of LPP was approved (August 2009) before receipt of proposal of HLB for inclusion in LPP.

Scrutiny further revealed (November 2018) that Aurangabad regional office directed (May 2015) not to incur any expenditure on Unkeshwar HLB till obtaining RAA as part of the LPP or as an independent project. Irrigation Circle, Nanded stated (August 2019) that construction activities of Unkeshwar HLB were stopped since September 2014.

The WRD directed (September 2016) GMIDC to change design of Unkeshwar HLB in view of higher FRL than LPP and obtain separate RAA for Unkeshwar HLB.

Accordingly, Irrigation Circle, Nanded submitted (February 2018) first RAA proposal for ₹ 177.70 crore to Aurangabad regional office who onward submitted (May 2018) it to GMIDC with projected IP creation of 1,460 ha (CA<sup>36</sup> 1642) and BC ratio of 0.75 against established norm of 1.0 in case of minor irrigation projects.

Thus, the deficient planning that led to conversion of economical KT Weir into un-economical HLB, without ascertaining the effect of FRL on LPP resulted not only in unfruitful expenditure of ₹ 55.22 crore on incomplete work but also non-creation of originally targeted IP in spite of lapse of more than eight years.

In reply, the Irrigation Circle, Nanded stated (November 2018) that in the light of Government policy to convert existing KT weir into HLB, Unkeshwar KT Weir was proposed to be converted into HLB and the same was approved by GMIDC in principle. Further, it was stated that RAA proposal was under scrutiny of State Level Technical Advisory Committee.

Reply is not acceptable as the conversion of KT Weir into HLB without considering the important parameter of FRL resulted in uneconomical project due to lower BC ratio. Further, in RAA also, the FRL of HLB is still retained at 234 meters. The work was stopped in incomplete stage since September 2014. This showed deficient planning resulting in unfruitful expenditure of ₹ 55.22 crore and also non-creation of originally targeted IP in spite of lapse of more than eight years.

The matter was referred to the Government (September 2019); reply thereto was awaited (June 2020).

### **3.9 Avoidable Extra Payment**

#### **Avoidable extra payment of ₹ 102.12 lakh due to non-compliance to the guidelines regarding design/revised design procedure of canal**

In supersession of the existing guidelines, the Irrigation Department, Government of Maharashtra had issued (February 1995) revised guidelines for design of canals and revised design procedures. For canals in soft murum/soil, the inner side slopes of canal was recommended at the ratio of 1.5:1 to have proper discharge of water throughout the canal.

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<sup>36</sup> Cultivable Area

Scrutiny of records of the Dhule Medium Project Division (division) revealed (June 2017) that the work<sup>37</sup> of left bank canal of Lower Panzara (Akkalpada) Medium Project was awarded (August 2011) to a contractor for ₹ 36.67 crore *i.e.* 10.80 *per cent* above the estimated cost of ₹ 33.09 crore based on the schedule of rates for the year 2009-10. The work was stipulated to be completed within 24 months from the issue of work order (July 2013).

It was observed that in the estimates, the inner side slopes of canal at the ratio of 0.5:1 were considered instead of envisaged 1.5:1. To overcome this, the TIDC approved (January 2012) the change in inner side slope to 1.5:1. Accordingly, excavations in soft strata, hard strata and in hard rock by controlled blasting were increased substantially which were executed during 2012 to June 2015. The Irrigation Project Circle, Dhule sanctioned (July 2015) revised rates for quantities exceeding 125 *per cent* of tender quantities under clause 38<sup>38</sup> of the contract. The division made the payment (May 2016) of ₹ 62.81 crore to the contractor vide 16<sup>th</sup> and final bill including payment under clause-38.

Non-compliance of guidelines (February 1995) while preparing the estimates resulted in enormous increase in quantities of excavation of in soft strata, hard strata and in hard rock by controlled blasting and avoidable extra payment of ₹ 102.12 lakh under clause-38 as detailed in **Appendix 3.2**.

On this being pointed out in audit, the division stated (June 2017) that while preparing the estimates, there were some limitations such as cost of project to be taken as per hectare and during execution, some hidden items were increased.

The reply is not acceptable as the guidelines for adoption of ratio for inner side slope of canal in the ratio of 1.5:1 was issued in February 1995 and the estimates to the present work were prepared in the year 2008-09. The non-compliance to guidelines at the time of estimation led to enormous excess quantities of excavation and payment under clause-38 of the contract.

The matter was referred to the Government (August 2019); reply thereto was awaited (June 2020).

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<sup>37</sup> Balance work of “providing and constructing earth work of main canal, distributaries between km 21 and 32 of left bank canal of Lower Panzara (Akkalpada) Medium Project”

<sup>38</sup> As per clause 38 of the contract, the contractor shall, if ordered in writing by the Engineer-in-charge to do so, carry out any items of work beyond 125 *per cent* of the tender quantity in accordance with the specifications in the tender. The contractor will be paid at the tender rate for the quantity up to 125 *per cent* and for the quantity beyond 125 *per cent* of the tendered quantity, he will be paid at the rates (i) derived from the rates entered in current schedule of rates and in the absence of such rates (ii) at the rates prevailing in the market

### 3.10 Excess Expenditure

#### Failure to comply prescribed norms resulted in incorrect/defective estimation and excess expenditure of ₹ 2.15 crore under clause-38

Paragraph 255 of MPWM prescribes that no work shall be begun, except under special orders of Government, unless a properly detailed design and estimate have been sanctioned.

Further, paragraph 4.1.3 of Manual of Minor Irrigation Works in Maharashtra State, 1983 provides that the object of preliminary survey is to find out the quantities of earth work, masonry work and storage capacity *etc.* as accurately as possible, so that the technical and economic feasibility of the project can be correctly decided. Paragraph 4.3.3 *ibid* envisages that before proceeding with detailed survey, it is important to fix the most suitable and economical alignment of dam in the first instance having due regard to the location of waste weir, outlet *etc.* Paragraph 4.3.4 envisages for survey for waste weir and stipulates that for fixing of the exact site of the waste weir in the best place and for detailed design of the work and of its approaches and tail channels, it is necessary to have very detailed information regarding the levels and slopes of the ground on the flank of the tank or other site in saddle portion selected for the work.

Water Resources Department (WRD) accorded (December 2006) AA for ₹ 41.72 crore to Karajgaon Larger Minor Irrigation Project. The detailed survey and investigation for this project was conducted in January 2003. The estimates for the work of construction of earthen dam, waste weir & head regulator of Karajgaon Minor Irrigation Tank was technically sanctioned by Nagpur regional office for ₹ 29.15 crore in May 2008 which included estimates for waste weir costing ₹ 5.43 crore.

Further, the Irrigation Division, Amravati (division) awarded (July 2008) the work of construction of earthen dam, waste weir & head regulator of Karajgaon Minor Irrigation Tank to a contractor for ₹ 29.90 crore *i.e.* 19.45 *per cent* above the estimated cost (₹ 25.03 crore). The work was stipulated to be completed in 30 months (January 2011). The latest extension for completion of work was granted up to December 2019. The contractor was paid ₹ 70.06 crore (November 2018) for the work executed up to the 20<sup>th</sup> running account bill (RAB). The work is still not completed (August 2019).

Scrutiny revealed (July 2017) that:

- i) During execution of the work, design of Cut-Of-Trench (COT) of earthen dam was received (April 2010) from the Central Design Organisation, Nashik (CDO). As per the design, quantities of items 3 and 6 of contract were increased substantially and as a result, for execution of excess quantities beyond 125 *per cent* of tendered quantities, Upper Wardha Project Circle,

Amravati sanctioned (May 2012) the clause-38<sup>39</sup> proposal for ₹ 4.04 crore. As against this sanction, the contractor was paid an amount of ₹ 3.19 crore for the work executed under clause-38 till November 2018.

ii) As the foundation of waste weir was resting on yellow soil, according to norms, the design of structure costing ₹ 3.00 crore was required to be obtained from CDO. The division had submitted necessary data to CDO in December 2010. The waste weir design was finalized by CDO in January 2014 after conducting site inspection. Amravati regional office approved the design in April 2014. However, this necessitated the changes in scope of work and quantities of certain items of work were increased substantially than the quantities estimated in the original estimate/contract and some new items of work also cropped up.

As a result, Upper Wardha Project circle sanctioned (April 2015) (i) clause-38 proposal for ₹ 14.31 crore for execution of items of work beyond 125 *per cent* of the tendered quantity as well as (ii) Extra Item Rate list (EIRL<sup>40</sup>) proposal for ₹ 10.25 crore for execution of new items of work which were not part of the original contract. Out of that, the contractor was paid an amount of ₹ 12.87 crore for the work executed under Clause-38 and ₹ 10.05 crore for the work executed under EIRL till November 2018.

Thus, the commencement of the work before finalization of design of waste weir/COT and issue of work order prior to receipt of approved design from CDO resulted in payment at higher rates under Clause-38 and EIRL. The division had incurred an excess expenditure of ₹ 2.15 crore on account of clause-38 and expenditure under EIRL amounting to ₹ 10.05 crore (**Appendix 3.3**).

On this being pointed in audit, the VIDC stated (January 2020) that the work started in 2010 based on rates of 2007-08. The clause-38 had to be applied due to change in design of spillway and tail channel and there would have an excess expenditure of ₹ 4.83 crore if the estimate was prepared based on the rates of 2014 *i.e.* after final drawing to avoid clause 38 and EIRL.

The reply is not acceptable, as the division was well aware that the cost of waste weir was in excess of ₹ three crore and that there was presence of yellow soil in foundation. Thus, as per norms, the department should have obtained approval to design from CDO prior to the commencement of work.

This depicts the non-compliance to the prescribed norms by the departmental authorities resulting in excess and avoidable expenditure on the execution of the project.

The matter was referred to the Government (September 2019); reply thereto was awaited (June 2020).

<sup>39</sup> As per clause 38 of the contract, the contractor shall, if ordered in writing by the Engineer-in-charge to do so, carry out any items of work beyond 125 *per cent* of the tender quantity in accordance with the specifications in the tender. The contractor will be paid at the tender rate for the quantity up to 125 *per cent* and for the quantity beyond 125 *per cent* of the tendered quantity, he will be paid at the rates (i) derived from the rates entered in current schedule of rates and in the absence of such rates (ii) at the rates prevailing in the market

<sup>40</sup> EIRL is the item of work which was not included in the tender and cropped up during the execution of work



**CHAPTER – IV (*Revenue Sector*)**

**GENERAL**

## REVENUE SECTOR

### CHAPTER IV

#### GENERAL

#### 4.1 Trend of revenue receipts

**4.1.1** The tax and non-tax revenue raised by Government of Maharashtra during the year 2018-19, the state's share of divisible Union taxes and duties assigned to the state and the grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 4.1.1**.

**Table 4.1.1**

(₹ in crore)

Sl. No.		2014-15	2015-16	2016-17	2017-18	2018-19
1	Revenue raised by the State Government					
	Tax revenue <sup>1</sup>	1,15,063.32	1,26,608.10	1,36,616.32	1,67,931.86	1,87,436.38
	Non-tax revenue	12,580.89	13,423.01	12,709.34	16,241.80 <sup>2</sup>	15,843.57
	<b>Total</b>	<b>1,27,644.21</b>	<b>1,40,031.11</b>	<b>1,49,325.66</b>	<b>1,84,173.66<sup>2</sup></b>	<b>2,03,279.95</b>
2	Receipts from Government of India					
	Central tax transfers	17,630.03	28,105.95	33,714.90	37,219.20	42,054.20
	Grants-in-aid	20,140.64	16,898.61	21,652.58	22,260.70 <sup>2</sup>	33,662.12
	<b>Total</b>	<b>37,770.67</b>	<b>45,004.56</b>	<b>55,367.48</b>	<b>59,479.90</b>	<b>75,716.32</b>
3	<b>Total revenue receipts of State Government (1 and 2)</b>	<b>1,65,414.88</b>	<b>1,85,035.67</b>	<b>2,04,693.14</b>	<b>2,43,653.56</b>	<b>2,78,996.27</b>
4	<b>Percentage of 1 to 3</b>	<b>77</b>	<b>76</b>	<b>73</b>	<b>76</b>	<b>73</b>

Source: Finance Accounts

The above table indicates that during the year 2018-19, the revenue raised by the State Government (₹ 2,03,279.95 crore) was 73 per cent of the total

<sup>1</sup> For details – refer statement no. 14 – Detailed accounts of revenue by minor heads in the finance accounts of the Government of Maharashtra for the year 2018-19. Figures under the head 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0022-Taxes on agricultural income, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax–share of net proceeds assigned to state booked in the finance accounts under Sector A- “Tax revenue” have been excluded from the revenue raised by the state and included in the central tax transfers in this statement

<sup>2</sup> The figures are at variance from the report for the year ended 31 March 2018 on account of adjustment of misclassification of grants-in-aid amounting to ₹ 437.77 crore from the Government of India as receipts under “Non-Tax Revenue” for which a note of error has been kept by the Finance department in the finance accounts for the year 2017-18

revenue receipts as against 76 per cent in the preceding year. The balance 27 per cent of the receipts during 2018-19 came from the GoI.

**4.1.2** The details of the tax revenue raised during the period 2014-15 to 2018-19 are given in **Table 4.1.2**.

**Table 4.1.2**

(₹ in crore)

Sl. No.	Head of revenue		2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+)/ decrease (-) in 2018-19 over 2017-18
1	2		3	4	5	6	7	8
1	Taxes on sales, trade etc. (including central sales tax)	BE <sup>3</sup>	69,089.60	74,616.77	81,437.69	92,838.97	35,301.37	
		RE <sup>3</sup>	69,089.60	74,616.77	81,437.69	55,410.58	35,301.37	
		Actual	67,466.29	69,660.82	81,174.17	54,893.51	35,724.61	-34.92
2	Goods and services tax	BE				0.00	90,140.25	
		RE				50,976.66	90,140.25	
		Actual				50,063.36	82,352.32	64.50
	<b>Sub-Total</b>			<b>81,174.17</b>	<b>1,04,956.87</b>	<b>1,18,076.93</b>	<b>12.50</b>	
3	Entertainments duty	BE	578.32	658.14	730.52	964.97	0.00	
		RE	578.32	658.14	825.99	0.00	0.00	
		Actual	801.67	879.60	960.83	290.43	66.97	
4	Betting tax	BE	53.76	61.20	67.93	30.51	0.00	
		RE	53.76	61.20	28.78	0.00	0.00	
		Actual	33.34	35.56	31.40	6.49	0.62	
5	Luxury tax	BE	315.12	358.61	398.05	531.93	0.00	
		RE	315.12	358.61	501.72	185.83	0.00	
		Actual	448.96	517.21	563.88	257.66	98.72	
6	Sugarcane purchase tax	BE	0.00	0.00	0.00	1.14	0.00	
		RE	0.00	0.00	1.08	0.00	0.00	
		Actual	0.14	0.00	0.86	0.06	0.37	
7	Forest development	BE	55.50	63.16	70.11	55.14	0.00	
		RE	55.50	63.16	52.02	56.14	0.00	
		Actual	49.41	46.55	47.81	19.99	0.22	
8	Taxes on entry of goods into local areas	BE	1,097.80	1,145.53	1,269.95	330.14	471.44	
		RE	1,093.53	1,144.25	1,267.59	1,579.29	337.55	
		Actual	581.50	1,573.73	1,867.98	978.43	9.86	
A	<b>Total of Taxes on sales, trade, etc. and taxes subsumed in GST (Sr. No. 1 to 8)</b>	<b>BE</b>	<b>71,190.10</b>	<b>76,903.41</b>	<b>83,974.25</b>	<b>94,752.80</b>	<b>1,25,913.06</b>	
		<b>RE</b>	<b>71,185.83</b>	<b>76,902.13</b>	<b>84,114.87</b>	<b>1,08,208.50</b>	<b>1,25,779.17</b>	
		<b>Actual</b>	<b>69,381.31</b>	<b>72,713.47</b>	<b>84,646.93</b>	<b>1,06,509.93</b>	<b>1,18,253.69</b>	<b>11.03</b>
9	State excise	BE	11,500.00	13,500.00	15,343.86	14,340.01	15,343.08	
		RE	11,500.00	13,699.90	13,600.00	12,500.00	15,343.08	
		Actual	11,397.08	12,469.56	12,287.91	13,449.65	15,320.90	13.91

<sup>3</sup> BE – Budget Estimates, RE – Revised Estimates

Table 4.1.2 (cont.)

1	2	3	4	5	6	7	8	
10	Stamps and registration fees	BE	19,426.00	21,000.00	23,547.66	21,000.00	24,000.00	
		RE	19,420.73	21,500.00	20,000.00	23,100.00	25,000.00	
		Actual	19,959.29	21,766.99	21,011.83	26,441.82	28,545.05	7.95
11	Taxes and duties on electricity	BE	6,501.00	7,150.00	7,912.58	8,228.48	8,700.00	
		RE	6,873.60	7,650.00	7,912.58	8,500.00	8,700.00	
		Actual	4,350.45	8,506.37	6,669.56	7,344.86	10,085.12	37.31
12	Taxes on vehicles	BE	5,250.00	5,693.67	6,750.00	7,200.00	7,500.00	
		RE	5,244.17	5,693.67	6,750.00	7,350.00	7,999.10	
		Actual	5,404.97	6,017.19	6,741.21	8,665.38	8,613.19	-0.60
13	Land revenue	BE	1,867.29	3,200.15	3,200.15	3,200.15	3,200.00	
		RE	1,873.29	1,900.19	1,500.55	3,200.01	1,500.00	
		Actual	1,272.38	1,748.31	1,799.39	2,309.86	2,088.04	-9.60
14	Others <sup>4</sup>	BE	2,906.04	3,187.49	3,493.03	4,715.13	3,383.70	
		RE	2,910.31	3,188.77	3,352.41	2,120.33	4,609.93	
		Actual	3,297.84	3,386.21	3,459.49	3,210.36	4,530.39	41.12
<b>B</b>	<b>Total of taxes not subsumed in GST (Sr. No. 9 to 14)</b>	<b>BE</b>	<b>47,450.33</b>	<b>53,731.31</b>	<b>60,247.28</b>	<b>58,683.77</b>	<b>62,126.78</b>	
		<b>RE</b>	<b>47,822.10</b>	<b>53,632.53</b>	<b>53,115.54</b>	<b>56,770.34</b>	<b>63,152.11</b>	
		<b>Actual</b>	<b>45,682.01</b>	<b>53,894.63</b>	<b>51,969.39</b>	<b>61,421.93</b>	<b>69,182.69</b>	<b>12.64</b>
<b>Total (A+B)</b>	<b>BE</b>	<b>1,18,640.43</b>	<b>1,30,634.72</b>	<b>1,44,221.53</b>	<b>1,53,436.57</b>	<b>1,88,039.84</b>		
	<b>RE</b>	<b>1,19,007.93</b>	<b>1,30,534.66</b>	<b>1,37,230.41</b>	<b>1,64,978.84</b>	<b>1,88,931.28</b>		
	<b>Actual</b>	<b>1,15,063.32</b>	<b>1,26,608.10</b>	<b>1,36,616.32</b>	<b>1,67,931.86</b>	<b>1,87,436.38</b>	<b>11.61</b>	

Source: Finance Accounts

Analysis of growth in revenue is given as follows-

- The collection under “Taxes on sales, trade, etc.”, “Goods and services tax” (GST) and other taxes subsumed in GST was ₹ 1,18,253.69 crore during 2018-19 as compared to ₹ 1,06,509.93 crore during 2017-18. The overall growth in revenue of these taxes during 2018-19 was 11.03 per cent as compared to the previous year.
- The increase of 64.50 per cent in receipts under GST was on account of increased tax collections, transfer from integrated Goods and services tax, increased fees and interest collections.
- There was increase of 37.31 per cent in receipts under the head “Taxes and duties on electricity” due to increased tax collection on consumption and sales of electricity.

The variation(s) in collection of revenue in respect of other heads of revenue though called for (July 2019) was not intimated by departments concerned.

<sup>4</sup> Includes receipts under the heads “Other taxes on Income and Expenditure” and other Cess Acts, etc.

**4.1.3** The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are given in **Table 4.1.3**.

**Table 4.1.3**

(₹ in crore)

Sl. No.	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+)/ decrease(-) in 2018-19 over 2017-18	
1	2	3	4	5	6	7	8	
1	Interest receipts	BE	2,973.70	2,973.70	1,122.37	1,178.49	3,850.99	
		RE	2,973.70	2,973.70	2,981.31	3,936.43	2,901.00	
		Actual	3,351.46	3,079.45	3,259.07	4,162.53	4,191.28	0.69
2	Non-ferrous mining and metallurgical industries	BE	2,767.00	3,000.00	3,400.00	3,740.00	3,400.00	
		RE	2,767.00	3,095.72	3,250.00	3,200.00	3,400.00	
		Actual	2,335.85	3,064.05	3,104.79	3,556.42	4,056.71	14.07
3	Miscellaneous general services	BE	413.97	2,434.42	2,430.15	2,758.44	2,876.68	
		RE	413.97	634.42	1,428.37	1,159.31	599.10	
		Actual	449.88	477.48	252.99	1,444.75	480.65	-66.73
4	Power	BE	850.00	828.00	910.80	750.39	731.00	
		RE	850.00	828.00	1,729.24	1,900.00	730.99	
		Actual	523.77	619.98	760.04	79.56	38.57	-51.52
5	Major and medium irrigation	BE	798.53	938.90	1,132.79	489.89	522.00	
		RE	798.53	938.90	260.24	356.91	460.80	
		Actual	657.93	624.68	309.06	215.39	284.47	32.07
6	Others <sup>5</sup>	BE	5,705.82	10,489.85	11,001.13	11,239.11	11,404.27	
		RE	5,716.50	6,228.04	6,970.82	11,118.27	8,958.37	
		Actual	5,262.00	5,557.37	5,023.39	6,783.15 <sup>6</sup>	6,791.89	0.13
Total	BE	13,509.02	20,664.87	19,997.24	20,156.32	22,784.94		
	RE	13,519.70	14,698.78	16,619.98	21,670.92	17,050.26		
	Actual	12,580.89	13,423.01	12,709.34	16,241.80	15,843.57	-2.45	

Source: Finance Accounts

It would be seen from the above table that the actual receipts during the period 2014-15 to 2018-19 have always been less than the revised budget estimates of the respective years.

Analysis of collection of revenue is as follows-

- The increase of 32.07 per cent in receipts under the heads “Major irrigation” and “Medium irrigation” was mainly due to increased receipts from Konkan Irrigation Development Corporation and Maharashtra Krishna Valley Development Corporation.

<sup>5</sup> Includes receipts under the heads Other Administrative Services, Dairy Development, Forestry and Wild life, Medical and Public Health, Co-operation, Public Works, Police and other non-tax receipts like Dividends and Elections

<sup>6</sup> Please see footnote no. 2

- The receipts under the head “Miscellaneous general services” decreased by 66.73 per cent on account of less receipts in respect of unclaimed deposits, sale of main lottery tickets and miscellaneous other receipts.
- The decrease of 51.52 per cent in receipts under the head “Power” was mainly due to less receipt from the Maharashtra State Electricity Distribution Company Ltd. and Maharashtra State Power Generation Company Ltd. on account of lease rent, water charges, etc.

#### 4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 under major heads of revenue amounted to ₹ 1,25,551.12 crore of which ₹ 35,424.22 crore was outstanding for more than five years, as detailed in **Table 4.2**.

**Table 4.2**

(₹ in crore)

Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Remarks
Taxes on Sales, Trade, etc.	1,24,306.00	34,641.82	Out of total outstanding amount of ₹ 1,24,306.00 crore, recovery of ₹ 2,091.59 crore was covered by revenue recovery certificates, recovery of ₹ 75,534.49 crore was stayed by Supreme Court/High Court/other judicial authorities and Government, recovery of ₹ 7,549.36 crore was outstanding due to dealers being insolvent. The stage(s) at which the remaining amount was outstanding was not intimated.
Taxes and Duties on Electricity	588.95	588.95	All arrears are pending for more than five years. These are cases of captive power and sugar factories pending in the Supreme Court.
State Excise Duty	16.73	2.49	Of the outstanding amount of ₹ 16.73 crore, the recovery of ₹ 11.48 crore was stayed by the appellate authorities. The stage(s) at which the recovery of the remaining amount was pending, was not intimated by department.
Stamps and Registration Fees	423.16	134.73	Revenue recovery certificates have been issued in all cases.
Taxes on vehicles	216.28	56.23	Demand notices have been issued.
<b>Total</b>	<b>1,25,551.12</b>	<b>35,424.22</b>	
<i>Source: Information furnished by the departments</i>			

It would be seen from the above table that the arrears aggregating ₹ 35,424.22 crore have been outstanding for more than five years. Since with the passage of time the chances of recovery of the amount becomes remote, it would be in the interest of the revenue if the departments concerned are advised to take appropriate steps to reduce the pendency of arrears in a time bound manner, especially those cases which are pending for more than five years.

### 4.3 Arrears in assessments

The details of cases pending at the beginning of the year 2018-19, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalization at the end of the year as furnished by the Department of Goods and Services Tax in respect of various Acts such as, Maharashtra Value Added Tax, Bombay Sales Tax, Motor Spirit Tax, Luxury Tax, Tax on Works Contracts *etc.* was as shown below in **Table 4.3**.

**Table 4.3 – Arrears in assessments as on 31 March 2019**

Name of Act	Opening balance	New cases due for assessment during 2018-19	Total cases due for assessment	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Maharashtra value added tax	1,93,490	97,674	2,91,164	1,91,121	1,00,043	65.64
Bombay sales tax	995	20	1,015	911	104	89.75
Motor spirit tax	14	0	14	0	14	0.00
Purchase tax on sugarcane	94	75	169	69	100	40.83
Entry tax	0	32	32	26	6	81.25
Lease tax	225	0	225	225	0	100.00
Luxury tax	1,155	1,024	2,179	1,096	1,083	50.30
Taxes on works contracts	3,284	5	3,289	2,364	925	71.88
<b>Total</b>	<b>1,99,257</b>	<b>98,830</b>	<b>2,98,087</b>	<b>1,95,812</b>	<b>1,02,275</b>	<b>65.69</b>

*Source: Information furnished by the departments*

It can be seen that the pendency of cases to be assessed decreased by 48.67 per cent from 1,99,257 cases as on 01 April 2018 to 1,02,275 cases as on 31 March 2019. The cases numbering 2,232 pertaining to the Bombay Sales Tax Act and other Allied Acts have remained unassessed as on 31 March 2019.

#### 4.4 Evasion of tax detected by the department

The details of cases of evasion of tax detected under major heads of revenue, cases finalised and additional demands raised as reported by the departments concerned are given in **Table 4.4**.

Table 4.4

(₹ in crore)

Head of revenue	Number of cases					Additional demand raised with penalty, etc.
	Pending as on 31 March 2018	Detected during 2018-19	Total	Investigation completed	Pending for finalisation as on 31 March 2019	
Taxes on sales, trade, etc.	1,722	1,348	3,070	1,929	1,141	24.66
State excise	15 <sup>7</sup>	11	26	1	25	145.58
Stamps and registration fees	8,293 <sup>7</sup>	10,222	18,515	9,448	9,067	372.24
Taxes on vehicles	5 <sup>7</sup>	289	294	290	4	0.18
<b>Total</b>	<b>10,035</b>	<b>11,870</b>	<b>21,905</b>	<b>11,668</b>	<b>10,237</b>	<b>542.66</b>

Source: Information furnished by the departments

As seen from the above table the departments completed investigation in 11,668 cases (53 per cent of total cases) and raised additional demand with penalty etc. of ₹ 542.66 crore.

#### 4.5 Response of the Government/departments to Audit

The Principal Accountant General (Audit)-I, Mumbai (PAG) and the Accountant General (Audit)-II, Nagpur (AG) conduct periodical inspections of the Government departments to test check transactions of the tax and non-tax receipts and verify the maintenance of important accounting and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG/AG within one month from the date of issue of the IRs. The offices of the PAG/AG report serious financial irregularities to the heads of the department and the Government. Yearly reports are sent to the secretaries of the departments concerned in respect of the pending IRs to facilitate the monitoring of audit observations.

Scrutiny of IRs issued up to December 2018 disclosed that 9,557 audit observations involving ₹ 3,616.22 crore relating to 4,214 IRs remained outstanding at the end of June 2019. Details of the same along with the corresponding figures for the preceding two years are mentioned in **Table 4.5**.

<sup>7</sup> Information is a variance from the closing balance of the previous year. The reasons for the same has been called for. Same are awaited



**Table 4.5**

Particulars	June 2017	June 2018	June 2019
Number of IRs pending for settlement	4,423	4,357	4,214
Number of outstanding audit observations	10,888	10,294	9,557
Amount of revenue involved (₹ in crore)	3,164.96	3,406.94	3,616.22

**4.5.1** The department-wise details of the IRs issued up to 31 December 2018 and audit observations outstanding as on 30 June 2019 and the amounts involved are mentioned in **Table 4.5.1**.

**Table 4.5.1**

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	2	3	4	5	6
1	Home	State excise	78	149	12.50
2		Taxes on vehicles	286	901	76.86
3	Revenue and Forest	Land revenue	709	1,376	1,116.79
4		Entertainments duty	286	525	22.50
5		Stamps and registration fees	1,240	2,670	887.57
6		Forest receipts (Non-Tax)	7	13	0.00
7	Finance	Taxes on sales, trade etc.	1,190	3,336	125.74
8		Taxes on profession, etc.	87	105	2.21
9	Industries, Energy and Labour	Taxes and duties on electricity	36	69	129.84
10	Urban Development	Education cess and employment guarantee cess	144	209	1,223.50
11		Maharashtra tax on buildings (with larger residential premises)	93	130	7.57
12	Housing	Repair cess	21	31	11.14
13	Water Resources	User charges (Non-Tax)	34	38	0.00
14	Public Works	Non-tax receipts	3	5	0.00
<b>Total</b>			<b>4,214</b>	<b>9,557</b>	<b>3,616.22</b>

The first replies in respect of each IR though required to be received from the Head(s) of Office(s) concerned within one month from the date of issue of the IRs, were not received for 267 IRs issued up to 31 December 2018. The pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Head(s) of Office(s) and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG/AG in the IRs.

The Government may consider issuing instructions to the Head(s) of Office(s) concerned for furnishing first replies to the IRs issued by the PAG/AG within the stipulated period of one month and take appropriate steps for settlement of the audit observations raised in these IRs.

### 4.5.2 Departmental Audit Committee Meetings

The Government had set up Audit Committees during various periods to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the Audit Committee Meetings (ACMs) held during the year 2018-19 and the paragraphs settled are mentioned in **Table 4.5.2**.

**Table 4.5.2**

(₹ in crore)

Sl. No.	Department	Nature of receipts	Number of meetings held	Number of paras discussed	Number of paras settled	Amount
1	2	3	4	5	6	7
1	Home	Taxes on vehicles	1	303	53	0.89
2	Revenue and Forests	Entertainments duty	1	230	184	2.27
3	Finance	Taxes on sales, trades, etc.	4	479	342	60.48
<b>Total</b>			<b>6</b>	<b>1,012</b>	<b>579</b>	<b>63.64</b>

Thus, it would be seen from the above that 579 paragraphs involving ₹ 63.64 crore were got settled in the Departmental Audit Committee Meetings. The Government may advise the departments concerned to increase the frequency of conducting these meetings so that more paragraphs can be discussed in the meetings and taken to their logical end.

### 4.5.3 Response of departments to draft audit paragraphs

The draft audit paragraph(s) proposed for inclusion in the report of the Comptroller and Auditor General of India are forwarded by the PAG/ AG to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of reply from the departments/Government concerned is indicated at the end of each paragraph included in the audit report.

Fifty one draft paragraphs (clubbed into 14 paragraphs), one follow- up audit and one performance audit were sent to the respective departments/Government between May 2019 and April 2020. The departments/Government did not send replies to these draft paragraphs and therefore, these were included without their response.

### 4.5.4 Follow-up on Audit Reports - summarised position

**Position of explanatory memoranda:** According to the instructions issued by the finance department, all the departments are required to furnish explanatory memoranda duly vetted by Audit, to the Maharashtra legislative secretariat, in respect of paragraphs included in the audit reports, within three months of their being laid on the table of the House. However, explanatory memoranda in respect of 46 paragraphs included in audit reports from 1996-97 onwards have not been received till 31 December 2019 as shown below in **Table 4.5.4 (A)**.

**Table 4.5.4 (A)**

Department	Audit Report Paragraphs					Total
	1996-97 to 2012-13	2013-14	2014-15	2015-16	2016-17	
Revenue and Forest	8	1	---	9	10	<b>28</b>
Home	2	1	---	2	7	<b>12</b>
Urban Development	2	1	1	---	---	<b>4</b>
Industry, Energy and Labour	2	---	---	---	---	<b>2</b>
<b>Total</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>11</b>	<b>17</b>	<b>46</b>

**Position of Action Taken Notes (ATNs):** With a view to ensuring accountability of the executive in respect of all the issues dealt within the audit reports, the PAC lays down in each case, the period within which ATNs on its recommendations should be sent. However, ATNs for 399 recommendations included in 26 reports of the PAC from the year 1994-95 onwards have not been received from the departments concerned till 31 December 2019 as given in **Table 4.5.4 (B)**.

**Table 4.5.4 (B)**

Sl. No.	PAC Report Number	Audit Reports discussed	Number of recommendations for which ATNs are awaited
1	2	3	4
1	27 <sup>th</sup> Report of 1994-95	1986-87	3
2	9 <sup>th</sup> Report of 1996-97	1989-90, 1990-91, 1991-92	9
3	12 <sup>th</sup> Report of 1996-97	1990-91	2
4	13 <sup>th</sup> Report of 1996-97	1989-90, 1990-91	7
5	14 <sup>th</sup> Report of 1996-97	1989-90	1
6	21 <sup>st</sup> Report of 1997-98	1992-93	1
7	5 <sup>th</sup> Report of 2000-01	1995-96	2
8	12 <sup>th</sup> Report of 2002-03	1996-97	1
9	5 <sup>th</sup> Report of 2006-07	1997-98	12
10	6 <sup>th</sup> Report of 2007-08	1998-99	20
11	12 <sup>th</sup> Report of 2008-09	2000-01, 2002-03	22
12	5 <sup>th</sup> Report of 2010-11	2003-04	23
13	6 <sup>th</sup> Report of 2010-11	2004-05	24
14	7 <sup>th</sup> Report of 2010-11	2005-06	34
15	15 <sup>th</sup> Report of 2012-13	2006-07	15
16	16 <sup>th</sup> Report of 2012-13	2007-08	15
17	2 <sup>nd</sup> Report of 2015-16	2008-09	1
18	9 <sup>th</sup> Report of 2015-16	2010-11	5
19	15 <sup>th</sup> Report of 2015-16	2013-14	12
20	16 <sup>th</sup> Report of 2015-16	2010-11	14
21	26 <sup>th</sup> Report of 2015-16	Stand alone report on "Government land given on lease"	19
22	33 <sup>rd</sup> Report of 2017-18	2011-12	17
23	37 <sup>th</sup> Report of 2017-18	2012-13	36

Sl. No.	PAC Report Number	Audit Reports discussed	Number of recommendations for which ATNs are awaited
1	2	3	4
24	53 <sup>rd</sup> Report of 2017-18	2014-15	46
25	54 <sup>th</sup> Report of 2017-18	2014-15	37
26	56 <sup>th</sup> Report of 2017-18	2015-16	21
<b>Total</b>			<b>399</b>

The department-wise and audit report-wise breakup of the 399 awaited ATNs is given in **Table 4.5.4 (C)**.

Table 4.5.4 (C)

Name of Department	Year of Audit Report (ATNs not received)						Total ATNs not received
	Up to 2011-12	2012-13	GLL <sup>8</sup>	2013-14	2014-15	2015-16	
1	2	3	4	5	6	7	8
Revenue and Forests	76	18	18	7	83	13	215
Home	37	18	---	---	---	2	57
Finance	48	---	---	5	---	---	53
Water Resources	16	---	---	---	---	---	16
Industries, Energy and Labour	13	---	---	---	---	---	13
Co-operation, Marketing and Textiles	8	---	---	---	---	5	13
Urban Development	8	---	1	---	---	1	10
Public Health	8	---	---	---	---	---	8
Medical Education and Drugs	6	---	---	---	---	---	6
Public Works	4	---	---	---	---	---	4
Housing	4	---	---	---	---	---	4
<b>Total</b>	<b>228</b>	<b>36</b>	<b>19</b>	<b>12</b>	<b>83</b>	<b>21</b>	<b>399</b>

#### 4.6 Analysis of the mechanism for dealing with the issues raised by Audit in the Home Department

To analyse the system of addressing the issues highlighted in the inspection reports/audit reports by the departments/Government, the action taken on the paragraphs and performance audits included in the audit reports of the last 10 years in respect of one department is evaluated and included in each audit report.

The succeeding **paragraphs 4.6.1 to 4.6.2** discuss the performance of the Home department under revenue head- “Taxes on vehicles” in respect of cases detected in the course of local audit during the years from 2009-10 to 2018-19 as well as those included in the audit reports during the last 10 years, *i.e.* 2008-09 to 2017-18.

##### 4.6.1 Position of inspection reports

The summarised position of inspection reports (IRs) issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2019 is shown in **Table 4.6.1**.

<sup>8</sup> Stand alone report on “Government land given on lease”

Table 4.6.1

(₹ in crore)

Year	Opening Balance			Additions during the year			Clearance during the year			Closing balance during the year		
	IRs	Para	Money value	IRs	Para	Money value	IRs	Para	Money value	IRs	Para	Money value
2009-10	188	595	21.84	50	324	4.93	36	184	3.80	202	735	22.97
2010-11	202	735	22.97	47	312	12.16	22	84	2.05	227	963	33.08
2011-12	227	963	33.08	52	345	42.34	5	96	2.90	274	1,212	72.52
2012-13	274	1,212	72.52	49	352	45.08	24	324	26.44	299	1,240	91.16
2013-14	299	1,240	91.16	44	310	45.16	19	121	9.94	324	1,429	126.38
2014-15	324	1,429	126.38	49	339	59.25	6	152	37.91	367	1,616	147.72
2015-16	367	1,616	147.72	26	160	4.13	20	239	25.97	373	1,537	125.88
2016-17	373	1,537	125.88	54	360	12.76	77	678	24.12	350	1,219	114.52
2017-18	350	1,219	114.52	32	215	3.07	56	336	14.09	326	1,098	103.50
2018-19	326	1,098	103.50	28	189	2.98	39	203	14.40	315	1,084	92.08

The Government had set up Audit Committees (during various periods) to monitor and expedite the progress of clearance of IRs and paragraphs in the IRs. The outstanding paras are also pursued through periodic references to the offices concerned and also through field parties which visit these offices for audit in the subsequent years. Regular meetings apart from ACMs are also held with heads of the offices for discussion of those issues wherein the departmental views do not concur with the audit observations.

The number of IRs, paragraphs and the amounts pending settlement during the last 10 years has shown an increasing trend with an amount of ₹ 92.08 crore pending settlement in 1,084 paragraphs contained in 315 IRs.

The department may continue its efforts in making use of its machinery created for settlement of the outstanding audit observations so that the outstanding IRs, paragraphs and the amounts are considerably reduced.

#### 4.6.2 Position of recovery of accepted cases in audit reports

The position of paragraphs included in the audit reports of the last 10 years, those accepted by the department and the amount recovered is mentioned in Table 4.6.2.

Table 4.6.2

(₹ in crore)

Year of audit report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered up to 31/03/2019
2008-09	2	1.47	2	1.38	0.39
2009-10	1	4.50	1	3.96	0.40
2010-11	3	3.57	2	1.54	0.72
2011-12	4	0.92	3	0.92	0.63
2012-13	5	2.72	4	2.55	0.92
2013-14	1	0.10	1	0.10	0.10
2014-15	2	8.85	1	0.99	0.24
2015-16	2	7.62	1	0.17	0.00
2016-17	3	1.04	3	1.04	0.20
2017-18	2	81.96	1	0.96	0.33
<b>Total</b>	<b>25</b>	<b>112.75</b>	<b>19</b>	<b>13.61</b>	<b>3.93</b>

The above table indicates that the recovery was only 29 per cent of the total accepted cases during the last ten years. The Government may instruct the department concerned to make more efforts for recovery of the amounts at least in those cases which have been accepted by the department.

#### 4.7 Audit Planning

The auditee unit under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government revenues and tax administration *i.e.* budget speech, reports of the Finance Commission (state and central), recommendations of the taxation reforms committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years, *etc.*

Out of 2,128 auditable units, 578 units were planned for audit during 2018-19 and against which 493 units were audited during the year. In addition to this, one performance audit was conducted during the year to ascertain the efficiency and efficacy of the tax administration in realisation of the revenues.

#### 4.8 Results of Audit

##### Position of local audit conducted during the year

Test check of the records of 493 units of Maharashtra value added tax, state excise, taxes on vehicles, stamps and registration fees, land revenue and other tax and non-tax receipts conducted during the year 2018-19 revealed under assessments/short levy/loss of revenue aggregating to ₹ 409.04 crore in 2,092 observations. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 56.93 crore involved in 1,082 observations which were pointed out in audit during 2018-19 and earlier years. The departments recovered ₹ 56.65 crore in 1,096 observations during 2018-19, pertaining to audit findings of 2018-19 and of previous years. In addition to this, departments also intimated recovery of ₹ 12.77 crore by way of explanatory memoranda in respect of 23 paragraphs of earlier audit reports.

## **CHAPTER – V (Revenue Sector)**

### **TAXES ON SALES, TRADE, *etc.***

#### **AUDIT OF TRANSACTIONS**

- 5.4** Erroneous allowance of dual credit of interest
- 5.5** Short levy of tax due to irregular allowance of inter-state sales at concessional rate
- 5.6** Non-levy of penalty under Section 61(2) of MVAT Act for late filing of Audit Report in Form 704
- 5.7** Non/Short levy of interest under Section 30(2) of Maharashtra Value Added Tax Act 2002

## CHAPTER V

### TAXES ON SALES, TRADE, ETC.

#### 5.1 Tax administration

Levy and collection of Value Added Tax (VAT) receipts is governed by the Maharashtra Value Added Tax Act, 2002 (MVAT Act), Maharashtra Value Added Tax Rules, 2005 (MVAT Rules), notifications and instructions issued by the Government from time to time.

The Sales Tax Department renamed as Department of Goods and Services Tax (GST) from 01 July 2017 functions under the administrative control of the Additional Chief Secretary, Finance Department at the Government level. The Commissioner of State Tax, Maharashtra State heads the department and is assisted by a Special Commissioner of State Tax/Additional Commissioners/Joint Commissioners/Deputy Commissioners/Assistant Commissioners and State Tax Officers at various levels. There were 13 divisions dealing with registration, assessment and collection of the taxes in the department.

The MVAT Act came into force with effect from 01 April 2005. Prior to the introduction of the MVAT Act, the assessment, levy and collection of sales tax was governed by the Bombay Sales Tax Act, 1959 (BST Act) which was repealed with effect from 01 April 2005. With effect from 01 July 2017, tax payable on sales and services of all goods (except petroleum products and alcoholic drinks) is governed by the Maharashtra Goods and Services Tax Act, 2017. Taxation of petroleum and alcoholic products still continues to be governed under the MVAT Act.

#### 5.2 Internal Audit

The department has an internal audit wing (IAW) headed by the Joint Commissioner of State Tax (Internal Audit).

Information regarding position of cases selected for internal audit and actually audited is mentioned in **Table 5.2**.

**Table 5.2**

Year	No. of cases selected for audit by IAW	No. of cases audited by IAW	Audit observations raised By IAW	Audit observations settled till date	Audit observations pending as on 31 March of the year
2014-15	13,140	17,209	5,028	3,869	1,159
2015-16	15,660	17,086	4,312	2,825	1,487
2016-17	15,055	18,197	4,185	1,564	2,621
2017-18	17,350	25,673	5,288	3,265	2,023
2018-19	17,350	23,475	4,206	1,642	2,564
<b>Total</b>	<b>78,555</b>	<b>1,01,640</b>	<b>23,019</b>	<b>13,165</b>	<b>9,854</b>

*Source: Information furnished by the department*

During the last five years, the number of cases actually audited has exceeded the number of cases planned to be audited. The department has settled 57 per cent of the observations raised by IAW.



### **5.3 Results of Audit**

There are 354 auditable units in the Goods and Services Tax Department, out of these, audit selected 166 units for test check wherein 1,32,998 assessments were finalized. Out of these, Audit test checked 33,301 assessments (*approximately 25.04 per cent*) during the year 2018-19 and noticed irregularities/omissions in 975 cases (*2.93 per cent* of the selected sample), relating to non/short levy of tax/interest/penalty, irregular/excess grant of set-off of tax, non-submission of declaration forms, *etc.* involving amount of ₹ 40.15 crore.

Audit had pointed out similar omissions in earlier years also, but not only do these irregularities persist but also remain undetected till the next audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed are broadly categorized as follows-

**Table 5.3**

(₹ in crore)

<b>Sl. No.</b>	<b>Category</b>	<b>Number of observations</b>	<b>Amount</b>
1	Non/short levy of tax	313	14.69
2	Incorrect grant/excess set-off of tax	95	16.81
3	Non/short levy of interest/penalty	180	3.84
4	Non-forfeiture of excess collection of tax	30	0.74
5	Other irregularities like non submission of declaration forms, computation errors <i>etc.</i>	357	4.07
<b>Total</b>		<b>975</b>	<b>40.15</b>

During the year, the department accepted underassessment and other deficiencies of ₹ 4.78 crore in 185 observations out of which 34 observations involving ₹ 42.78 lakh were pointed out in audit during 2018-19 and the rest in earlier years. The department also recovered an amount of ₹ 4.49 crore in 2018-19 in respect of 199 observations accepted during 2018-19 and earlier years, of which an amount of ₹ 39.80 lakh pertained to 31 observations pointed out in 2018-19.

In addition to this, the department also intimated recovery of ₹ 1.95 crore by way of explanatory memoranda during the year in respect of paragraphs appearing in earlier audit reports.

With automation of the collection of Goods and Service Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfil the CAG's Constitutional mandate. The State Government did not provide access to the data related to GST. This is in violation of constitutional provisions (Article 149) and the Section 18 of the Duties, Powers & Conditions of the Services of CAG Act 1971.

Not having access to the data pertaining to all the GST transactions has come in the way of comprehensively auditing the GST receipts.

The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

A few illustrative cases involving an amount of ₹ 1.65 crore are discussed in the succeeding paragraphs.

### COMPLIANCE AUDIT

Though the procedures for assessments under the Maharashtra Value Added Tax, 2002 (MVAT Act) and the Central Sales Tax Act, 1956 (CST Act) are well laid out, the assessing authorities are required to exercise due diligence while assessing the cases and there should be zero tolerance towards any errors/omissions on their part. However, audit observed cases of non-observance of provisions of Acts/Rules, short levy of tax, irregular grant of set-off, etc. A few interesting cases are mentioned in the succeeding paragraphs.

#### 5.4 Erroneous allowance of dual credit of interest

According to section 30(2) of the Maharashtra Value Added Tax Act 2002 (MVAT Act), a registered dealer who fails to pay the tax as per his returns within the specified time, is liable to pay by way of simple interest, a sum calculated at the prescribed rate on the amount of such tax for each month or part thereof after the last date by which he should have paid such tax.

According to section 30(3) of MVAT Act, if any tax remains unpaid up to one month after the end of the period of assessment, then the dealer is liable to pay simple interest at the rates as specified from time to time, on such tax for each month or part thereof from the date immediately following the last date of the period for which the dealer has been assessed till the date of the order of assessment.

According to section 40 of MVAT Act, any payment made by the dealer or person in respect of any period towards any amount due as per any order passed under the Act shall first be adjusted against the interest payable by him on the date of payment in respect of the said period and thereafter towards the amounts due as a penalty, sum forfeited and fine. Any amount remaining unadjusted shall then be adjusted towards the tax payable in respect of that period.

During scrutiny (September 2018) of assessment records in the office of the Deputy Commissioner of Sales Tax, E-638, Large Taxpayer Unit, Mazgaon, Audit noticed that an importer and reseller in electronic goods paid VAT of ₹ 2.03 crore (tax of ₹ 1.88 crore and interest of ₹ 15.05 lakh under section 30(2) of the Act) for the year 2013-14. The assessing authority while finalising the assessment order (March 2018) allowed the entire payment of ₹ 2.03 crore as tax credit and determined interest of ₹ 15.05 lakh for delayed payment of tax against which he again gave the credit of ₹ 15.05 lakh paid by the dealer as interest in his returns. Thus, the amount of ₹ 15.05 lakh was credited twice (for tax and interest). This resulted in short raising of demand of ₹ 15.05 lakh.

Further, in view of section 40 of the MVAT Act, interest under section 30(3) on dues arising after assessment was also leviable and was worked out to ₹ 11.93 lakh by Audit. Thus, the total underassessment amounted to ₹ 26.98 lakh.

On this being brought to notice (September 2018) the assessing authority concerned accepted the observation and raised (April 2019) additional demand

of ₹ 26.99 lakh including interest under section 30(3) of ₹ 11.93 lakh. A report on the recovery was awaited.

The matter was brought to the notice of the Government in August 2019; reply was awaited (June 2020).

### **5.5 Short levy of tax due to irregular allowance of inter-state sales at concessional rate**

Under the provisions of section 8(1) of the Central Sales Tax Act 1956, every dealer who sells goods in the course of inter-state trade or commerce to a registered dealer outside the state is liable to pay tax at the rate of two *per cent* (with effect from 01 June 2008) on such turnover. Section 8(3) of the Act further states that such goods or class of goods should be specified in the certificate of the registration of the purchasing dealer, and should be used by him either for resale or in the manufacture or processing of goods for sale or in the telecommunication network or in mining or in the generation or distribution of electricity or any other form of power or for packing of goods or classes of goods specified in the registration certificate of the purchasing dealer. As per section 8(4) of the Act, the selling dealer should furnish a declaration in form C, duly filled and signed by the purchasing dealer for claiming the concessional rates of tax.

During the test-check (May 2018) of assessment orders and other relevant records in one office<sup>1</sup>, it was noticed that a dealer of motor cars, spare parts and accessories (taxable @ 12.5 *per cent* under schedule E of the Maharashtra Value Added Tax Act, 2002) had claimed concessional rate of tax on inter-state sales of four cars valued at ₹ 1.58 crore on the production of declarations in form C. These sales were made to four dealers in the Union Territories of Daman & Diu and Dadra & Nagar Haveli during the year 2011-12 and 2013-14. The assessing authority had allowed (December 2017 and March 2018) the claim of concessional rate of tax of two *per cent* on the sales.

Audit scrutiny revealed that one purchaser/dealer to whom the car was sold, had purchased the car on borrowed capital and the car was hypothecated to a financial institution as per the tax invoice found on record. This indicated that the car was not purchased for resale but for personal use. Hence, the sale on form C was liable to be disallowed as contravention under section 8(3) of the Central Sales Tax Act and taxed @ 12.5 *per cent* under the Maharashtra Value Added Tax act instead of the concessional rate of two *per cent* under the Central Sales Tax Act. Tax invoices of the other dealers were not available on record. As such, the sale of these cars on form C needed verification, as it involved tax implication of ₹ 16.29 lakh, along with interest thereon of ₹ 15.64 lakh.

On this being brought to notice (June 2018), the department accepted the observation and passed (September 2018) rectification order raising additional demand of ₹ 36.52 lakh including interest. The department further intimated (February 2019) that the dealer had filed appeal against the rectification order. Further progress in the matter has not been received.

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<sup>1</sup> Office of the Dy. Commissioner of State Tax E-624, Large Taxpayer Unit, Mazgaon, Mumbai

Similar case has been earlier reported in paragraph 2.5.2.2 in the audit report of the Comptroller and Auditor General of India for the year ended 31 March 2017 on the Revenue Sector of the Government of Maharashtra. In the paragraph, we had commented on the sale of luxury cars on form C by a car dealer in Maharashtra to purchaser/dealers in other states, who were not sellers/resellers of cars. Since, these dealers had not purchased the cars for resale, the use of form C for such purchases was in contravention of section 8(3) of the Central Sales Tax Act. The department had countered that in such transactions, the seller has no control over the purchasers situated in other states and can collect the amount only in the light of declaration mentioned in the certificate in form C.

Though it is true that the department has no control over the purchasers of other states, it can liaise with the form C issuing authorities of other states for verification in such cases, so that the loss of revenue can be avoided.

The matter was brought to the notice of the Government in December 2019; reply was awaited (June 2020).

#### **5.6 Non-levy of penalty under section 61(2) of MVAT Act for late filing of Audit Report in Form 704**

As per provision of section 61(1) of MVAT Act, read with Rules 65 and 66 of MVAT Rules, every dealer having a turnover over ₹ 60 lakh shall get his accounts in respect of such year audited by a Chartered Accountant within the prescribed period from the end of the year and submit the report of audit (in Form 704) within ten months (nine months and fifteen days vide notification dated 21 November 2012) of the year to which the report relates. Under section 61(2) of the said Act, the Commissioner may, after giving the dealer a reasonable opportunity of being heard, impose on him, in addition to any tax payable, a sum by way of penalty equal to one tenth *per cent* of the total sales, for failure to file the audit report. As per Maharashtra Sales Tax Trade Circular No. 2T of 2015 dated 14 January 2015, the due date for filing audit report in form 704 for assessment year 2013-14 was 30 January 2015 and Trade Circular No. 3T of 2016 dated 28 January 2016, the due date for filing audit report in form 704 for assessment year 2014-15 was 21 January 2016.

Scrutiny of records in five offices<sup>2</sup> between June 2018 and March 2019 revealed that five dealers had submitted/uploaded the reports of audit in form 704 after the due date/extended date prescribed by the office of the Commissioner from time to time. However, the assessing authorities had not issued show cause notices for levy of penalty as prescribed under the Act. Thus, penalty leviable in these cases amounting to ₹ 63.67 lakh could not levied. The cases are as follows:

<sup>2</sup> Office(s) of the Deputy Commissioner of State Tax-LTU E-634, Nodal-4-VAT-E-825, Nodal-6-VAT-E-908 Mazgaon, NAN-E-002 Nanded and PUN-E-803 Pune

**Table 5.6**

(₹ in lakh)

Sl. No.	Name of Dealer	Assessment Period	Due/ extended date of filing F-704	Actual date of filing F-704	GTO of sales	Penalty leviable under section 61(2)
		Date of Assessment				
1	Dealer A	2011-12	15/01/2013	10/03/2014	4,782.77	4.78
		28/10/2016				
2	Dealer B	2013-14	30/01/2015	31/10/2015	10,404.16	10.40
		25/01/2018				
3	Dealer C	2013-14	30/01/2015	19/10/2015	26,591.07	26.59
		06/11/2017				
4	Dealer D	2014-15	21/01/2016	15/06/2016	19,397.77	19.40
		31/05/2017				
5	Dealer E	2013-14	30/01/2015	01/09/2016	2,502.59	2.50
		20/03/2018				
<b>Total</b>						<b>63.67</b>

The matter was brought to the notice of the department between June 2018 to March 2019. In one case, the assessing authority stated that penalty u/s 61(2) was discretionary in nature and hence the observation regarding levy was not acceptable. However, the reasons behind exercising discretionary powers were not available on record. Replies in respect of the remaining cases not received.

The matter was brought to the notice of the Government in January 2020; reply was awaited (June 2020).

### **5.7 Non/short levy of interest under section 30(2) of Maharashtra Value Added Tax Act 2002**

Under the provisions of section 30(2) of MVAT Act, a registered dealer who fails to pay the tax according to the return within the time specified by or under the Act shall be liable to pay by way of simple interest in addition to the amount of such tax, a sum calculated at the prescribed rate on the amount of such tax, for each month part thereof, after the last day by which he should have paid such tax.

Scrutiny of records in nine offices<sup>3</sup> revealed that nine dealers assessed between February 2017 and March 2018 for the periods from 2011-12 to 2013-14 had delayed payment of taxes ranging from one day to 53 months. Since the dealers had not paid the taxes along with their returns, they were liable to pay interest for the period of default. However, the assessing authorities concerned either did not levy the interest or levied it short, resulting in non/short levy of interest aggregating to ₹ 42.58 lakh as follows: -

<sup>3</sup> Office(s) of the Deputy Commissioner of Sales Tax- ADM E-201, E-812 Pune, BA E-007 Aurangabad, E-004 Thane, INV E-001 Thane, Nodal E-704, E-821, E-906 Mumbai and R&RA E-007 Palghar

Table 5.7

(₹ in lakh)

Sl. No.	Name of dealer	Assessment period Date of assessment	Amount of tax paid with delay	Delay in days/ months	Interest leviable	Interest levied	Difference (6-7)
1	2	3	4	5	6	7	8
1	Dealer A	2013-14 28/03/2018	12.12	14 days to 22 months	2.41	0.00	2.41
2	Dealer B	2012-13 01/03/2017	18.37	1 day to 18 months	2.86	0.72	2.14
3	Dealer C	2011-12 27/03/2018	7.59	49-50 months	4.96	1.43	3.53
4	Dealer D	2013-14 23/02/2018	50.56	17 days to 13 months	4.38	0.00	4.38
5	Dealer E	2013-14 19/03/2018	20.16	1 day to 53 months	7.44	0.85	6.59
6	Dealer F	2013-14 29/03/2018	15.63	22 days to 34 months	5.01	2.53	2.48
7	Dealer G	2012-13 28/02/2017	30.65	11 days to 16 months	5.44	0.30	5.14
8	Dealer H	2013-14 28/02/2018	39.54	03 days to 30 months	10.31	0.00	10.31
9	Dealer I	2013-14 09/03/2018	82.25	09 days to 14 months	5.60	0.00	5.60
<b>Total</b>			<b>276.87</b>		<b>48.41</b>	<b>5.83</b>	<b>42.58</b>

We brought the matter to the notice of concerned assessing authorities between June 2018 and April 2019; their replies have not been received (June 2020).

The matter was brought to the notice of the Government in January 2020; reply was awaited (June 2020).

## **CHAPTER – VI (Revenue Sector)**

### **STAMP DUTY AND REGISTRATION FEE**

#### **PERFORMANCE AUDIT**

- 6.4 Preparation of Annual Statement of Rates for determination of market value for levy of Stamp Duty and Registration Fee**

#### **AUDIT OF TRANSACTIONS**

- 6.5 Short levy of stamp duty due to undervaluation of property**
- 6.6 Short levy of stamp duty in conveyance deed due to incorrect application of provisions of Maharashtra Stamp Act and Annual Statement of Rates**
- 6.7 Short levy of stamp duty in cases of lease deed**
- 6.8 Short levy of stamp duty due to non-impounding of instrument**
- 6.9 Short levy of stamp duty due to non-consideration of distinct matters in one instrument and non-application of instructions to Annual Statement of Rates**
- 6.10 Short levy of stamp duty due to irregular grant of remission of stamp duty**

## CHAPTER VI

### STAMP DUTY AND REGISTRATION FEE

#### 6.1 Tax Administration

Receipts from stamp duty (SD) and registration fee (RF) are regulated under the Indian Stamp Act 1899 (IS Act), Indian Registration Act, 1908 (IR Act) and the rules framed there-under as applicable in Maharashtra and are administered at the Government level by the Additional Chief Secretary, Revenue Department. The Inspector General of Registration (IGR), Pune is the head of the Stamp duty & Registration Department who is empowered with the task of superintendence and administration of registration work. The organization setup of the department is detailed in *Appendix-6.1*.

#### 6.2 Internal Audit

The details of audit conducted by the internal audit wings of IGR are as detailed in **Table 6.2**.

**Table 6.2**

Year	No. of units			Audit observations		
	Planned	Audited	Unaudited	Raised	Settled up to 31/03/2019	Pending as on 31/03/2019
2014-15	72	14	58	55	12	43
2015-16	72	11	61	115	15	100
2016-17	72	57	15	415	30	385
2017-18	72	209	0	1,296	94	1,202
2018-19	72	182	0	1,427	102	1,325
<b>Total</b>	<b>360</b>	<b>473</b>	<b>134</b>	<b>3,308</b>	<b>253</b>	<b>3,055</b>

*Source: Information furnished by the department*

Thus, the facts indicate that:

- Only 7.65 per cent of the audit observations raised by the internal audit were settled.

#### 6.3 Results of Audit

There are 556 auditable units in the Registration and Stamps Department, out of these, Audit selected 141 units for test check wherein 13,61,943 instruments were registered during 2018-19. Out of these, Audit selected 79,862 instruments (approx. 5.86 per cent) for test check. During scrutiny, Audit noticed short/non-realization of SD and RF of ₹ 113.04 crore in 429 instruments (approx. 0.54 per cent of sampled cases). These cases are illustrative only as these are based on test check of records. Audit has pointed out similar omissions in earlier years. Not only do these irregularities persist but have also remain undetected till next audit is conducted. There is a need for the Government to improve the internal control system including



strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed are broadly falling under the following categories.

Table 6.3

(₹ in lakh)

Sl. No.	Category	Number of observations	Amount
1	Non/short levy of SD and RF	08	172.11
2	Incorrect exemption of SD and RF	27	6,717.93
3	Misclassification of documents	13	46.47
4	Undervaluation of property	238	1,194.47
5	Other irregularities	143	3,173.33
<b>Total</b>		<b>429</b>	<b>11,304.31</b>

During the year 2018-19, the department accepted underassessment and other deficiencies of ₹ 21.16 crore pertaining to 332 cases, of which 49 cases involving ₹ 39.14 lakh were pointed out during the year 2018-19 and the rest in the earlier years. The department recovered ₹ 21.16 crore in 340 cases during the 2018-19, of which 49 cases involving ₹ 39.14 lakh relate to the year 2018-19 and the rest to earlier years.

In eight<sup>1</sup> cases entire amount of ₹ 2.61 crore<sup>2</sup> on account of SD and RF was recovered after being pointed out to the Government between May 2019 and July 2019.

<sup>1</sup> Offices of the Sub Registrar, Aurangabad (Document No. 6991/2016); Joint Sub Registrar, Haveli-III, Pune (Document No. 5057/2015); Joint Sub Registrar, Haveli-VI, Pune (Document No. 841/2013); Joint Sub Registrar, Haveli-VI, Pune (Document No. 9809/2014); Joint Sub Registrar, Haveli-VI, Pune (Document No. 5500/2015); Joint Sub Registrar, Haveli-VIII, Pune (Document No. 7668/2016); Joint Sub Registrar, Haveli-VIII, Pune (Document No. 11000/2014) and Joint Sub Registrar-I, Khed, Pune (Document No. 5933/2015)

<sup>2</sup> ₹ 98.85 lakh + ₹ 32.83 lakh + ₹ 12.45 lakh + ₹ 26.34 lakh + ₹ 26.57 lakh + ₹ 37.69 lakh + ₹ 14.79 lakh + ₹ 11.65 lakh

**PERFORMANCE AUDIT****REVENUE DEPARTMENT****6.4 Preparation of Annual Statement of Rates for determination of market value for levy of Stamp Duty and Registration Fee***Executive Summary*

Stamp duty and registration fee is leviable on the market value of the property. The market values of properties are determined by the Government in accordance with the rules framed under the Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995.

The Inspector General of Registration and Controller of Stamps, Pune is the Chief Controlling Revenue Authority who issues an Annual Statement of Rates (ASR) showing rates of land and buildings.

A performance audit conducted on preparation of Annual statement of Rates for Determination of Market Value for levy of Stamp Duty and Registration Fees in Maharashtra for the period 2014-15 to 2018-19 revealed that incorrect and incomplete data was being considered for preparation of ASR. Change in status of land like conversion to non-agricultural land were not ascertained from the revenue authorities and updated. The change in survey number due to fragmentation/amalgamation of areas was not updated. Value zone maps were not updated as per development plan and also separate value zones for high value transactions were not formed. ASR rates were increased despite decrease in average sales consideration. Valuation guidelines (VG) for determination of depreciation of building, impact of FSI/TDR, buildable reservation in valuation of land were not uniform throughout the State. The VG for increase in valuation of properties located in large housing projects situated in municipal corporation/ council limits was not applicable to properties having similar potential situated in influence zone. Guidelines were not framed for valuation of parking spaces allotted free of cost to owners.

There is no mechanism of internal audit to draw assurance on the quality of work being done for proper preparation of ASR. Periodical returns to monitor stages of preparation of ASR were not prescribed.

**6.4.1 Introduction**

Levy and collection of Stamp Duty (SD) is governed by the Maharashtra Stamp Act, 1958 (MS Act) and Registration Fees (RF) by the Indian Registration Act, 1908 as amended from time to time. The SD and RF is leviable on the market value of the property. Market value means the price which such property would have fetched if sold in open market on the date of execution of such instrument or the consideration stated in the instrument whichever is higher. The market values of the properties are determined by the Government in accordance with the rules framed under the Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995 (herein after called 'Valuation Rules').

As per Valuation Rules<sup>3</sup>, the Inspector General of Registration and Controller of Stamps, Pune (IGR) who is the Chief Controlling Revenue Authority (CCRA) shall by an order issue Annual Statement of Rates (ASR) on the first day of April every year<sup>4</sup> showing average rates of land and buildings situated in every *tahsil*, Municipal Corporation and local body area taking into account the average rates of lands and buildings prepared and submitted to him by the Joint Director of Town Planning and Valuation (JDTP). The rates of properties are arranged in the ASR, ward wise/zone wise for urban properties and *tahsil* wise, village wise for rural properties.

#### 6.4.2 Organisational Set-up

Revenue Department at Mantralaya headed by the Additional Chief Secretary and responsible for overall administration of registration and stamp duty in the state. The responsibility for levy and collection of SD and RF in the state is entrusted to the office of the IGR. The office of the IGR is assisted by the office of the Additional Controller of Stamps, Mumbai, ten<sup>5</sup> offices of the Deputy Inspectors General of Registration (DIGs), nine offices of the Assistant IGRs, 40<sup>6</sup> offices of the Joint District Registrars (JDRs) and Collector of Stamps (COS) and 507 Sub-Registrars (SRs) at district and *tahsil* levels. The organization setup of the department is detailed in **Appendix-6.1**.

#### 6.4.3 Audit Objectives

The Performance Audit (PA) was conducted with a view to ascertain whether

- input/data collected from various departments was complete and properly compiled, analysed and validated in the preparation of ASR;
- the rates and instructions in ASR were properly determined for computation of market value of properties by taking into account the established principles of valuation in every part of the State; and
- effective internal control mechanism existed in the Department for ensuring proper preparation of ASR.

#### 6.4.4 Audit Criteria

The audit criteria were taken for the PA from the following sources:

- The Indian Registration Act, 1908;
- The Maharashtra Stamp Act, 1958;
- The Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995;
- Annual Statement of Rates of the selected districts for the period January 2014 to March 2019 along with Valuation Guidelines; and

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<sup>3</sup> Section 3 of the Valuation Rules

<sup>4</sup> *w.e.f.* 31.12.2015 and prior to 2015 “every year on 01 January”

<sup>5</sup> two at IGR Office and one in each of the eight regional Offices

<sup>6</sup> three offices of the Collector of Stamps at Mumbai and three at Mumbai Suburban District, 34 offices of the Joint District Registrars and Collector of Stamps for rest of the State

- Development Control Regulation (DCR) of municipal corporations/councils of selected districts; and notification/ resolutions/ circulars issued by the concerned department/ Government.

#### 6.4.5 Scope and methodology of Audit

The performance audit was conducted for the period from January 2014 to March 2019. The scrutiny of records was conducted at Mantralaya and at the offices of the IGR, JDTP, Deputy Director of Town Planning (DDTP) and selected two<sup>7</sup> Assistant Directors of Town Planning (ADTP), four<sup>8</sup> COS, four<sup>9</sup> JDRs and 20<sup>10</sup> SRs during May 2019 to November 2019. Apart from above, the offices of the Dy. Director of Land Records, District Collectors and Municipal Commissioners of selected districts were also visited for collection of related information.

Entry conference with the department was held on 02 May 2019. Audit findings were communicated to Government in March 2020 for their comments, however, response thereto was awaited (June 2020).

**Sampling:** The method of judgmental sampling was adopted based on maximum average annual revenue collection for selection of samples for detailed scrutiny. There are eight<sup>11</sup> regions in the state. Of which, three regions viz. Mumbai, Konkan and Pune were selected. For district level selection, both the districts in Mumbai region (Mumbai and Mumbai Sub-urban) and one district from each of the remaining two selected regions i.e. Thane district (Konkan region) and Pune district (Pune region) were selected. In selected district, 25 per cent of the SRs having maximum average annual revenue collection under Article 5 of MS Act were selected. In selected SRs, instruments under Article 5 (development agreement), Article 25 (agreement to sale and conveyance of movable/immovable properties), Article 36 (lease deed) and Article 60 (Deed of assignment of lease) were examined.

#### 6.4.6 Financial position

The details of revenue receipt on account of SD and RF for the period 2014-15 to 2018-19 are shown in **Table 6.4.6**:

**Table 6.4.6 : Revenue Receipt on account of Stamp Duty and Registration Fee**

(₹ in crore)

Year	Stamp Duty	Registration Fees
2014-15	18,283.74	1,675.55
2015-16	19,962.98	1,804.01
2016-17	19,405.41	1,606.42
2017-18	24,498.84	1,942.98
2018-19	26,597.26	1,947.79
<b>Total</b>	<b>1,08,748.23</b>	<b>8,976.75</b>

Source: Finance Accounts

<sup>7</sup> Pune and Thane

<sup>8</sup> Andheri, Borivali, Kurla and Mumbai City

<sup>9</sup> Pune (City), Pune (Rural), Thane (City) and Thane (Rural)

<sup>10</sup> Andheri No.I,II,IV,VI; Bhiwandi No.I; Haveli No.I,III,XI,XVII,XVIII, XX,XXII,XXVI; Kalyan No.II,IV,V; Kurla No.I; Mulshi, No.II; Mumbai No-II and Thane No.V

<sup>11</sup> Amravati, Aurangabad, Konkan, Latur, Mumbai, Nagpur, Nashik and Pune

The receipts on account of SD and RF are accounted for under MH-0030–‘Stamps and Registration Fees’ in consolidated fund of the state.

## Audit Findings

### 6.4.7 Audit Findings on preparation of ASR

#### 6.4.7.1 Consideration of incomplete data for preparation of ASR

As per Valuation Rule 4 (1), the office of the JDTP shall prepare ASR showing average rates of land and building situated in every *tahsil*, municipal corporation and local body area with the help of regional heads *i.e.* ADTP/DDTP and submit the same for approval to the CCRA.

Rule 4 (2) *ibid* envisages that the data in respect of average rates of land and building in every *tahsil*, municipal corporation and local body area shall be arranged in the ASR as far as possible in ward-wise/zone-wise manner in respect of urban properties and *tahsil*-wise, village-wise as the case may be in respect of rural properties. For the purpose of average annual rates, properties may be divided in groups, sub-groups or classes after taking into account the type of the land, type of construction, location and situational advantages or disadvantages of property. While working out the average rates of land and buildings, the officers concerned shall take into account the established principles of valuation, valuation guidelines, if any, and any other details that they may deem necessary.

The office of the ADTP, Pune furnished (December 2019) following details of data pertaining to the years 2017 and 2018 which were used for computation of average rates for the preparation of ASR of Pune district for the years 2018-19 and 2019-20 respectively.

**Table 6.4.7.1: Details of data (instruments under Article 25) available at the office of ADTP, Pune**

Year	Total number of instruments under Article 25	Total number of instruments discarded due to incorrect data	Total number of instruments having consideration less or equal to ASR	Total number of instruments having consideration more than ASR by one to one hundred per cent	Total number of instruments having consideration more than ASR by 100 and above per cent	Number of instruments considered for computation of average rate
2017	1,44,747	13,401	51,316	73,785	6,245	1,25,101
2018	2,10,516	8,022	72,392	1,20,913	9,189	1,93,305

*Source: Data furnished by office of the ADTP, Pune from iSARITA*

However, the data obtained through iSARITA in the office of the IGR revealed that there were 1,84,079 and 2,06,387 instruments registered under Article 25 of the MS Act during 2017 and 2018 respectively in Pune district.

This shows that there was difference of 39,332 and 4,129 instruments pertaining to the years 2017 and 2018 respectively in IGR office when compared with the data submitted by the office of the ADTP. Further, the instruments having consideration more than 100 per cent of ASR were not considered by the ADTP office for preparation of ASR. Audit requisitioned

similar information from remaining selected DDTP/ ADTP offices<sup>12</sup>, but the same were not furnished.

The office of the ADTP, Pune did not furnish any reason for the use of incomplete data for calculating average rate.

This shows the consideration of incomplete inputs for preparation of ASR due to absence of system of cross verification of input data.

Audit further observed that every ATDP office is provided with iSARITA terminal for downloading data to arrive at average rate of properties for the preparation of ASR. However, option to generate report showing SR office wise summary of instruments registered for a particular period was not available at ADTP office level. Similarly, important fields such as type of property (land /flat/ office /shop/ industrial) were not available in iSARITA at ADTP office level.

The office of the ADTP, Pune confirmed (December 2019) that data generated from iSARITA contains month of registration only. Other required details such as type of property were not available in data generated from iSARITA. Hence, such data was being sorted out manually.

The matter was pointed out (March 2020) to the office of the IGR; reply was awaited.

**Recommendation:** A system to assess completeness and correctness of input data intended to be used for preparation of ASR may be put in place.

#### **6.4.7.2 Non-submission of monthly data of instruments to ADTP by SRs for computing average increase in ASR**

As per Valuation Rule 4(7), “all the Registering Officers shall send to the Town Planning and Valuation Officers appointed to assist the offices of Joint Directors of Town Planning and Valuation for preparation of annual statement of rates, the extract of the register in respect of the instruments presented for registration in which consideration for the subject property is stated to be more than the annual statement of rates by 30<sup>th</sup> day of the following month.”

Audit observed (June to November 2019) that none of the test checked SR offices were sending nor the offices of the DDTP/ADTP were insisting for submission of the said data and further submitted (June to November 2019) that the required data was available in iSARITA at DDTP/ATDP office level.

The office of the IGR stated (June 2019) that the system of collection of sales transaction data from SRs had been dispensed with.

The reply is not acceptable, as Audit did not find issue of any such instruction by IGR office. Further, neither there exist a system of submitting required data manually nor complete information was available in iSARITA. Thus, the completeness and validation of data used for preparation of ASR could not be ensured.

**Recommendation:** Department may ensure reliable system for making available complete data at ADTP level which is required for preparation of

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<sup>12</sup> ADTP, Konkan and DDTP, Mumbai

ASR and also evolve adequate mechanism of cross verification for validation of data.

#### **6.4.7.3 Non-updation status of land in ASR**

As per ordinance (January 2017) issued by the Revenue & Forest Department, if the final development plan of any area has been published and the non-agriculture (NA) assessment, conversion tax, *nazarana* or premium and other Government dues thereon have been paid, then the use of the said land would be deemed to be converted for the use as shown in the final development plan and there would be no need for a separate permission for converting to NA use.

The office of the JDTP is issuing instructions to ADTP offices every year for updating the status of NA land while preparing the ASR by obtaining details of NA permissions issued by the Revenue department *i.e.* *Tahsil*/ Collector offices.

During scrutiny (September 2019) audit observed that office of the ADTP, Konkan did not receive any details of NA permissions issued by the Collectorate, Thane in spite of specific requisition every year. The office of the ADTP, Pune neither asked for the required information nor the Collector office Pune submitted such information during 2014-15 to 2018-19.

In spite of audit requisition (July 2019 and October 2019), the offices of the District Collectors, Pune and Thane did not submit any information of NA permissions to Audit.

Audit scrutiny of following test checked cases revealed that (July and November 2019) in the offices of the Jt.SR Haveli – XI Pune and JDR Pune (Rural), the Collectorate, Pune changed the use of land by issue of NA permissions (September 2014 and March 2017), but the related updation was not considered in subsequent ASRs prepared by ADTP office, Pune as illustrated below:

#### **Case study – I:**

The Collectorate, Pune issued (September 2014) NA permission for conversion of agriculture land to non-agriculture purpose admeasuring 1.8 ha situated in survey No.220 (part) under village Fursungi, *tahsil* Haveli, district Pune.

However, in ASR for the year 2017-18, said survey was classified as land having probable NA potential instead of correct classification under NA Zone.

In reply, the office of the ADTP, Pune stated (July 2019) that even if the survey number having NA permission was not included in the NA zone then as per VG 23, the rates of NA zone could be applied.

The reply is not acceptable, as the said land was situated outside the *gaothan* of village Fursungi, it was required to be classified under value zone No. 9.4 under heading ‘remaining NA land outside *gaothan* area’ having rate of ₹ 8,850 per sqm in ASR. However, the same was classified under value zone No. 11.4 under heading ‘remaining probable NA land outside *gaothan* area’ having rate of ₹ 7,780 per sqm. Thus, failure of ADTP office resulted in non-updation of ASR due to non-consideration of important input.

**Case study – II:**

The Collectorate, Pune issued (March 2017) NAA orders for conversion of agriculture land to non-agriculture purpose admeasuring 13.35 ha situated in survey Nos. 98/1, 98/2, 99/1, 99/2, 99/3, 99/4, 101/2 and 101/3 under village Mann, (influence zone) *tahsil* Mulshi, district Pune. This fact was mentioned in a conveyance deed adjudicated by the JDR, Pune (Rural) in December 2017.

However, the said survey numbers were not intimated by the office of the JDR, Pune (Rural) to ADTP office, Pune for updation in subsequent ASR. As a result, audit observed (November 2019) that in ASR for the year 2018-19, the said survey numbers were still classified as agriculture land under value zone No. 6/0 (at the rate of ₹ 2.87 crore per ha *i.e.* ₹ 2,873 per sqm) instead of proper classification under value zone No. 9.4 (at the rate of ₹ 9,750 per sqm).

On being pointed out (November 2019), the office of the JDR, Pune (Rural) did not submit any specific reply.

This shows absence of system of exchange of information of NA permission issued by Revenue department resulting in non-updation of ASR.

**Recommendation :** System for exchange of information related to changes in status of land permitted by the revenue authorities and its updation in ASR may be formulated.

**6.4.7.4 Non-updating changes in survey number in ASR**

The change in survey number is a continuous process mostly due to sub-division, fragmentation of large area and amalgamation of small areas. In order to ensure incorporation of all changes in survey numbers, it is necessary to obtain up to date information from offices of the Dy. Director of Land Records (DDLRL)/ City Survey Officers (CSO) concerned. The JDTP office is issuing instructions to DDTP/ADTP offices every year for updating the status of city survey numbers.

Audit observed (July to December 2019) that the required information of changes made by the offices of the DDLR/CSO needed for updation of ASR was not available with any of the test checked DDTP/ADTP offices.

On being pointed out, office of the DDTP, Mumbai replied (August 2019) that in spite of requisition with land records offices, the required information was not received. The office of the ADTP, Pune stated (December 2019) that land records offices had intimated (December 2019) to deposit requisite fee for required information. However, no further action by the office of the ADTP, Pune was found on records. The office of the ATDP, Konkan stated (September 2019) that required information was not received.

In eight test checked cases (July 2019) of offices of the DDTP, Mumbai, it was observed in ASR for the Mumbai and MSD that sub-divisions of one city survey number was not separately identified by giving part number such as ‘part-1, part-2, *etc*’ but mentioned as ‘city survey number (part)’ and was appearing in two value zones having different rates for valuation. This may result in short valuation of a piece of land or *vice-versa*.



**Recommendations:** The Department may consider developing a mechanism in coordination with DDLR/CSO offices so that required information is received in a timely manner for preparing and updating of ASR.

#### 6.4.7.5 Non-framing of separate value zones due to non-analysis of sales data

As per directions given by JDTP Office in the Annual Work Plan<sup>13</sup>, survey numbers under a value zone, where consideration was substantially more than market value or where a substantially large number of transactions take place, should be provided with an independent value zone.

Audit scrutiny (July to September 2019) of average sales data prepared for ASR of the years 2014 to 2018-19 by selected DDTP/ADTP offices revealed that though the consideration was substantially more than market value in sizeable number of transactions, separate value zones were not created as illustrated in **Table 6.4.7.5**:

**Table 6.4.7.5: Statement showing range in which consideration was more than market value**

Sl. No.	Name of Office	Name of division/office of JDTP	Number of affected value zones	Range of frequency of transactions	Range by which consideration is more than market value (in per cent)	Appendix
1	DDTP, Mumbai	DDTP, Mumbai	2	180-495	50-134	6.2(A)
2	ADTP, Konkan	ADTP, Konkan	3	41-226	51-221	6.2(B)
3	ADTP, Pune	ADTP, Pune	7	25-48	30-126	6.2(C)
4	Jt.SR Kalyan-V	ADTP, Konkan	1	595-2749	102-239	6.3

*Source: Information furnished by the offices of the DDTP, Mumbai; ADTP, Konkan; ADTP, Pune and Jt. SR, Kalyan-V*

#### Case study –I :

Urban Development Department (UDD), Government of Maharashtra approved (March 2014) special township in the village Khoni and Antarli of *tahsil* Kalyan, district Thane to be developed by a developer. The project has a total area of 111.47 ha. In ASR, the land was classified in rural area Division No. 7 of Kalyan *tahsil*.

Audit observed (September 2019) that in all instruments executed in the office of the Joint SR, Kalyan-V, district Thane during last three years, the consideration value was more than 100 *per cent* of ASR value consistently (Sl. No. 4 of Table 6.4.7.5). However, separate value zone for this property was not created in the ASR. As a result, the ASR was not giving true market value of the land.

On being pointed out (July to September 2019), the offices of the DDTP Mumbai and ADTP Konkan stated that separate value zones were not created

<sup>13</sup> It is a yearly plan containing scheduled due dates of various stages of work such as collection, consolidation and analysis of inputs, preparation and submission of draft ASR, etc.

due to shortage of staff but agreed to create the same in ASR for the year 2020-21. However, the office of the ADTP, Pune stated that no such instructions were issued by the office of the JDTP, Pune.

Reply was not tenable as aforesaid instructions were contained in the Annual work plan issued by JDTP.

**Recommendation :** Periodic analysis of sales data as prescribed by the office of the JDTP in the Annual Work Plan may be ensured for creation of separate value zones in ASR.

#### **6.4.7.6 Non-updating value zone maps as per development plan**

The office of the JDTP has been issuing instructions to DDTP/ADTP offices ever year for updating value zone maps. In order to determine correct market value of properties located in a value zone, it was necessary that the value zone maps were prepared based on the updated maps of City Survey Office/Development Plan/ Regional Plan so that changes in the residential zone, road zone could be incorporated in the ASR.

Audit scrutiny (July-December 2019) revealed that offices of the DDTP, Mumbai and ADTP, Konkan prepared up-to-date value zone maps but the office of the ADTP, Pune updated the value zone maps partially. Value zone maps of zone Nos.1-13, 36-38, 40-41, 45, 48, 52, 56-57, 59-60, 62-63 of Pune Municipal Corporation (PMC) were not updated in the ASR. Further, a test check of updated records revealed that in many value zones, CTS numbers were mentioned in the ASR but in corresponding value zone maps, only survey numbers were given. Due to this inconsistency, identification of property in ASR as per value zone map was not possible. (*Appendix - 6.4*)

In reply, the office of the ADTP, Pune stated (December 2019) that city survey sheets were not available, hence based on sanctioned development plan of PMC/PCMC<sup>14</sup>, the value zone maps were prepared.

Reply is not tenable as in order to identify a property in ASR under a particular value zone, it is necessary that its survey number or CTS number should be the same in the ASR and in the value zone maps.

**Recommendation:** We recommend that all value zone maps may be updated as per development plan with either CTS or survey number by obtaining city survey maps from land records office to ensure proper identification and correct valuation of the property.

#### **6.4.7.7 Non-updation of value zones of *mouza* Ambernath**

As per VG 38 of ASR 2015-16, ADTP office is empowered to prescribe rate of properties for which no rate had been given in the ready reckoner or may propose creation of a separate value zone.

In the ASR for the year 2015-16, survey numbers 9368, 9371, 9374, 9467 and 9469 of *mouza* Ambernath under Ambernath municipal council, district Thane were classified under zone number 7/24 (for undeveloped properties) with land rate of ₹ 2,400 per sqm only. The rates of residential flat, office and shop

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<sup>14</sup> Pimpri Chinchwad Municipal Corporation

were not mentioned. The office of the ADTP, Konkan clarified (January 2016) that the said survey numbers be classified under zone number 7/22 of the ASR 2015-16 wherein rates of all types of properties were specified.

However, Audit observed (September 2019) from the records of the office of the ADTP, Konkan that the said survey numbers were still classified under zone number 7/24 in the ASRs for the year 2016-17 and 2017-18.

On being pointed out (September 2019) the office of the ADTP, Konkan accepted that the change was not incorporated in the ASR for the year 2016-17 and 2017-18 inadvertently due to heavy work load and shortage of manpower and agreed to update the same in the ASR for the year 2020-21.

The fact remains that in spite of clear directives from the ATDP office, the property remained misclassified in ASR.

#### **6.4.7.8 Misclassification of survey numbers fronting highways in zones of lower rates in the ASR**

Every year while circulating Annual Work Plan, the office of the JDTP is directing DDTP/ADTP offices to update value zone maps so that all the survey numbers were properly classified under appropriate value zones. In 2016, the IGR Office also provided data of maps and survey numbers fronting highways prepared by Maharashtra Remote Sensing Application Centre (MRSAC) to all the ADTP Offices.

In cross verification (July 2019 and September 2019) of MRSAC data and maps with survey numbers of ASR in the offices of the ADTP, Pune, and Konkan, it was observed that some properties were misclassified or classified under more than one value zones as detailed in (*Appendix- 6.5*).

In reply the office of the ADTP, Konkan accepted (September 2019) the discrepancy and agreed to rectify the same in ASR 2020-21. The office of the ADTP, Pune in case of Chakan nagar parishad stated (July 2019) that it could not be ascertained from survey numbers as to which portion was fronting the highway, thus, all four survey numbers were incorporated in two value zones to avoid discrepancy.

The reply is not acceptable, as these four survey numbers were incorporated in only one zone *i.e.* zone No.4 in ASR @ ₹ 6,100 per sqm. But the same were classifiable in zone No.3 @ ₹ 7,000 per sqm fronting National Highway 50.

**Recommendation :** For correct classification of properties in ASR, MRSAC maps may be used for finalization of value zones.

#### **6.4.7.9 Irregular increase in ASR rates in spite of decrease in average sale price**

As per Valuation Rules 4(1), ASR shall be prepared showing average rate of land and building situated in every *tahsil*, municipal corporation and local body area. JDTP office is issuing instructions to the offices of the DDTP/ADTP for preparation of average sales plan of transactions registered under Article 25.

The scrutiny (August and September 2019) of ASR for the period 2014 to 2016-17 of Mumbai and Thane districts revealed that there was persistent decrease in average sales consideration for three years (2013 to 2015) in six value zones and for two years (2013 and 2014) in three value zones. Similarly, in Thane district, there was decrease in average sales consideration in nine value zones during 2016-17 as shown in **Table 6.4.7.9**:

**Table 6.4.7.9: Statement showing decrease in sales values and increase in ASR Rates**

Sl. No.	Name of Office	Current year of ASR	Number of zones where there was average decrease in sales value in previous year	Range of average per cent decrease in rates in previous year	Range of average per cent increase given in ASR for the current year	Reference Appendix
1	DDTP, Mumbai	2014	9	1.5 to 17.4	5.0 to 15.07	<b>6.6</b>
		2015-16	9	3.4 to 14.1	5.02 to 20.0	<b>6.7</b>
		2016-17	9	5.4 to 16.5	3.02 to 10.03	<b>6.8</b>
2	ADTP, Konkan	2016-17	9	4 to 65	2 to 10	<b>6.9</b>

*Source: Information submitted by the offices of the DDTP, Mumbai and ADTP, Konkan*

Audit observed (August and September 2019) that in spite of decrease in average rate of land and building, ASR rate were increased in subsequent years in Mumbai and Thane districts.

The offices of the DDTP, Mumbai and ADTP, Konkan in reply stated (September 2019) that the average sale value is calculated considering both decrease as well as increase in sales value. It also depends on the local enquiry, potential of that area *etc.*

Reply is not acceptable, as the valuation rules stipulate for preparation of ASR on the basis of average rate of land and building which may be either increasing or decreasing in trend.

Thus, increase in ASR rates inspite of decrease in average annual rates had resulted in unnecessary burden of taxation on common people.

**Recommendation:** The Department may streamline the process for preparation ASR on the basis average rate of land and building, by doing trend analysis of increase or decrease in rates.

**6.4.8 Audit findings on uniformity, completeness, clarity in preparation of valuation guidelines of ASR**

**6.4.8.1 Lack of uniformity in calculating depreciation on old buildings between Mumbai, MSD and rest of Maharashtra**

As per Valuation Guideline (VG) 4 applicable to Mumbai and MSD, for valuation of old buildings after depreciation, the value of land should be deducted from the value of building and depreciation should be allowed on difference between value of land and value of building *i.e.* value of construction only. This means depreciation should be allowed only on construction cost and not on land cost. Whereas, as per VG 3 which is applicable to rest of Maharashtra, the valuation of old building is being done

on specified percentage as given in the table under VG 3 depending on the age of building on prevailing value of building. This includes land cost as well as construction cost. Thus, in VG 3, the depreciation is allowed on land cost also. Further, VG 6 applicable to rest of Maharashtra provides for the valuation of properties, where ASR does not prescribe separate rates or where the valuation according to VG 3 is less than the value of land. In such cases, as per VG 6, valuation of building should be (i) value of land + (ii) value of construction after depreciation. Thus, in VG 6, the depreciation is allowed only on rate of construction.

As land is assumed to have an unlimited useful life, it never gets depreciated. Thus, provision of depreciation on value of land as provided in VG 3 was incorrect. This shows that there is no uniformity in cases of valuation of old buildings between Mumbai, MSD and rest of Maharashtra (**Appendix-6.10**).

Scrutiny in test check of nine instruments of rest of Maharashtra, adjudicated by the office of the JDR, Thane and Pune City and six instruments registered in SR offices of Pune and Thane districts revealed that SD of ₹ 2.19 crore (**Appendix – 6.11**) was foregone. In these cases, the value of old building was arrived at with the application of the provisions of VG 3 *i.e.* depreciation was allowed on the value of land also.

On being pointed out, the office of the IGR stated (June 2019) that the land rates in ASR for rest of Maharashtra were considered based on 1.5 Floor Space Index (FSI<sup>15</sup>) in some *gaathan* and congested areas. Therefore, in such areas, there was no difference between land rate (valuation of land) and flat rate (valuation of building). Thus, if depreciation is charged excluding valuation of land, the value of building available for depreciation would be nil and benefit of depreciation on such building would be denied. IGR office further stated that in such cases, in order to ensure that land value does not get depreciated, VG 6 is made applicable.

The reply is not tenable, as the provision made in VG 6 (rest of Maharashtra) is same as VG 4 (Mumbai and MSD) *i.e.* depreciation is allowed on construction cost of building excluding land cost. However, in test checked cases, where land cost and construction cost were not same, audit observed that the application of VG 3 for arriving at the valuation of old building after deduction of depreciation has resulted in undervaluation of the buildings, as depreciation was allowed on land cost also.

This proves lack of uniformity, as application of VG 3 is resulting in undervaluation of old building after deduction of depreciation. However, VG 4 is adequate for correct valuation of such buildings in every case for entire Maharashtra.

#### **6.4.8.2 Lack of uniformity in valuation for considering Transferrable Development Right potential**

As per provisions of the notification issued by UDD in May 2016 and Development Control Rules 2017 of PMC, the purchaser is entitled to

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<sup>15</sup> Floor Space Index (FSI) means the quotient of the ratio of the combined gross floor area of all floors, excepting area specifically exempted under Development Control Regulations, to the gross area of the plot

additional FSI and Transferrable Development Right (TDR<sup>16</sup>) based on the width of road facing the land. This results in increase in permissible built up area.

Further, as per VG 3 of ASR for Mumbai region, for the purpose of valuation, the land rate is to be increased by 40 *per cent* in Mumbai sub-urban district for all types of instruments *i.e.* conveyance, development agreement, *etc.* wherein TDR potential is considered. Whereas, as per VG 31 for rest of Maharashtra,<sup>17</sup> in respect of only development agreements relating to sharing of built-up area or sale proceeds, the land rate is to be increased by 25 *per cent* in case of TDR potential.

This shows that at present, there exist different provisions for Mumbai region and rest of Maharashtra for instruments of land having TDR potential<sup>18</sup>.

Thus, there is absence of uniformity not only with regard to provision for types of instruments but also with regard to rate of increase on account of its TDR potential.

Test check of 16 instruments of agreement to sale/conveyance of land in five<sup>19</sup> SR offices (14 instruments) of Pune and one<sup>20</sup> SR office (two instruments) of Thane district revealed (July to December 2019) that even though, the purchaser was entitled to 0.50 additional FSI and TDR based on width of the road facing the land, the said pieces of land were valued as per ASR rate without considering its FSI and TDR potential. This resulted in SD foregone of ₹ 4.14 crore (*Appendix-6.12*) in those 16 instruments.

In reply, SR offices stated (July to December 2019) that the valuation was done as per the existing VG and there was no instruction to consider TDR potential of land on instruments other than development agreement in rest of Maharashtra. IGR office stated that most of the developments were horizontally spread and there was less demand for TDR in rest of Maharashtra. IGR office further stated that VG 31 was introduced for the first time in 2014 and there were no land transactions showing increase in land rates, hence the increase in land rate was kept as 25 *per cent*.

Reply is not acceptable, as in all major municipal corporations<sup>21</sup> having sanctioned development plan, TDR was allowed on all pieces of land fronting a main road, starting from a minimum 0.40 times of net plot area for nine meter wide road to 1.40 times of net plot area for 30 meter or more wide road.

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<sup>16</sup> Transferrable Development Right (TDR) is compensation in the form of FSI or Development Right which shall entitle the owner for construction of built-up area subject to provision of Development Control Regulation

<sup>17</sup> in Aurangabad, Bhiwandi-Nizampur, Kalyan-Dombivali, Mira-Bhainder, Nashik, Nagpur, Pimpri-Chinchwad, Pune, Thane and Vasai-Virar municipal corporations

<sup>18</sup> Provision in the Development Control Regulation to load transferrable development right on the land based on width of the road facing the property. As a result the maximum building potential increases to that extent. TDR is either generated due to surrender of some portion of land on account of its reservation in sanctioned development plan of the area or may be procured from market on payment of premium/price

<sup>19</sup> Jt. SRs – Haveli, Pune-III, XI, XVIII, XX, and XXII

<sup>20</sup> Jt. SR, Kalyan -IV

<sup>21</sup> in Aurangabad, Bhiwandi-Nizampur, Kalyan-Dombivali, Mira-Bhainder, Nashik, Nagpur, Pimpri-Chinchwad, Pune, Thane and Vasai-Virar municipal corporations

Apart from this, an additional FSI of 0.50 is also admissible on payment of premium. This increases the permissible built up area. In addition, such land also gets enhancement in commercial potential, being road facing.

Test check of records (55 instruments of 2014 to 2019) of conveyance in five SRs revealed that there was increase in the value of consideration by more than 24 to 1,280 per cent than market value as shown in **Table 6.4.8.2**:

**Table 6.4.8.2: Statement showing range of consideration more than market value**

Sl. No.	Name of SRO	No. of instruments	Range of consideration more than market value (in per cent)
1	Jt. SR, Haveli XXVI	8	38 - 406
2	Jt. SR, Haveli XVIII	10	255 - 404
3	Jt. SR, Thane V	6	70 - 250
4	Jt. SR, Mulshi II	20	24 - 676
5	Jt. SR, Bhiwandi I	11	29 - 1,280
<b>Total</b>		<b>55</b>	

Source: Information submitted by the offices of the Jt.SR concerned

This shows that the absence of provisions for rest of Maharashtra to increase land rate in cases of land having TDR potential resulted in undervaluation of those lands.

**Recommendation:** Valuation guideline for calculation of depreciation and impact of additional FSI/TDR may be applied uniformly throughout the state.

### 6.4.8.3 Absence of impact of TDR potential in calculation of owner's consideration in development agreement

#### (i) Sharing of constructed area

As per VG 23 of ASR for Mumbai region and 32 for rest of Maharashtra, valuation of development agreement relating to sharing of constructed area should be done as under:

(a) **Consideration value of owner's share** -Value of owner's share of area at construction cost given in ASR + consideration in cash or kind *i.e.* interest on security deposit, development charges *etc.*

(b) **Market value of developer's share**—Value of developer's share of area at land rate<sup>22</sup> given in the ASR

Value at (a) or (b) whichever is more.

In the above formula, the land rate was considered for determining market value of developer's share, hence if valuation was done by applying VG 3 or 31<sup>23</sup>, it would have impact only on the value of developer's share. TDR potential of a land increases the total buildable area. Thus, there would be increase in the value of owner's share too, where sharing is on percentage basis. But this aspect is not covered in VG 3 or 31.

<sup>22</sup> as the construction cost of area to be built is incurred by the developer

<sup>23</sup> as stated in para No.6.4.8.2 on pre-page

Test check of records in the 14<sup>24</sup> offices in 49<sup>25</sup> instruments of development agreements involving sharing of built up area between developer and owner having provisions of loading of TDR potential revealed (January to November 2019) that increased benefit due to TDR was not reflected in valuation of owner's consideration with application of VG 31 in rest of Maharashtra. This resulted in foregone SD of ₹ 18.60 crore (**Appendix – 6.13**).

In reply, IGR office stated (September 2019) that suitable provisions are available and total built up area including TDR has to be considered for sharing between land owner and developer.

The reply is not acceptable, as VG 3 or 31 envisage for increasing the rate of land only and does not say anything in respect of the sharing of construction area between them.

**(ii) Sharing of sale proceeds**

Similarly, as per VG 24 of ASR 2017-18, for Mumbai region and VG 33 for rest of Maharashtra, valuation of development agreement relating to revenue sharing (sale proceeds) should be done as under:

- (a) Consideration value of owner's share –Current value of owner's share in terms of the rate of sale having regard to the permissible use thereof x 0.85 + consideration in cash or kind *i.e.* interest on security deposit, *etc.*
- (b) Market value of entire land area at land rate of ASR

Value at (a) or (b) whichever is more

In the above formula, as land rate was considered at (b) for determining market value of entire land, hence if valuation is done by applying VG 3 or 31<sup>26</sup>, it would have impact only on the land value. TDR potential of a land increases the total buildable area. As a result, there would be increase in the value of owner's share too, where sharing is based on percentage basis. But this aspect is not covered in VG 3 or 31.

Test check of 12<sup>27</sup> instruments of development agreements involving sharing of sale proceeds between developer and owner having provisions of loading of TDR potential revealed that increased benefit on account of TDR was not reflected in the valuation of owner's share with application of VG 31 in rest of Maharashtra. This resulted in foregone SD of ₹ 7.47 crore (**Appendix – 6.14**).

In reply, IGR office stated (September 2019) that suitable provisions are available and total built up area including TDR has to be considered for sharing between land owner and developer.

The reply is not acceptable, as VG 3 or 31 envisage for increasing the rate of land only and do not say anything in respect of the valuation of construction area for sharing of proceeds between them.

<sup>24</sup> Jt.SR, Bhivandi-I; IGR, Pune; JDR Pune (City); JDR, Thane (City); Jt.SRs Haveli-I,III,XI, XVII, XXII, XXVI; Jt.SR, Mulsi-II and Jt.SRs, Kalyan-II, III, V

<sup>25</sup> Pune district (30) and Thane district (19)

<sup>26</sup> as stated in paragraph No.6.4.8.2 on pre-page

<sup>27</sup> Pune district (9) and Thane district (3)



#### 6.4.8.4 Under-consideration of TDR potential in calculation of developer's consideration in development agreement

##### (i) Sharing of constructed area

As per VG 23 of ASR for Mumbai region and 32 for rest of Maharashtra, valuation of development agreement relating to sharing of constructed area should be done as under:

(a) **Consideration value of owner's share** -Value of owner's share of area at construction cost given in ASR + consideration in cash or kind *i.e.* interest on security deposit, development charges, *etc.*

(b) **Market value of developer's share** – Value of developer's share of area at land rate<sup>28</sup> given in the ASR

Value at (a) or (b) whichever is more

It may be noted that in the above formula, land rate was applied for determining market value of developer's share in terms of area, hence if valuation is done by applying VG 3/31<sup>29</sup>, it would have impact only on market value of the developer's share. TDR potential of a land increases the total buildable area (including basic FSI, additional FSI, loading of TDR, *etc.*). As a result, there would be increase in the value of developer's as well as owner's share where sharing is based on percentage basis.

Government sanctioned following maximum permissible TDR loading for plots fronting various road widths shown in **Table 6.4.8.4 (A) and Table 6.4.8.4 (B)**:

**Table 6.4.8.4 (A): Maximum permissible TDR loading in addition to original plot area in Mumbai city and MSD**

Plot fronting on road width	Maximum permissible TDR loading in addition to original plot area	
	TDR in island city (Mumbai city)	TDR in sub-urban / extended sub-urban
Nine meter and above but less than 12.20 meter	0.17	0.50
12.20 meter and above but less than 18.30 meter	0.37	0.70
18.30 meter and above but less than 30 meter	0.57	0.90
30 meter and above	0.67	1.00

Source : UDD notification (November 2016)

<sup>28</sup> as the construction cost of area to be built is incurred by the Developer  
<sup>29</sup> as stated in paragraph number 6.4.8.2 on pre-page

**Table 6.4.8.4 (B) : Maximum permissible TDR loading in addition to original plot area in rest of Maharashtra**

Plot fronting on road width	Maximum permissible TDR loading in addition to original plot area
9 meter and above but less than 12 meter	0.40
12 meter and above but less than 18 meter	0.65
18 meter and above but less than 24 meter	0.90
24 meter and above but less than 30 meter	1.15
30 meter and above	1.40
<i>Source : UDD notification (May 2016)</i>	

In case of provision of loading of TDR, VG 3 provide for increase in rate of land by 25 per cent for Mumbai city and by 40 per cent for MSD. Similarly, for rest of Maharashtra, VG 31 stipulates increase in rate of land by 25 per cent. However, actual increase as permitted by Government as stated above is not calculated while valuing the share of developer.

Audit observed that actual increase in value of land was to the extent of 50 to 75 per cent in MSD and 32 to 86 per cent in rest of Maharashtra (**Appendix- 6.15 (A) and 6.15 (B)**).

Audit observed that in Mumbai, the above increase in value of land due to additional permissible loading (including basic FSI, additional FSI, loading of TDR, etc.) as per the provisions of DCR was being considered while calculating market value of the land in various instruments registered.

Test check of eight<sup>30</sup> instruments of development agreement relating to sharing of built-up area revealed (July to November 2019) that developer's share was not calculated based on actual permissible limits as per the provision of DCR and only land rate was increased as per VG 3 and 31 resulting in SD foregone of ₹ 4.47 crore (**Appendix – 6.16**).

On being pointed out in audit, the offices of the JDRs and SRs stated that valuation was done as per existing VG and comments of the higher authority would be obtained.

**Recommendation:** Valuation guidelines may be suitably modified to consider impact of TDR/FSI potential as per the provisions of DCR in owner's as well as developer's share and applied uniformly throughout the state.

**(ii) Sharing of sale proceeds**

As per VG 24, for Mumbai region and VG 33 for rest of Maharashtra of ASR, valuation of development agreement relating to revenue (sale proceeds) sharing should be done as under:

**(a) Consideration value of owner's share** - Current value of the land owner's share in terms of the rate of sale having regard to the permissible user thereof x 0.85 + consideration in cash or interest on deposit etc.

**(b) Valuation of the whole land at the rate of land mentioned in the ASR**

Value at (a) or (b) whichever is more.

<sup>30</sup> Two – JDR office of Thane and six – SR offices of Pune

Audit observed that VG 24 and 33 do not consider the valuation of developer's share and the owner's share is compared with valuation of whole land for the purpose of levy of SD. Instead, the valuation of owner's share as well as developer's share of a project after considering all other permissible additions on account of loading of TDR, FSI and fungible FSI etc. should be compared for the purpose of levy of SD.

Audit observed (February 2019 and June 2019) that value of developer's share in the sale proceeds of total built up area was five times of the value of whole land in one of two<sup>31</sup> test checked instruments and in another one, it was 1.07 times of the value of whole land. This resulted in SD foregone of ₹ 39.38 crore (**Appendix – 6.17**) due to non-consideration of value of developer's share for comparison with the owner's share for levy of SD. Thus, provision of VG 24 and 33 stipulating comparison of value of owner's share with valuation of whole land was not correct.

On being pointed out in audit (February 2019 and June 2019), both the COS replied that they had done valuation as per existing VG and comments of the higher authority would be obtained.

The issue was pointed out (July 2019) to the office of the IGR who stated that in case of revenue sharing, the developer agrees to pay consideration as a percentage of gross sale proceeds (entire revenue generated out of the project) in lieu of handing over entire land, hence the market value of entire land area was valued at land rate as per VG 33.

Reply is not tenable as the sale proceeds of the entire project are shared between owner and developer, the SD was leviable on the greater share.

**Recommendation:** VG 24 of ASR of Mumbai region and VG 33 of rest of Maharashtra may be suitably modified to compute the market value of developer's share in the total buildable area (at land rate of ASR) as per terms of the agreement.

#### **6.4.8.5 Non-consideration of TDR potential in valuation of owner's share in Integrated Township Project**

In special township project, a development company is formed by all landowners having equity according to their landholdings for a development project. Equity and share in income corresponds to their area of land in the project. For the valuation of such joint development agreement, the office of the IGR issued (June 2018) instructions for properties located in rest of Maharashtra as under:

##### **(a) Owner's share in gross sale proceeds**

Total area of special township x residential building rate as per ASR x share in the gross sale proceeds of the owner / 100 x owner's land area / Total area of special township x 0.85 + cash consideration and interest on deposit

(Or)

##### **(b) Valuation of land area of owner as per ASR**

Value at (a) or (b) whichever is more.

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<sup>31</sup> Offices of the COS, Borivali and COS, Mumbai

Thus, the above instructions envisage that the valuation of owner’s share would be calculated as per above formula and provisions of VG 31 would be applied in cases where FSI/TDR potential is available.

However, as per para 7.2.2 of Regulation for Development of Special/Integrated Township<sup>32</sup> Project, in case of integrated /special township, the basic permissible FSI shall be 1.0. Further, following built up area as mentioned in table below shall be permissible on payment of premium at the rate of 10 *per cent*<sup>33</sup> of the weighted average rate of the said land as prescribed in ASR as shown in **Table 6.4.8.5**:

**Table 6.4.8.5: Additional built-up permissible on payment of premium for area under township**

Area under township	Additional built-up area on payment of premium
40 ha and up to 200 ha	Up to 70 <i>per cent</i> of basic permissible FSI
More than 200 ha and up to 500 ha	Up to 80 <i>per cent</i> of basic permissible FSI
More than 500 ha.	Up to 100 <i>per cent</i> of basic permissible FSI
<i>Source: UDD Notification (November 2018)</i>	

Thus, above additional FSI needs to be considered in the valuation of share of land owner. However, IGR office did not consider this aspect which may result in undervaluation of the share of land owner.

The above shortcoming was pointed out (February 2020) to IGR. Reply was awaited.

**Case study-I**

Scrutiny of records of the office of the SR, Haveli-III, Pune revealed (December 2019) that a developer executed (July 2018 to September 2018) eight instruments of development agreements with 63 land owners for construction of an integrated township over a land admeasuring 210.3951 ha at Kadamwakwasti, *tahsil* Haveli, district Pune. Gross sale proceeds of built up area constructed in the integrated township was agreed to be shared between land owners and developer in the ratio of 30 *per cent* and 70 *per cent* respectively. The developer was given the right to amalgamate the properties and obtain and utilize TDR, paid FSI/additional FSI that may be permitted by the sanctioning authorities. The cost of additional FSI was deductible from the share of the land owners.

Audit observed that for the purpose of levy of SD, the valuation of owner’s share was done in accordance with IGR’s instructions (June 2018) considering the owner’s land area. However, the benefit of additional built-up area of 80 *per cent* over and above the basic permissible FSI on payment of premium as per provisions of development regulations was not considered in valuation of owner’s share. This resulted in SD foregone of ₹ 9.47 crore (**Appendix-6.18**).

On being pointed out, the SR office stated that reply would be furnished after obtaining guidance from the office of the JDR, Pune city. The observation

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<sup>32</sup> made effective by notification (December 2016) and further amended vide notification (November 2018) issued by the UDD

<sup>33</sup> 20 *per cent* as per notification (December 2016) which was reduced to 10 *per cent* by notification (November 2018)

was also communicated to the office of the IGR (March 2020); reply was awaited.

**Recommendation :** Circular issued (June 2018) by the office of the IGR may be modified in view of additional benefits provided in development regulations of integrated township for valuation of owner's share in gross sale proceeds.

#### **6.4.8.6 Lack of uniformity and incorrect provision for valuation of buildable public reservation of land in the development plan**

As per VG 22 (a) of ASR for Mumbai region and VG 30 of the ASR for rest of Maharashtra, out of the total land mentioned in the instrument, land reserved under sanctioned development plan, should be valued at 80 *per cent* of land rate only. Further, as per VG 22 (b) of ASR for Mumbai region, valuation of buildable reservation of land for specified purposes *viz.* school, hospital, shopping centre *etc.* as shown in the development plan should be done as per VG 22(a) *i.e.* at 80 *per cent* of land rate and bulk land benefit as per VG 17<sup>34</sup> (rebate of 15 *per cent*) should be given thereon and net (effective) land rate should be increased by 40 *per cent* for TDR potential. However, no such VG has been provided for rest of Maharashtra.

Audit observed that land with buildable reservations in the sanctioned development plan has a TDR potential both in Mumbai region and rest of Maharashtra as well. As there is no VG for rest of Maharashtra similar to VG 22(b) of ASR for Mumbai region for buildable reservations of land in the development plan, there is lack of uniformity between the two ASRs on this aspect (**Appendix-6.19**).

The above observation was communicated to the office of the IGR (March 2020); reply was awaited.

**Recommendation :** Applicability of VG 22(b) of ASR for Mumbai region may be uniformly adopted for rest of Maharashtra.

#### **6.4.8.7 Absence of provision in VG 5 for valuation of large housing project in areas outside municipal corporation/council**

As per VG 5 (b) of the ASR for rest of Maharashtra, if a large housing project having area of two ha to 10 ha is located in Thane/ Kalyan-Dombivali/ Bhiwandi-Nizampur/ Ulhasnagar/ Mira-Bhayandar/ Navi-Mumbai/ Vasai – Virar/ Pune/ Pimpri-Chinchwad/ Nashik/ Aurangabad and Nagpur municipal corporation and no separate value zone in the ASR was available, then market value of the residential/shop/office located therein would be increased by 105 *per cent* and if the area of large housing project is more than 10 ha, then the increase would be by 110 *per cent*. Similarly, for remaining municipal corporations/councils, if a large housing project having area of 1.00 ha to 2.00 ha and no separate value zone was available in ASR, then market value of the residential/shop/office located therein would be increased by 105 *per cent* and if the area of large housing project is more than two ha, then the increase would be by 110 *per cent*.

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<sup>34</sup> Allowing a rebate of 15 *per cent* in land rate, for land area above 2,500 sqm

Audit observed that there were many large housing projects outside the municipal corporation/council limits but within influence zone with land area of more than one ha and two ha. However, those projects were outside the purview of VG 5 (b) for the purpose of valuation.

Audit scrutiny (October and November 2019) of two<sup>35</sup> offices revealed that in six<sup>36</sup> instruments, large housing projects having area above one ha were proposed outside municipal corporation/council area but due to non-applicability of VG 5(b), extra five to ten *per cent* charges could not be levied on properties located in said projects resulting in SD foregone of ₹ 93.44 lakh (**Appendix-6.20**).

On being pointed out in audit, the offices of the JDR, Pune (Rural) and JDR, Thane (Rural) replied (October and November 2019) that they have done valuation as per existing VG and comments of the higher authority would be obtained.

Audit pointed out (March 2020) the lacunae in VG 5(b) to IGR; reply was awaited.

**Recommendation:** VG 5 (b) of the ASR for rest of Maharashtra may be modified to include the large housing projects having area of minimum one ha of land located outside municipal corporation/council area also.

#### **6.4.8.8 Absence of provision in VG for computing consideration value of parking given free of cost in development agreement**

As per the norms of the DCR of municipal corporations of selected districts, there shall be a provision for parking of vehicles as per the scale laid down therein in cases of development or redevelopment of a property. Accordingly, the valuation of these parking spaces were required to be considered separately while arriving at the valuation of owner's share mentioned in the development agreement. However, there is no provision/guideline in the ASRs for valuation of parking space which is allotted to owner free of cost in addition to the built up area.

Scrutiny of 36 development agreements in ten<sup>37</sup> offices revealed that in 27 instruments, the valuation on account of parking space was considered while arriving at the share of the owner, but the method of calculation was not uniform. In remaining nine cases, the valuation of parking space given to owner was not considered in owners share. Thus, due to absence of specific provision for consideration of parking space, the valuation of owner's share was deficient.

On being pointed out (May 2019) the office of the IGR stated (June 2019) that the present system of calculating parking area based on standard given in the DCR is adequate. He further stated that revision of parking norms are under consideration of UDD. Thereafter, the issue would again be examined for issue of necessary guidelines in ASR for 2020-21.

<sup>35</sup> JDR, Pune (Rural) and JDR, Thane (Rural)

<sup>36</sup> Three in Pune (Rural) and three in Thane (Rural) district

<sup>37</sup> COS- Andheri, Borivali, Kurla and Mumbai; JDR – Pune (City); Pune (Rural); Thane (City); Thane (Rural), ; SR- Borivali-III and Ulhasnagar-III

Reply was not acceptable as Audit observed no uniformity for valuation of parking spaces in test checked development agreements. Further, there is no VG specifying the method and rate for calculation of parking space as per the provisions of DCR presently.

**Recommendation:** Government may prescribe specific method and rate for valuation of parking spaces.

#### 6.4.8.9 Ambiguous provision in VG 19 for IT users

VG 19 of ASR for Mumbai region as well as for rest of Maharashtra stipulates that ASR rates should be increased in percentage as specified therein over and above the ASR rates floor-wise in multistoried building. However, the shop and IT user units in such multistoried building are exempted from the above increase in rates.

Scrutiny of Maharashtra's Information Technology/Information Technology Enabled Services (IT/ITES) Policy - 2015<sup>38</sup> revealed that various incentives and provisions are made for IT parks/IT SEZs/Audio-Visuals-Gaming and Comics (AVGC) parks such as additional FSI up to 200 *per cent*, exemption in stamp duty, concession in electricity duty, property tax, *etc.* to promote IT/ITES sector in the State.

As seen from above, the exemption enumerated in IT/ITES Policy 2015 are available to such unit which is so certified by implementing agency or any other officer authorized by it in this behalf.

However, VG 19 stipulates exemption from lift charges to shops and IT user units. The word 'shop' and 'IT user unit' is not defined by the department and thus, there is ambiguity as to identify the 'type of shop' and 'IT user unit'. The shop may not be related to IT activity. Similarly, 'IT user unit' may be a manufacturer, service provider or IT service consumer.

The ambiguity was pointed out (March 2020) to the office of the IGR; reply was awaited.

**Recommendation:** Department may remove ambiguity regarding the term 'shop' and 'IT user unit' used in VG 19.

#### 6.4.9 Inadequate Internal Control Mechanism

The office of the JDTP is required to prepare ASR and to submit the same to IGR office for approval by last day of February of each year for issue on the 1<sup>st</sup> day of April each year. A separate valuation cell headed by the JDTP has been formed for preparation of ASR. The ASR is prepared by taking inputs from i-SARITA data base and various authorities like municipal corporations, offices of the Dy. Director of land records, MIDC, district collectorates and notifications issued by UDD *etc.* The revision in rates of properties for a year is decided by computing average increase/decrease in the consideration of the properties as compared to market value in previous year and by holding discussions with the stake holders, local representatives.

The scrutiny of records at office of the IGR (December 2019) revealed that the planning for the work of preparation of ASR is done in the form of Annual

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<sup>38</sup> Issued by Industries Department, Government of Maharashtra

Work Plan. The due dates of various stages of works of preparation of ASR for the year 2018-19 issued by the office of the JDTP are shown in **Table 6.4.9**:

**Table 6.4.9: Details of various stages preparation of ASR and due date**

Stages of work	Due date
Collection of information from various sources	By the end of June 2017
Consolidation, sequencing, classification and analysis of information	By 10 October 2017
Analysis of information and preparation and submission of draft ASR to JDTP office	10 January 2018
Finalization of proposals of ASR and conduct of meeting with local representatives under the chairmanship of district collector for discussion on revised proposal of ASR	Between 15 and 31 January 2018
Preparation and submission of draft ASR as per modification suggested in meeting of local representatives as well as after consideration of instructions of offices of JDTP and IGR	By 10 March 2018
Preparation of final ASR	By 15 March 2018
Printing and C.D. cutting of ASR	By 20 March 2018
Certification and publication of ASR	By 25 March 2018
<i>Source : Information furnished by the office of the JDTP, Pune</i>	

However, it was observed that the periodical return to monitor achievement of above stages was not prescribed. Further, there exists no internal audit mechanism/wing to monitor the process of preparation of ASR at JDTP office level.

The office of the IGR stated (January 2020) that there was no such internal audit wing in JTDP office, as the progress of achievement of the targets given in the Annual Work Plan for preparation of ASR were monitored through periodic review meetings and no periodic return prescribed.

Audit pointed out various deficiencies in collection of required information viz. non-updation of NA status, classification and updation of survey numbers, analysis of data and non-consideration of high value transactions for preparation of ASR in **paragraphs 6.4.7.1 to 6.4.7.10**. Similarly, Audit observed various omissions in framing VGs as pointed out in **paragraphs 6.4.8.1 to 6.4.8.9**.

This could have been avoided if periodical returns for watching the targets had been prescribed and inspections by internal audit team were done. This would have served as a feedback mechanism for knowing various problems and lacunae encountered in the implementation of instructions.

This shows the absence of mechanism for monitoring the work of preparation of ASR in the department.

#### **6.4.10 Conclusion**

There was absence of system of validation of input data used for preparation of ASR. Completeness check was absent. Neither SRs were submitting required data manually nor was complete information available in iSARITA. Changes in use of land permitted by revenue authorities were not updated in ensuing ASRs. The system to ensure timely receipt of information regarding changes in survey numbers due to fragmentation or amalgamation authorized



by land records department and its proper classification in the ASR was absent.

In spite of decrease in average rate of land and building, ASR rates were increased in subsequent years in Mumbai and Thane districts. There was lack of uniformity in method of calculating depreciation on old buildings between Mumbai, MSD and rest of Maharashtra. Valuation guidelines stipulating rate of increase in valuation on account of its TDR potential in Mumbai, MSD and rest of Maharashtra are not uniform. Further, valuation of increased built up area due to loading of additional FSI and TDR as per provisions of DCR was not considered to arrive at market value of the owner's and developer's shares in the development agreements. There was no VG in the ASR for rest of Maharashtra similar to VG 22(b) of ASR for Mumbai region for buildable public reservations of land in the development plan. Absence of provision for computing consideration value of parking given free of cost in development agreement was also observed. In VG 19, the terms 'shop' and 'IT user unit' were not clearly defined.

There was no internal control mechanism/wing to monitor the process of preparation of ASR at JDTP office level. Periodic reporting system was not in place to monitor the achievement of various stages of works of preparation of ASR as stipulated in Annual Work Plan.

## COMPLIANCE AUDIT

During scrutiny of records of the various registration offices, we noticed several cases of non-compliance of the provisions of the Maharashtra Stamp Act, 1958 (MS Act) and Government notifications and instructions and other cases such as short levy of stamp duty due to (i) undervaluation of property, (ii) incorrect application of provisions of MS Act and ASR, (iii) non-impounding instrument and (iv) irregular grant of remission. A few cases of short levy of stamp duty to the tune of ₹ 17.48 crore are discussed in the succeeding paragraphs. These cases are illustrative only as these are based on a test check of records.

### 6.5 Short levy of stamp duty due to undervaluation of property

#### 6.5.1 Development agreement - Revenue sharing

As per paragraph 684 of Maharashtra Registration Manual (MRM), Part-II, where the developer offers to allot residential/non-residential components to the owner in lieu of the development right, the value of the residential/non-residential components should be calculated according to the prevailing rates prescribed in the statistics on the day of execution of the agreement and the duty and fees should be levied on the greater of the two values *viz.* the value of the consideration component or the market value of the property. On such instruments, stamp duty (SD) is leviable under provision contained in Article 5 (g-a) (i) of MS Act. Further, as per Article 5 (g-a) (i) of MS Act, if immovable property is given to a developer for development, construction, sale or transfer then SD is leviable on conveyance<sup>39</sup> under Article 25 (b) of the said Act.

Further, as per instruction 33 of ASR for the year 2015 where the developer offers to share revenue from sale of residential/non-residential units to the owner in lieu of the development right, the value of the residential/non-residential components should be calculated according to the prevailing rates prescribed in the ASR and the consideration for the purpose of levy of SD would be 85 *per cent* of owner's share. This ratio was effective from 01 January 2015 onwards. Thus, up to 2015, the consideration for the purpose of levy of SD would be 100 *per cent* and from 2015 onwards it was 85 *per cent* of owner's share.

Audit observed short levy of SD amounting to ₹ 5.95 crore in 11 cases (in six units) due to not working out the correct market value of property as per the applicable provisions of ASR in the development agreements involving sharing of revenue as elaborated below:

##### 6.5.1.1 Instruments executed prior to 01 January 2015

In two SR Offices<sup>40</sup>, in three cases, the development agreements were executed (2013-15) between 'owners' and 'developers' for development of

<sup>39</sup> Conveyance means a conveyance on sale by which property, whether movable or immovable, or any estate or interest in any property is transferred to, or vested in, any other person, *inter vivos*, and which is not otherwise specifically provided for by Schedule-I

<sup>40</sup> Joint Sub Registrar, Haveli-VIII, Pune (Document Nos. 437/2014) and Joint Sub Registrar, Haveli-XVII, Pune (Document Nos. 1307/2014, 311/2014)

land. The department levied SD of ₹ 1.26 crore on market value/consideration of ₹ 19.44 crore. The basis on which consideration/market value was worked out by the department was not found on record.

Audit observed (February 2016 and March 2016) that as per recital of these three agreements, the owners and developers had agreed to develop the properties on the basis of revenue sharing<sup>41</sup> on percentage<sup>42</sup> basis. The owners share as per revenue sharing agreement worked out to ₹ 93.98 crore. Thus, the consideration of the property in terms of revenue sharing was ₹ 93.98 crore on which SD of ₹ 4.66 crore should have been levied against ₹ 1.26 crore levied by the department. This resulted in short levy of SD of ₹ 3.39 crore (*Appendix-6.21*).

The office of the IGR accepted (July 2019 to January 2020) the audit observations in three cases and in one case (document No. 437/2014) an amount of ₹ 10.19 lakh recovered out of ₹ 13.83 lakh.

#### **6.5.1.2 Instruments executed after 01 January 2015**

Scrutiny of instruments in offices of six<sup>43</sup> SRs revealed (January 2017 to January 2019) that in eight cases, the development agreements were executed<sup>44</sup> between ‘owners’ and ‘developers’ for development of land. The department levied SD of ₹ 6.77 crore on market value/consideration of ₹ 135.17 crore. The basis on which consideration/ market value was worked out by the department was not found on record.

It was observed that as per recital of the agreement, the owners and developers had agreed to develop the properties on the basis of revenue sharing on certain percentage<sup>45</sup>. The consideration of the property in terms of revenue sharing worked out to ₹ 172.77 crore involving SD of ₹ 9.33 crore. Thus, there was short levy of SD of ₹ 2.56 crore (*Appendix-6.22*).

The office of the IGR accepted (June 2019 and October 2019) the audit observations in one case (document No. 5284/2015) an amount ₹ 16.85 lakh was recovered as against ₹ 33.69 lakh.

Audit could not analyse the root cause for occurrence of irregularity, as the basis adopted for consideration/market value by the department was not available on the records.

#### **6.5.2 Development agreement - Sharing of constructed area**

Article 5 (g-a) of Schedule-1 of MS Act provides, in case of instrument relating to giving authority or power to a promoter or a developer, by whatever name called, for construction on development of or, sale or transfer (in any

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<sup>41</sup> Revenue realized from selling of constructed units in open market

<sup>42</sup> Ranged between 39.89:60.11 and 50:50

<sup>43</sup> Joint Sub Registrar, Haveli-IV, Pune (Document No. 5284/2015); Joint Sub Registrar, Haveli-VIII, Pune (Document Nos. 5021/2017, 7317/2017,1842/2018); Joint Sub Registrar, Haveli-XVII, Pune (Document No. 7362/2015); Joint Sub Registrar, Haveli-XVIII, Pune (Document No. 6694/2017); Joint Sub Registrar, Karjat-II, Raigad (Document No. 516/2015) and Joint Sub Registrar, Lonavala (Document No. 3134/2015)

<sup>44</sup> March 2015, April 2015, September 2015, November 2015, April 2017, May 2017, July 2017 and March 2018

<sup>45</sup> Ranged from 31:69 to 50:50

manner whatsoever) of, any immovable property, SD as is leviable on a conveyance under clause (a), (b), (c) or (d) as the case may be, of Article 25 shall be charged on the market value of the property or consideration, whichever is higher, which is the subject matter of transfer. Further, as per instruction No. 32 of ASR, in case of development agreement the market value shall be derived by calculating owner's share (cost of constructed area plus interest at the rate of ten *per cent* on security deposit) and developer's share and higher of these should be considered as market value.

Audit observed short levy of SD amounting to ₹ 2.71 crore in eight development agreements (in eight units) due to incorrect consideration of owner's share as detailed below:-

**6.5.2.1** Scrutiny of records at the office of the Joint SR, Haveli-III, Khed, district Pune revealed (July 2018) that, a development agreement (document No. 4053/2016) was executed (July 2016) between owner and developer for development of land admeasuring 11,050 sqm bearing *gat* No.482 situated at *mouza* Chakan within the limit of nagar parishad Chakan, district Pune for a consideration of ₹ 10 lakh. The department had worked out the market value of the property as ₹ 1.66 crore which was higher than the consideration, on which SD at the rate of four *per cent* amounting to ₹ 42.36 lakh was levied.

As per clause 1 of agreement and correction deed executed between owner and developer, 56,985 sqft (carpet) (*i.e.* 6,355.20 sqm) constructed area was agreed to be given as owner's share. In addition, developer had also given non-refundable security deposit of ₹ 10 lakh to owner. Accordingly, the value of owner's share was worked out to ₹ 12.68 crore on which SD at the rate of four *per cent* amounting to ₹ 50.73 lakh was leviable. Thus, non-working of owner's share as per instruction No. 32 of ASR has resulted in short levy of SD of ₹ 8.37 lakh<sup>46</sup>.

**6.5.2.2** Scrutiny of records at the office of the Joint SR-IV, Haveli, district Pune revealed (February 2016) that, a development agreement (document No.10875/2014) was executed (December 2014) between owner society and developer for development of land admeasuring 823.30 sqm bearing survey No.157 (city survey No. 433), Hissa No. A+B+C/1 situated at village Kothrud, *tahsil* Haveli, district Pune within the limits of Pune municipal corporation for a consideration of ₹ 2.53 crore. The department had worked out the market value of the property at ₹ 2.65 crore and levied SD of ₹ 13.25 lakh.

As per clause 1(d), 7(d), 8(k), 9(f) and 21 of development agreement, the developer had agreed to give total constructed area of 1,417.23 sqm (existing area of 823.30 sqm and additional area<sup>47</sup> of 434.93 sqm) along with non-refundable deposit of ₹ nine lakh and other amenities<sup>48</sup> to the 12 flat

<sup>46</sup> (SD leviable - ₹ 50.73 lakh) - (SD levied - ₹ 42.36 lakh)

<sup>47</sup> Additional area of retained flat – 41.83 sqm (1240.13 sqm – 823.30 sqm); terrace – 153.85 sqm; drying balcony -27.87 sqm ; society office – 13.38 sqm; two wheeler parking- 48 sqm and car parking - 150 sqm

<sup>48</sup> Society office - ₹ 12.52 lakh; two wheeler parking - ₹ 11.23 lakh; car parking - ₹ 35.10 lakh; rent for 24 months - ₹ 43.20 lakh; shifting charges - ₹ three lakh; corpus fund to society - ₹ 55.31 lakh; maintenance charges - ₹ 41.48 lakh; saleable block deposit - ₹ 24 lakh; travel expenses - ₹ 2.70 lakh and brokerage charges - ₹ 4.08 lakh

owners. Accordingly, consideration amount was worked out to ₹ eight crore on which SD at the rate of five *per cent* amounting to ₹ 40 lakh was leviable. This resulted in short levy of SD of ₹ 26.76 lakh.

The office of the Joint District Registrar and Collector of Stamp, Pune (City) accepted (October 2016) observation of Audit and directed SR offices to take action for recovery of short levy of SD ₹ 27.05 lakh.

The office of the IGR, Pune stated (February 2020) that action under section 32<sup>49</sup> was in progress.

**6.5.2.3** Scrutiny of records at the office of the Joint SR-XXII, Haveli, district Pune revealed (January 2017) that a joint development agreement (document No.6319/2015) was executed (June 2015) between owner and developer for development of land admeasuring 1.12 ha (*i.e.* 11,200 sqm) bearing survey No. 21A, *hissa* No.2 situated at village Sus, *tahsil* Mulshi, district Pune for a consideration of ₹ 9.23 crore. The department had worked out the market value of the property at ₹ 3.93 crore and levied SD of ₹ 46.14 lakh.

As per clause 2 of document, 47,000 sqft (*i.e.* 4,368.03 sqm) constructed area was agreed to be given as owner's share. In addition to this, developer had also given refundable security deposit of ₹ 25 crore to owner. Accordingly, the value of owner's share was worked out to ₹ 31.73 crore on which SD at the rate of four *per cent* amounting to ₹ 1.27 crore was leviable. Thus, incorrect calculation has resulted in short levy of SD of ₹ 80.77 lakh<sup>50</sup>.

The office of the IGR accepted (July 2019) the audit observation.

**6.5.2.4** Scrutiny of records at the office of the Joint SR-VII, Borivali revealed (September 2015) that, a development agreement (document No. 9960/2013) was executed (December 2013) between owner and developer for development of land admeasuring 2,271.04 sqm out of CTS No. 374 B (part) situated at village Eksar, *tahsil* Borivali for consideration of ₹ 14 crore. The department worked out market value of land at ₹ 14.24 crore and levied SD of ₹ 71.25 lakh.

As per clause 2 (iii) of the document, the parties had agreed that all costs of procuring TDR/compensatory FSI (fungible FSI) and payment by way of premium/charges for approval of plan would be borne by the owner alone and as per clause 12 (b) of document, the owner had agreed to retain 26.58 *per cent* carpet area *i.e.* 1,824.33 sqm (consisting of 1,630.10 sqm residential and 194.23 sqm commercial) and developer would be entitled to 73.42 *per cent* carpet area (consisting of 5,037.46 sqm residential and balance saleable area). Further, it was agreed that in the event of reduction, if any, in the total area, the area retained by the owner shall be reduced to the extent and the area of the developer shall not be reduced. Therefore, the developer would be entitled to minimum 5,037.46 sqm.

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<sup>49</sup> Section 32 of MS Act provides certification by collector regarding payment of SD on instrument brought to him under section 31 (adjudication case)

<sup>50</sup> (SD leviable - ₹ 1.27 crore) - (SD levied - ₹ 46.13 lakh)

Accordingly, the market value of developer's share was worked out to ₹ 27.08 crore on which SD at the rate of five *per cent* amounting to ₹ 1.35 crore was leviable on developer's share being higher than consideration. This resulted in short levy of SD of ₹ 64.16 lakh.

The office of the IGR accepted (August 2019) the audit observation.

**6.5.2.5** Scrutiny of records at the office of the Joint SR-VIII, Haveli, district Pune revealed (January 2019) that a development agreement (document No.7219/2017) was executed (July 2017) between owner and developer for development of land admeasuring 0.89 ha (*i.e.* 8,900 sqm) bearing survey No.38, *hissa* No. 8 B situated at village Balewadi, *tahsil* Haveli, district Pune within the limit of Pune municipal corporation for a consideration ₹ 18 crore. The department worked out the market value of the property at ₹ 18.83 crore and levied SD of ₹ 94.16 lakh.

As per clause 5(b) and (f) of document, developer agreed to pay ₹ 15 crore in cash and salable construction area admeasuring 33,000 sqft (3,066.91 sqm) as owner's share. Further, as per clause 7(a) developer was entitled to load FSI/TDR as per Development Control Rules. Accordingly, the value of owner's share was worked out to ₹ 22.42 crore on which SD at the rate of five *per cent* amounting to ₹ 1.12 crore was leviable. However, department levied SD of ₹ 94.16 lakh which resulted in short levy of SD of ₹ 17.95 lakh.

The office of the IGR accepted (September 2019) the audit observation.

**6.5.2.6** Scrutiny of records at office of the Joint SR-II, Karjat, district Raigad revealed (June 2018) that a joint development agreement (document No. 889/2016) was executed (April 2016) between owners and developer for development of land admeasuring 19,770 sqm<sup>51</sup> situated at village Wadawli Tarfe Vardi, *tahsil* Karjat, district Raigad for a consideration of ₹ 10.44 crore. The department worked out the market value of the property at ₹ 10.44 crore and levied SD of ₹ 41.76 lakh.

As per clause 7.3 of the agreement, the developer would be liable to bear the development cost of the project. As per the clause 6.2, owner No.1 and developer were entitled to 3,888 sqm and 9,077 sqm built-up area respectively and as per clause 6.3, owner No.2 and developer were entitled 2,043 sqm and 4,767 sqm built-up area respectively. As per clause 6.2 (iii) and 6.3 (iii), the revenue generated from sale of construction lying in Master Escrow account was to be distributed every year between owners and developers.

Accordingly, the consideration amount was to be worked at ₹ 14.17 crore on which SD at the rate of four *per cent* amounting to ₹ 56.67 lakh was leviable. However, the department levied SD of ₹ 41.76 lakh which resulted in short levy of SD by ₹ 14.91 lakh.

<sup>51</sup> 00.46.50 ha *i.e.* 4650 sqm of survey No. 58, *hissa* No. 2; 00.18.10 ha *i.e.* 1,810 sqm of survey No. 58, *hissa* No. 1/A; 00.24.80 ha *i.e.* 2,480 sqm of survey No. 79, *hissa* No. 1; 00.6.80 ha *i.e.* 680 sqm of survey No. 79, *hissa* No. 2; 00.28.00 ha *i.e.* 2,800 sqm of survey No. 81, *hissa* No. 1/C; 00.04.40 ha *i.e.* 440 sqm of survey No. 59, *hissa* No. 6; 00.01.00 ha *i.e.* 100 sqm of survey No. 59, *hissa* No. 5 of First Schedule and 00.30.90 ha *i.e.* 3,090 sqm at survey No. 1. *hissa* No. 1; 00.09.60 ha *i.e.* 960 sqm at survey No. 1. *hissa* No. 2; 00.27.60 ha *i.e.* 2,760 sqm at survey No. 56. *hissa* No. 2 of Second Schedule (total 19,770 sqm)

The office of the IGR accepted (July 2019) the audit observation.

**6.5.2.7** As per Para 4 (f) and 4 (g) of the notification (July 2013) of the Revenue and Forest Department (R&FD), Mumbai, the holder of the simple receipt shall get it defaced from the registering officer with whom the instrument is to be registered or from the office of the collector of stamps if related with the payment of SD in accordance with relevant section of the said Act, within six months from the date of purchase of stamps and no receipt shall be treated, as valid unless it is defaced by the registering officer or any other officer authorized to do so within a period of six months from the date of purchase of stamps.

Scrutiny of records at the office of the Joint SR, Haveli-XVIII, district Pune revealed (December 2016) that a development agreement (document No. 3378/2015) was executed (April 2015) between owners and developer for development of land admeasuring 7,900 sqm<sup>52</sup> situated at *mouza* Charoholi Budruk, *tahsil* Haveli, district Pune within the limit of Pimpri Chinchwad municipal corporation for a consideration of ₹ 5.29 crore. The department worked out the market value of the property at ₹ 4.63 crore and levied SD of ₹ 31.08 lakh. The department acknowledged the payment of SD of ₹ 31.08 lakh by defacing the *e*-payment challan<sup>53</sup> of July 2014. However, no other document in support of payment of SD of ₹ 31.08 lakh was produced by the department.

As per clause 29 (A) of document, owner was entitled for 42,250 sqft constructed area and cash consideration of ₹ 50 lakh. In addition, developer had also given refundable security deposit of ₹ 79 lakh to owner. Accordingly, the developer's and owner's share was to be worked out at ₹ 3.76 crore and ₹ 9.45<sup>54</sup> crore respectively and SD on owner's share at the rate of five *per cent* amounting to ₹ 47.27 lakh was leviable. However, the department levied SD of ₹ 31.08 lakh and defaced *e*-payment which was made prior to more than six months. This resulted in short levy of SD by ₹ 47.27 lakh.

The office of the Joint District Registrar, Pune city accepted (December 2017) that the validity of the *e*-challan is only for six months. Thus, payment of ₹ 31.08 lakh was not admissible and accepted short levy of SD of ₹ 47.27 lakh.

**6.5.2.8** Scrutiny of records at the office of the Joint SR-XXIV, Haveli, district Pune revealed (July 2018) that a development agreement (document No. 9978/2017) was executed (November 2017) between owners, consenting party<sup>55</sup> and promoter (developer) for development of land admeasuring 6,900 sqm situated in survey No. 126, *Hissa* No. 2 at village Dehu, *tahsil* Haveli and within the limit of panchayat samiti, Haveli and zilla parishad, Pune. The department worked out the valuation of the land at ₹ 5.36 crore and

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<sup>52</sup> 900 sqm at survey No. 247/1 + 7,000 sqm of survey No. 247/3

<sup>53</sup> MH 001632746201415E dated 05 July 2014 for ₹ 31,08,200

<sup>54</sup> ₹ 9,45,44,760

<sup>55</sup> A development agreement was already executed in March 2014 between the owners and consenting party for development of the said land. Now, the consenting party and owners agreed to assign the development rights of the said land to the promoter in this instant development agreement

owner's consideration was worked out at ₹ 1.11 crore. The SD of ₹ 26.79 lakh was levied at the rate of five *per cent* on the valuation of land being higher than the owner's consideration.

As per conditions 2.1, 2.2 and 2.3, the promoter agreed to give ₹ 1.11 crore as consideration to the consenting party in addition to 1,142 sq.ft carpet area (*i.e.* 127.36 sqm built up area), 11,140 sqft (*i.e.* 1,035.32 sqm) amnesty space and interest free refundable deposit of ₹ 59 lakh. Similarly, the promoter also agreed to give constructed area of 29,150 sqft (*i.e.* 2,709.10 sqm built up area) to the owners. Thus, the share of owners and the consenting party calculated by Audit was ₹ 7.45 crore and developer's share was ₹ 1.59 crore. Therefore, SD at the rate of five *per cent* on the value of owners and the consenting party amounting to ₹ 37.26 lakh was required to be levied. However, department levied SD ₹ 26.79 lakh which resulted in short levy of SD of ₹ 10.47 lakh.

After being pointed out by Audit (July 2018), the office of the Joint SR stated that calculation was correct and there was no need for recovery. Further, it was stated that compliance would be submitted after obtaining comments from higher authority.

### 6.6 Short levy of stamp duty in conveyance deed due to incorrect application of provisions of MS Act and ASR

MS Act envisaged that the consideration for the purpose of levy of SD and RF on an instrument brought for registration shall be the amount mentioned in the instrument or the market value of the property determined in accordance with the instructions and rates contained in the ASR prescribed for that year whichever is higher.

Audit observed short levy of SD amounting to ₹ 2.36 crore in six cases (in four units) due to incorrect application of provisions of MS Act and instructions to ASR as elaborated below:

**6.6.1** As per provision 26 (c) of ASR 2015, if the land purchased by company/society for agriculture/vegetable/floriculture/rubber plantation/teak plantation/ orchard farming *etc.* on commercial basis is situated in the non-agriculture/probable non-agricultural/residential/developable zone within the limits of urban and influence areas, it should be valued at the rate applicable to the concerned valuation zone.

Scrutiny of records at the office of the Joint SR-I, Jalgaon, district Jalgaon revealed (February 2018) that an indenture of conveyance (document No. 2356/2016) was executed (March 2016) between vendor and purchaser for sale of land admeasuring 3.78 ha (*i.e.* 37,800 sqm) together with the structure standing thereon *viz.* houses, outhouses, fencing, compound walls, edifices, buildings, court yards, sewers, drains, ditches, ways, path *etc.* situated at *gat* No. 162/2 at village Shirkoli Pro. BO (influence area), *tahsil* and district Jalgaon for a consideration of ₹ Nil. The department worked out the market value of the property of ₹ 1.62 crore and levied SD of ₹ 8.12 lakh.

Similarly, another indenture of conveyance (document No. 2358/2016) was executed (March 2016) between vendor and purchaser for sale of land admeasuring 3.78 ha (*i.e.* 37,800 sqm) together with the structure standing thereon *viz.* houses, outhouses, fencing, compound walls, office, building



court yard, sewer, drains, ditches, ways, path *etc.* situated at *gat* No. 162/1 at village Shirsole Pro. BO (influence area), *tahsil* Jalgaon, district Jalgaon for a consideration of ₹ Nil. The department worked out the market value of the property of ₹ 1.62 crore and levied SD of ₹ 8.12 lakh. The basis of calculation of market value of property by department in both the cases was not available on record.

As per ready reckoner 2015-16, the *gat* No. 162/1 & 162/2 of village panchayat Shirsole Pra. Bo., *tahsil* & district Jalgaon is categorized in zone 9.1 as non-agriculture land and the rate of ₹ 890 per sqm was prescribed for valuation. Accordingly, the market value was to be worked out to ₹ 3.36 crore on which SD at the rate of five *per cent* amounting to ₹ 16.82 lakh was leviable in each case. This resulted in short levy of SD by ₹ 17.41 lakh.

The office of the IGR stated (November 2019) that during spot verification by the office of the Collector of Stamps it was noticed that the property is situated in guava orchard and further stated that the entry in the 7/12 form also showed property as agriculture land.

The reply is not acceptable because as per recital of the document, the property was described as the piece or parcel of land or ground with messuages hereditaments and premises situated at *gat* No. 162/2, area admeasuring cultivable 3.68 ha + non-cultivable 0.10 ha, total admeasuring 3.78 ha and more particularly described in the schedule and together with all and singular structures, houses, outhouses, fencing, compound walls, edifices, buildings, court yards, areas, compounds, sewers, drains, ditches, fences, tress, plants, shrubs, ways, paths, pages, commons, gullies, wells, waters, water-course lights. Accordingly, Audit calculated the short levy of SD by ₹ 17.41 lakh.

Audit requested (February 2020) to the office of the IGR to submit the spot verification report of Collector of Stamps, Jalgaon alongwith 7/12 extract of the said piece of land. The same was not supplied.

**6.6.2** Instruction No. 24 of ASR 2016-17 envisages that where any agricultural land in the rural areas and influence areas is purchased for farm house/forest house, the said user should be treated as the probable non-agricultural user and the said land should be valued on the basis of the probable non-agricultural rate worked out in accordance with the instruction No. 16 (a) of guidelines.

Scrutiny of records at the office of the Joint SR (North)-III, Solapur, district Solapur revealed (June 2018) that a sale deed (document No. 1423/2016) was executed (May 2016) between seller and purchaser for a land admeasuring 12 ha 39 R (*i.e.* 1,23,900 sqm) of *tahsil* Solapur at village Shivaji Nagar bearing *gat* No. 28 within the limits of Solapur municipal corporation for a consideration of ₹ 3.20 crore. The department worked out the market value of the property at ₹ 3.08 crore and levied SD of ₹ 19.20 lakh. The department valued land on 50 *per cent* rate of open land by applying instruction No. 24 of ASR 2016-17.

However, the instruction No. 24 is applicable for areas where any agricultural land in the rural areas and influence areas is purchased for the farm house/forest house. As the said land is situated within the limits of

municipal corporation, the valuation of land by applying instruction No. 24 was incorrect. Accordingly, the market value of the property was to be worked out to ₹ 6.40 crore on which SD at the rate of six *per cent* amounting to ₹ 38.40 lakh was leviable. However, department levied SD of ₹ 19.20 lakh which resulted in short levy of SD by ₹ 19.20 lakh.

The office of the IGR accepted (June 2019) the audit observation.

**6.6.3** As per instruction 16 (a) of ASR 2015-16, in case of land whose rate is given in both per square meter and per hectare, valuation of property up to 2,000 sqm is to be carried out as per rate applicable for per square meter and remaining area to be valued at hectare rate.

Scrutiny of records at the office of the Joint SR, Haveli-XXVI, district Pune revealed (December 2017) that an agreement (document No. 2947/2016) for assignment was executed (March 2016) between assignor and assignee for a land admeasuring 15.13 ha<sup>56</sup> (1,51,300 sqm) situated at Charholi Budruk within the limits of Pimpri Chinchwad municipal corporation (PCMC) for a consideration of ₹ 8.36 crore. The department worked out the market value of the property at ₹ 9.12 crore and levied SD of ₹ 54.69 lakh. The basis for calculation of market value of property by the department was not found on record.

The above land is situated in two different zones (*i.e.* zone No. 23/4 and 23/4.1) of PCMC and both rates (*i.e.* per sqm and per ha) for same land are prescribed in the ASR 2015-16. Hence, the valuation of land should have been worked out as per instruction No.16 (a) of ASR 2015-16. The rate prescribed in the ASR 2015-16 for the above survey numbers was ₹ 2,480 per sqm and ₹ 1,03,95,000 per ha. By applying instruction No. 16 (a) of ASR 2015-16, the market value was to be worked out at ₹ 16.02 crore on which SD at the rate of six *per cent* amounting to ₹ 96.09 lakh was leviable. However, department levied SD of ₹ 54.69 lakh which resulted in short levy of SD ₹ 41.40 lakh.

The office of the IGR accepted (September 2019) the audit observation.

**6.6.4** As per provision 16 (c) of ASR 2016-17, where only one or more plots under the sanctioned layout excluding the roads, open spaces, amenity area *etc.* are sold, the non-agricultural rate should directly be taken into consideration for the valuation of such areas/consolidated areas.

Scrutiny of records at the office of the Joint SR-XXIII, *tahsil* Haveli, district Pune revealed (March 2018) that a sale deed (document No. 9531/2016) was executed (November 2016) between vendors (owners) and purchaser for a land admeasuring 2,407 sqm along with the permissible FSI 10,824 sqm of sanctioned layout of land bearing survey No. 15/2A1 (15/2 +15/3/1 + 15/3/2 + 15/4 +15/5 + 15/6) situated at village Balewadi within the limits of Pune municipal corporation for a consideration of ₹ 16.86 lakh. The department worked out market value of the property at ₹ 5.73 crore and levied SD of ₹ 35.09 lakh. The basis of calculation of market value of property by the department was not available on record.

<sup>56</sup> Land admeasuring 7.75 ha (77,500 sqm) bearing survey No. 90 and 7.38 ha (73,800 sqm) bearing survey No. 91

As per schedule-III of document, the vendor had permitted to utilize 2,407 sqm along with the additional area of FSI on the land admeasuring 10,824 sqm to the purchaser which was not taken into consideration by the department while determining the market value of property. The market value of the property by applying non-agricultural rate was to be worked out at ₹ 31.49 crore on which SD at the rate of six *per cent* amounting to ₹ 1.89 crore was leviable. This resulted in short levy of SD by ₹ 1.54 crore.

The office of the IGR accepted (October 2019) the audit observation.

**6.6.5** On a conveyance deed, SD is leviable under clauses (a), (b), (c) as the case may be, of Article 25 of schedule-1 of MS Act, on the market value of the property or consideration, whichever is higher, which is the subject matter of transfer. Further, guidelines 16 (a) to the ASR prescribe that the valuation of the land should be done as per the slabs mentioned therein.

Scrutiny of records at the office of the Joint SR North Solapur-III, district Solapur revealed (June 2018) that a sale deed (document No. 1781/2017) was executed (June 2017) between vendors (owners) and purchaser for a land admeasuring 1.62 ha *i.e.* 16,200 sqm situated at new survey No. 169/2/2 (old survey No. 178) at village Kasbe Solapur, *tahsil* North Solapur, district Solapur within the limits of Solapur municipal corporation for a consideration of ₹ 2.51 crore. The department calculated the market value of the property at ₹ 2.51 crore considering rate of ₹ 2,470 per sqm applicable to survey No. 178 and levied SD of ₹ 15.06 lakh.

The scrutiny of instrument revealed that the said property lies in zone No. 34/125 having survey No. 169/2/2 (new) and as per ready reckoner for the year 2017-18, the rate prescribed for open land was ₹ 3,430 per sqm. Accordingly, the market value of property was required to be worked out to ₹ 3.32 crore on which SD at the rate of six *per cent* amounting to ₹ 19.92 lakh was leviable. However, department levied SD of ₹ 15.06 lakh which resulted in short levy of SD by ₹ 4.86 lakh.

The office of the Joint SR stated that compliance would be submitted after discussion with JDR office, Solapur.

### 6.7 Short levy of stamp duty in cases of lease deed

As per Article 36 (A) (b), if leave and license agreement purports to be for a period exceeding sixty months with or without renewal clause, the duty is leviable on lease under clauses (ii) (iii) or (iv) as the case may be of Article 36. As per Article 36 (iii) and (iv) of the MS Act, in case of lease where period of lease is up to 10 years with a renewal clause contingent or otherwise, SD is leviable on 25 *per cent* of market value of the property, if lease is for period exceeding ten years and up to 29 years then SD is leviable on 50 *per cent* of market value of the property and in case where lease period exceeds 29 years, the SD is leviable on 90 *per cent* of market value of the property. Further, as per explanation-II, the renewal period, if specifically mentioned, shall be treated as part of the present lease. Instruction number 16 (b) of ASR prescribes the slabs for the valuation of open land.

Audit observed short levy of SD amounting to ₹ 44.43 lakh due to non-consideration of renewal clause in one case (in one unit) and of

₹ 1.03 crore due to undervaluation of market value in two cases (in two units) as detailed below:-

**6.7.1** Instruction 7 (c) of ASR 2015-16 provides the basis for valuation of Information Technology (IT)/Information Technology Enabled Services (ITES) premises in IT park at industrial rate of that zone. In the absence of industrial rates, unit should be valued at 110 *per cent* of the rate applicable for residential units.

A leave and license agreement<sup>57</sup> (document No. 4563/2015) was executed (July 2015) between licensor and licensee of premises admeasuring 8,262.08 sqm<sup>58</sup> of the building No. 8 in commercial zone in IT park bearing survey No. 144/145 situated at Yerwada, *tahsil* Haveli, district Pune, within limits of Pune municipal corporation for license period of seven years without mentioning the amount of consideration. The department worked out market value of property at ₹ 45.62 crore on which SD amounting to ₹ 92 lakh was levied.

Scrutiny of documents/instruments at the office of Joint SR-XII, Haveli, Pune revealed (January 2017) that as per the clause 2.1 of document, the initial period of license was seven years and clause 2.3 provided an option for further renewal of license for additional period of four years. As such, the department should have considered 50 *per cent* of market value (₹ 27.29 crore<sup>59</sup>) of property for levy of SD. Thus, incorrect calculation of market value of the property resulted in short levy of SD of ₹ 44.43 lakh<sup>60</sup>.

The office of the IGR accepted the audit observations and stated (July 2019) that an amount of ₹ 43.98 lakh was recovered (June 2019).

**6.7.2** As per instruction No. 7 (d) of ASR, a school and religious building should be valued at the rate assigned to residential flat in the valuation zone concerned.

Scrutiny of document at the office of Joint SR-IX, Thane revealed (January 2018) that, a lease deed (document No. 1391/2017) was executed (March 2017) between lessee and lessor for lease of premises consisting of ground plus four upper floors admeasuring 26,000 sqft (*i.e.* 2,416.35 sqm) bearing survey No. 47/1,6,8 & 9,48/1 B (Part), 1 C, 1 D & 1 E, situated near Highland Gardens, village Dhokali, Thane (West), *tahsil* and district Thane, within the limits of Thane municipal corporation for the period of 28 years for a consideration of ₹ 1.10 crore. The department worked out the market value of the property at ₹ 6.60 crore and levied SD of ₹ 33.01 lakh<sup>61</sup>.

<sup>57</sup> A leave and license agreement is an agreement wherein the licensor temporarily allows the licensee to use and occupy licensor's immovable property full or a portion of it, for the purpose of carrying business activity or residential use

<sup>58</sup> Units No. 301 admeasuring 4,526.02 sqm on third floor and unit No. 401 admeasuring 3,736.06 sqm on fourth floor

<sup>59</sup> Market value of property of unit No. 301 - ₹ 28.92 crore + Market value of property of unit No. 401 - ₹ 23.87 lakh + parking - ₹ 1.78 crore)

<sup>60</sup> (SD leviable = ₹ 1.36 crore) - (SD levied = ₹ 92 lakh)

<sup>61</sup> five *per cent* of (50 *per cent* X ₹ 6.60 crore)

As per instruction 7 (d) of ASR, 2016-17, the valuation of property should be ₹ 25.13 crore on which SD of ₹ 62.23 lakh<sup>62</sup> was leviable. Thus, under valuation of property resulted in short levy of SD by ₹ 29.81 lakh.

The office of the IGR accepted (May 2019) the audit observation and stated that the recovery was in progress.

**6.7.3** As per instruction No. 7 (d) of ASR 2016-17, a school and religious building should be valued at the rate assigned to residential building in the valuation zone concerned of the ASR.

Scrutiny of records at the office of the Joint SR-IX, Thane revealed (January 2018) that a lease deed (document No. 1389/2017) was executed (March 2017) between lessee and lessor for lease of premises consisting of ground plus two upper floors admeasuring 30,000 sqft (*i.e.* 2,788.10 sqm) situated at survey No. 47/1,6,8 and 9, 48/1 B (Part), 1 C, 1 D & I E, near Highland Gardens, village Dhokali, Thane (West), *tahsil* and district Thane within the limits of Thane municipal corporation for the lease period from 01.04.2017 to 31.03.2047 (*i.e.* 30 years). The department worked out the market value of the property ₹ 11.40 crore and levied SD of ₹ 57.01 lakh. The details of calculation of market value of the property determined by the department were not found on record.

As per ASR 2016-17, the property was classified under zone 8/33/3, wherein the rate for open land was ₹ 43,800 per sqm and residential building was ₹ 1.04 lakh per sqm. Accordingly, the correct market value in accordance with instruction No. 7 (d) of ASR 2016-17 was to be worked out to ₹ 28.99 crore. Therefore, the SD required to be levied was ₹ 1.30 crore<sup>63</sup>. This resulted in short levy of SD of ₹ 73.47 lakh<sup>64</sup>.

The office of the IGR accepted (November 2019) the observation partly to the extent of short levy of SD by ₹ 57.01 lakh only and stated that the land is situated at *vibhag* number 8/34-3 ङ and rate of residential building is ₹ 87,900 per sqm.

The reply is not acceptable as the said land is located in survey number 47 and *vibhag* number 8/33/3 as per office of the Town Planner, Thane. The rate of residential building is ₹ 1.04 lakh sqm as per ASR. Thus, short levy of SD of ₹ 73.47 lakh was correctly pointed out by Audit.

### **6.8 Short levy of stamp duty due to non-impounding of instrument**

As per section 33 of MS Act, every person having by law or consent of parties authority to receive evidence and every person in charge of a public office before whom an instrument chargeable is produced or comes in the performance of his functions shall, if it appears to him that such instrument is not duly stamped, impound the same and the executants have no right to seek for return of document unless the SD is paid. As per section 34 of the MS Act, no instrument chargeable with duty shall be admitted in evidence for any purpose by any person unless such instrument is duly stamped with penalty at

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<sup>62</sup> five per cent of (50 per cent X ₹ 25.13 crore)

<sup>63</sup> five per cent of (90 per cent X ₹ 28.99 lakh)

<sup>64</sup> (Stamp duty leviable - ₹ 1.30 crore) – (Stamp duty levied - ₹ 57 lakh)

the rate of two *per cent* of the deficient portion of the SD for every month or part thereof from the date of execution of such instrument provided that in no case the amount of the penalty shall exceed four times the deficient portion of the SD.

Audit scrutiny revealed short levy SD of ₹ 2.10 crore due to non-impounding of the instruments in test checked two cases as under:

**6.8.1** Section 685 of Maharashtra Registration Manual Part-II stipulates that City and Industrial Development Corporation (CIDCO) is giving plots for development on long term lease and the possession of the property handed over to the builder as licensee and not lessee therefore the documents of transfer of property on long term lease to CIDCO is to be covered under Article 5 (g-a). Prior to June 2008, the SD leviable on development agreement was one *per cent* on the market value of the property or the consideration, whichever is higher.

Scrutiny of sale deed (document No. 3827/2014) at the office of Joint SR-VIII, Koparkhane, district Thane revealed (January 2016) that an unregistered document *i.e.* agreement to lease which was a part and parcel of above sale deed was executed (January 1992) between a licensee and CIDCO. An area admeasuring 1,00,021.60 sqm situated at plot No. 24, sector 27, Nerul in Navi Mumbai was given on lease to Air India for a term of 60 years with premium of ₹ 7.50 crore. The lease period was extended to 90 years (August 1992) on payment of additional premium of ₹ 5.09 crore. The said unregistered document (agreement to lease) was required to be impounded by the SR and recovery of unpaid amount of SD along with interest thereon on the total premium of ₹ 12.59 crore paid by Air India for lease was to be effected at the time of registration of sale deed. The non-impounding of unregistered document (agreement to lease) resulted in loss of ₹ 62.98 lakh<sup>65</sup> towards SD and penalty.

The office of the IGR accepted (June 2019) the audit observation.

**6.8.2** As per Article 16 of Schedule-I of MS Act, in case of instrument relating to certificate of sale granted to the purchaser of any property sold by public auction by a Civil or Revenue Court or Collector or other revenue officer or any other officer empowered by law to sell property by public auction, SD as is leviable on a conveyance under clause (a), (b), or (c) as the case may be, of Article 25 shall be charged on the market value of the property or consideration, whichever is higher, which is the subject matter of transfer. As per Article 25 (a) if conveyance is related to movable property then SD leviable is three *per cent* of the market value of the property.

Scrutiny of records (adjudication case No. 18/2014) at the office of the Joint District Registrar and Collector of Stamps, Jalna (JDR) revealed (April 2017) that an unregistered instrument of sale certificate was executed (February 2013) by the officer authorized under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security and Interest

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<sup>65</sup> (SD leviable – ₹ 12.60 lakh) + (penalty – ₹ 50.38 lakh)

Act, 2002 for sale of movable properties<sup>66</sup> in favour of purchaser for a consideration of ₹ 19.72 crore. The movable properties were secured/mortgaged in favour of the bank<sup>67</sup> by mortgagee towards financial facility totaling to ₹ 253.68 crore given by the bank to the mortgagee. As per part III of the bid document, the authorised officer had taken possession of the movable and immovable properties of the mortgagee in 2010.

The aforesaid sale certificate of movable properties was enclosed with the case file of sale certificate for immovable properties which was adjudicated (April 2014) by the office of the JDR. However, the sale certificate was not registered and no duty was paid thereon. Hence, in view of sections 33 and 34 of the MS Act, the instrument (sale certificate) was required to be impounded for levy of SD along with penalty thereon. As per sale certificate, the consideration amount was ₹ 19.72 crore. Thus, SD of ₹ 1.47 crore<sup>68</sup> was leviable. This resulted in short levy of SD due to non-impounding of unregistered instrument.

The office of the JDR confirmed the fact that the instrument was not presented for adjudication but it was found attached with the other adjudicated instrument (adjudication No. 18/2014) and stated that further action would be taken for recovery.

The office of the IGR stated (February 2020) that action under section 33 A was in progress.

### **6.9 Short levy of stamp duty due to non-consideration of distinct matters in one instrument and non-application of instructions to ASR**

As per section 5 of MS Act, any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of the duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under MS Act. Further, instruction No. 16 (b) of ASR prescribes a method of calculation of valuation of property.

Audit observed short levy of SD amounting to ₹ 1.90 crore in four cases (in two units) due to non-consideration of distinct matters in one instrument and also non-application of ASR instructions for the valuation of property as elaborated below:

**6.9.1** During scrutiny at the office of the Joint SR-IV Vasai, Audit observed that three<sup>69</sup> development agreements were executed (August 2015 and September 2015) between three sub-developers, owner and developer for development of land admeasuring 2-07-4 ha (*i.e.* 20,740 sqm) bearing survey

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<sup>66</sup> Cane milling plant; milling plant; clarification plant; evaporation and boiling plant; cooling, curing & grading plant; steam generating plant; power plant; piping, fitting and valves; molasses storage tanks; workshop equipments; weighing equipments; vehicles; lifting equipments; electrical items and scrap material

<sup>67</sup> Maharashtra State Co-operative Bank Ltd, Mumbai

<sup>68</sup> (Penalty from February 2013 to April 2019 (six years and two months = 72+2= 74 months) = ₹ 59.16 lakh x 74 months x 2/100 = ₹ 87.56 lakh) + (SD = three *per cent* of ₹ 19.72 crore = ₹ 59.16 lakh)

<sup>69</sup> Document No. 4346/2015, 4440/2015 and 4667/2015

No./hissa No. 254/13, 254/14 and 254/15 situated at *mouza* Aachole, *tahsil* Vasai within limit of Vasai-Virar municipal corporation.

Scrutiny of development agreement (document No. 4346/2015) revealed (March 2017) that the above land was purchased (August 2015) by developer from land owner for a consideration of ₹ 14.52 crore. Audit worked out the market value of land as ₹ 28.29 crore on which SD at the rate of five *per cent* amounting to ₹ 1.42 crore was leviable. Apart from this, in this document, a development agreement with sub-developer for development of land admeasuring area of 831.26 sqm for a consideration of ₹ 1.03 crore was executed. The market value worked out by the department was ₹ 85.62 lakh. By applying instruction No. 16 (b) of ASR, the market value of the property should have been worked out to ₹ 1.46 crore on which SD of ₹ 7.30 lakh was leviable. However, department levied SD of ₹ 5.13 lakh which resulted in short levy of SD by ₹ 1.44 crore<sup>70</sup>.

Audit further observed that two more development agreements (document Nos. 4440/2015 and 4667/2015) were executed by the developer with the sub-developers for development of land which was purchased vide document No. 4346/2015 as below:

Second development agreement (document No. 4440/2015) was executed (August 2015) for development of land admeasuring area of 1,175.34 sqm for a consideration of ₹ 1.31 crore. The department worked out the market value of land as ₹ 1.21 crore. By applying instruction No. 16 (b) of ASR, market value of land should have been worked out to ₹ 2.03 crore on which SD at the rate of five *per cent* amounting to ₹ 10.14 lakh was leviable. However, department levied SD of ₹ 6.55 lakh which resulted in short levy of SD by ₹ 3.58 lakh.

Similarly, third development agreement (document No. 4667/2015) was executed (September 2015) for development of land admeasuring area of 2,250 sqm for a consideration of ₹ 2.55 crore. The department worked out the market value of land as ₹ 2.32 crore. By applying instruction No. 16 (b) of ASR, the market value of land should have been worked out to ₹ 3.75 crore on which SD at the rate of five *per cent* amounting to ₹ 18.76 lakh was leviable. However, department levied SD of ₹ 12.75 lakh which resulted in short levy of SD by ₹ 6.01 lakh. Hence, there was a total short levy of SD of ₹ 1.53 crore<sup>71</sup> on the above three transactions.

The office of the IGR accepted (June 2019) the short levy of SD of ₹ 72.59 lakh by applying land rate as ₹ 10,300 per sqm as against ₹ 1.53 crore as pointed out by Audit.

The reply is not acceptable, as the rate of open land prescribed in ASR for the year 2015-16 for the said survey number is ₹ 18,300 per sqm. Accordingly, Audit correctly worked out the short levy of SD of ₹ 1.53 crore.

<sup>70</sup> SD on market value of land - ₹ 1.42 crore + SD on development - ₹ 7.30 lakh crore ) – ( SD levied - ₹ 5.13 lakh)

<sup>71</sup> ₹ 1.44 crore + ₹ 3.58 lakh + ₹ 6.01 lakh



**6.9.2** Scrutiny of records at the office of the Joint SR-VI, Haveli, district Pune revealed (February 2015) that, a sale deed (document No. 7410/2012) was executed (July 2012) between vendors, purchaser and consenting party for land admeasuring 11,600 sqm bearing survey Nos. 13/4 C, 13/4 B, 14 A/1 B, 14 A/1 C situated at village Manjri (Budruk) (influence area), *tahsil* Haveli, district Pune for a consideration of ₹ 1.23 crore. The department had worked out the market value of the land at ₹ 2.37 crore and levied SD at the rate of five *per cent* amounting to ₹ 11.85 lakh.

As per the clause 1 of document, land owners sold the land for consideration of ₹ 1.23 crore to purchaser and as per the clause 3 of document, the development rights of the said property were vested with the consenter. The profit arising from development/sale of construction in future was to be shared between purchaser and consenter in the ratio of 20:80 (*i.e.* purchaser shall retain 20 *per cent* and consenter shall retain 80 *per cent*). Thus, two transactions were effected (i) sale of land and (ii) agreement for development of land. As per section 5 of MS Act, SD amounting to ₹ 48.50 lakh<sup>72</sup> on these two transactions was leviable. This resulted in short levy of SD by ₹ 36.65 lakh<sup>73</sup>.

The office of the IGR stated (November 2019) that Audit had incorrectly considered the gross sale proceed of the consenter instead of the purchaser for levy of SD and accepted the short levy of SD to the tune of ₹ 7.60 lakh only as against ₹ 36.65 lakh.

The reply is not acceptable, as Audit has correctly worked out the short levy of SD amounting to ₹ 36.65 lakh considering the purchaser's consideration of ₹ 9.16 crore as mentioned in clause 4 (3) of the instrument.

#### **6.10 Short levy of stamp duty due to irregular grant of remission**

As per Article 16 of schedule-I of MS Act, in case of instrument relating to Certificate of Sale granted to the purchaser of any property sold by public auction by a civil or revenue court, or collector or other revenue officer or any other officer empowered by law to sell property by public auction, SD as is leviable on a conveyance under clause (a), (b), or (c) as the case may be, of Article 25 of MS Act, on the market value of the property or consideration, whichever is higher, which is the subject matter of transfer.

As per Government Notification (May 2013) of Package Scheme of Incentives (PSI) 2013, full remission of SD for instruments classified under various Articles<sup>74</sup> of schedule I of the MS Act is provided to new unit(s)/ undertaking expansion/diversification (including mega and ultra-mega projects during the

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<sup>72</sup> ₹ 11.84 lakh leviable on sale deed + ₹ 36.66 lakh leviable on development agreement

<sup>73</sup> SD leviable ₹ 48.50 lakh - SD levied – ₹ 11.85 lakh

<sup>74</sup> Article 6 for instruments of hypothecation, pawn, pledge, deposit of title deeds, Article 25 for conveyance, Article 33 for further charge on mortgaged property, Article 36 for lease and Article 40 for mortgage deed

investment period) in Group C, D, D+ *tahsils*<sup>75</sup>, no industry districts<sup>76</sup> and naxal affected areas. As per explanation (i) of the said notification, unit means a unit which is so certified by the implementing agency specified under PSI 2013 or any other officer in this behalf.

Audit observed short levy of SD amounting to ₹ 97.52 lakh in one case due to irregular grant of remission of SD as elaborated below:

In addition to short levy of SD amounting to ₹ 1.47 crore due to non-impounding of unregistered instrument<sup>77</sup> which was executed in February 2013 in adjudication case No. 18/2014 as discussed in **paragraph 6.8.2**, it was further observed that JDR allowed remission of SD of ₹ 75.37 lakh on Certificate of Sale of immovable property to a new purchaser on the basis of eligibility certificate issued in March 2014 by Directorate of Industries, Government of Maharashtra, Mumbai. However, there was no provision for remission of SD for Certificate of Sale (covered under Article 16) in the Government Notification of May 2013<sup>78</sup>. Further, Government Notification (May 2013) was effective from April 2013 and the said Certificate of Sale for immovable property was executed in February 2013. Therefore, grant of remission of SD of ₹ 75.37 lakh was irregular.

As per this Certificate of Sale of immovable property, the receipt of ₹ 24.38 crore was acknowledged as consideration. Thus, SD at the rate of four *per cent* amounting to ₹ 97.52 lakh was leviable. However, department levied SD of ₹ 100 which resulted in short levy of SD of ₹ 97.52 lakh.

The office of the IGR stated (February 2020) that action under section 53 A was in progress.

The above observations were referred to the Government between May 2019 and April 2020; replies were awaited (June 2020).

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<sup>75</sup> (i) Group A comprising the developed areas, *viz.* Mumbai Metropolitan Region (MMR) and Pune Metropolitan Region (PMR); (ii) Group B comprising the areas where some development has taken place; (iii) Group C comprising the areas, which are less developed than those covered under Group B; (iv) Group D comprising the lesser-developed areas of the state not covered under Group A/Group B/Group C; (v) Group D+ comprising those least developed areas not covered under Group A/Group B/Group C/Group D

<sup>76</sup> Not covered under Group A/B/C/D & D+

<sup>77</sup> Certificate of Sale for movable property

<sup>78</sup> also in earlier remission notification (June 2007) under PSI 2007, no provision for remission of stamp duty for sale certificate (covered under Article 16) was available

## **CHAPTER – VII (Revenue Sector)**

### **LAND REVENUE**

#### **AUDIT OF TRANSACTIONS**

- 7.3 Follow-up audit of performance audit on ‘Sale/Allotment of land and levy and collection of conversion charges’**
- 7.4 Short recovery of unearned income**
- 7.5 Short levy of occupancy price due to application of incorrect rates**
- 7.6 Short recovery of *nazarana***
- 7.7 Short levy of Royalty and penalty on illegal extraction of clay for bricks due to incorrect calculation**

## CHAPTER VII

### LAND REVENUE

#### 7.1 Tax Administration

The administration of Land Revenue Department vests with the Principal Secretary, Revenue Department. For the purpose of administration, the state has been divided into six divisions and each division is headed by a Divisional Commissioner who is assisted by District Collectors. There are 36 District Collectors, 121 revenue sub divisions, 358 *tahsils* headed by the Tahsildar. The Revenue Inspector and Village Officers (*Talathis*) are responsible at the grass root level for collecting the land revenue and dues recoverable as arrears of land revenue.

#### 7.2 Results of Audit

There are 965 auditable units in the Land Revenue Department, out of these, audit selected 87 units for test check wherein 6,485 cases of non-agriculture assessment (NAA), zilla parishad (ZP) cess, village panchayat (VP) cess, occupancy price, lease rent, encroachment and permission of extraction of minor minerals were finalized. Out of these, 3,992 cases (*approximately 61.56 per cent*) were selected for test check. During scrutiny, audit noticed short/non-levy of NAA, ZP/VP cess, occupancy price, lease rent, unearned income *etc.* of ₹ 239.18 crore in 307 cases (*approximately 7.69 per cent* of sampled cases). These cases are illustrative only as these are based on test check of records. Audit pointed out some of the similar omissions in earlier years; not only these irregularities persist but also remained undetected till next audit is conducted. There is a need for Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed are broadly fall under the following categories.

Table 7.2

(₹ in lakh)

Sl. No.	Category	Number of observations	Amount
1	Non-levy/short levy of measurement fees, sanad fees, license fee <i>etc.</i>	41	3,358.81
2	Non-levy/short levy of fine, non – auction/short recovery of surface rent on account of sand ghats, royalty <i>etc.</i>	33	1,011.84
3	Non-levy/short levy/incorrect levy of Non – Agriculture Assessment (NAA), ZP/VP cess and conversion tax	71	1,069.35
4	Non-levy/short levy of occupancy price, lease rent, unearned income <i>etc.</i>	47	3,356.73
5	Others	115	15,121.39
<b>Total</b>		<b>307</b>	<b>23,918.12</b>

During the year 2018-19, the department accepted underassessment and other deficiencies of ₹ 22.72 crore pertaining to 196 cases, of which 12 cases involving ₹ 26.70 lakh were pointed out during 2018-19 and the rest during earlier years. The department also recovered/adjusted ₹ 22.72 crore in 196 observations during 2018-19 out of which 12 observations involving ₹ 26.70 lakh were pointed out during 2018-19 and the rest in earlier years.

## FOLLOW-UP AUDIT

### REVENUE DEPARTMENT

#### 7.3 Follow-up audit of performance audit on 'Sale/Allotment of land and levy and collection of conversion charges'

##### Introduction

Under the provisions of Maharashtra Land Revenue (Disposal of Government Land) Rules 1971 (MLR (DGL) Rules), read with circular dated 08 February 1983, the Government is empowered to allot land at concessional rates on occupancy rights/lease hold rights to educational institutions, charitable trusts, housing societies, hospitals, playgrounds, gymkhanas and religious societies. As per the mandatory terms and conditions, the land is liable to be resumed, *i.e.* taken back by the Government, if it is not used for the purpose for which it has been granted or the activity has not commenced within two years from the date of allotment.

A performance audit (PA) report on 'Sale/allotment of land and levy and collection of conversion charges' covering the period from 2005-06 to 2009-10 was included in the audit report of the Comptroller and Auditor General of India for the year ended 31 March 2011 on the Revenue Receipts of the Government of Maharashtra. The PA findings highlighted system and compliance deficiencies in the functioning of various authorities under the control of the Revenue Department. The audit report was taken up by the Public Accounts Committee (PAC) during the year 2014-15 for detailed discussion. The PAC subsequently made 11 recommendations in their ninth report of 2015-16, which was laid in the state legislature in April, 2016.

We conducted a follow-up audit from April 2019 to July 2019 to check the extent of implementation of the major recommendations of the PAC. The offices visited earlier during the course of the PA *viz.* the Additional Chief Secretary, Revenue Department, four<sup>1</sup> Divisional Commissioners out of six, and six<sup>2</sup> District Collectors out of 36, were visited again for the purpose of the follow-up audit. Records for the period from 2016-17 to 2018-19 were checked in these offices. The test check was limited to the cases appearing in the earlier audit report.

##### Audit Findings

###### 7.3.1 Non-resumption of land

As per the terms and conditions for allotment of land to various trusts/societies, if the construction work is not completed within the period stipulated in the land allotment order, the land would be resumed by the collector of the district concerned. The PAC also recommended that in case no construction work has been started or the land has been used for purpose

<sup>1</sup> Konkan, Nagpur, Nashik and Pune

<sup>2</sup> Mumbai City, Mumbai Suburban District, Nagpur, Nashik, Pune and Thane

other than what was intended, all such land should be resumed by the Government.

The Revenue and Forest Department (department) issued GR dated 11 January 2017 for grant of permission for extensions in cases where construction work on allotted lands was not completed within the stipulated time. The permission for first, second, third, fourth and fifth extension of two years each was to be granted subject to recovery of premium at the rate of two, three, five, seven and 10 *per cent* respectively of 25 *per cent* of current market value of the land. These rates were subsequently revised to 0.5, 1, 1.5, 2 and 2.5 *per cent* respectively vide GR dated 01 March 2019. The powers to grant the extensions were vested with the respective district collectors.

We noticed that out of 15 cases of land allotment mentioned in the PA, land was being used for the allotted purpose in only six cases (construction completed in three cases). In the balance nine cases of vacant land, three plots of land were resumed by the Government and order for resumption was issued in another case.

The position of the balance five cases where action was pending is briefly discussed as follows:

Table 7.3.1

Sl. No.	Name of allottee	Present status of the land as on May 2019	Remarks
1	Gyaneshwari Education Trust, <i>mouza</i> -Yerwada	Land was lying vacant from the date of allotment <i>i.e.</i> November 2008.	Collector, Pune submitted (January 2018) a proposal to the Government for recovery of ₹ 1.64 crore from the Trust as per the GR of January 2017 for giving extension for construction on allotted land.
2	Defence Personnel Co-operative Housing Society, Ltd. Lohgaon, <i>tahsil</i> Haveli, district Pune	Land was lying vacant from the date of allotment <i>i.e.</i> October 2005.	Collector had sought (January 2015) the view of the Government regarding breach of conditions by the Defence Personnel Co-operative Housing Society, which was awaited till date.
3	Trimurti Adivasi Co-Op. Gruhrachna Sanstha, <i>tahsil</i> Dighi, Haveli, district Pune	Land was lying vacant from the date of allotment <i>i.e.</i> April 2001.	The land allotted was reserved for economically backward class in the development plan. The matter was pending on account of delay in approval of change in the development plan.
4	Defence Civilian Co-operative Housing Society, Thane	Land was lying vacant from the date of allotment <i>i.e.</i> August 1993. However, there was an illegal mobile tower erected on the land and a few hutments were also found on the site, which indicated encroachment.	Action to grant extension in view of GRs of January 2017 was in progress.
5	M/s.Simplex Mills Co Ltd, Byculla, Mumbai City	Land was given on lease which expired in 1983. Land was lying vacant. However, the FSI of the land was consumed by the allottee in the construction on the adjoining land owned by him.	Although FSI of the land has been consumed by the allottee, this has not been regularised by the Government.

Considering that the above plots of land were lying unutilised for very long periods of time, the department should have initiated proceedings for resumption of the land as per the PAC's recommendations, which was not done. As a result, not only the specific objectives for which these lands were allotted remained unfulfilled, these lands were lying tied up and could not be utilised for other developmental activities.

### **7.3.2 Non-implementation of clear and transparent system for grant of land to private institutions**

The Government allots land to societies, trusts or charitable institutions for education and other purposes at concessional rates. As per the GR dated 11 May 1984, land can be allotted for the purpose of primary/secondary education at 25 per cent of the market rates of 01 February 1976. As per the GR of 30 June 1992, land can be allotted for the purpose of higher education at 50 per cent (in municipal areas)/25 per cent (in other areas) of the market rates applicable five years before the date of allotment.

We had observed in our earlier report that the valuation of the land was based on GRs which were issued a long time ago and had recommended that the criteria fixed for valuation may be reviewed.

The PAC observed that in many cases, land was allotted for construction of schools to trusts which had not received permission to operate, or were without any educational facilities or infrastructure facilities such as electricity and water. The PAC further observed that the Government was also allotting land to colleges and educational institutions at concessional rates, thus causing loss to Government. In view of this, the PAC recommended development of a clear and transparent new policy for allotment of land ensuring utmost care in grant of land to private institutions for education and other activities.

Our scrutiny of records of the Mantralaya revealed that no new policy for granting land to private institutions for education and other activities had been developed till date.

We also noticed that the Hon'ble Supreme Court of India had, in a separate special leave petition<sup>3</sup> observed that there was nothing on record to indicate existence of any policy by the Government for allotment of land to the charitable institutions; and had directed (April 2018) the Government to frame a new policy which would stand scrutiny of Article 14 of the Constitution.

We called for information regarding action taken on the framing of policy as per the Apex Court's directives, the department stated (April 2019) in its reply that a new policy in the light of the Hon'ble Supreme Court order has been framed and sent (January 2019) to the Apex Court. The new policy is yet to be implemented.

Thus, even after a period of three years from PAC's recommendations, the department was yet to implement a clear and transparent policy regarding grant of land to eligible institutions as well as for grant of concessions in fees to trusts and other societies.

<sup>3</sup> filed by Shantabai Kerkar Memorial Charitable Trust



### **7.3.3 Non-uploading of information related to land allotment in public domain**

The department vide its GR dated 26 November 2012 had directed that all Government orders, GRs, circulars, memoranda related to land allotment should be uploaded on the departmental website before issue. It had been specifically instructed to the collectors that all the existing orders of land allotment issued by the collectors and copies of agreements thereof were to be uploaded on the website of the collector office concerned by March 2013.

The PAC also recommended that information related to land allotment should be made available in the public domain immediately in order to bring more transparency in the functioning of the land allotment done to societies.

Our scrutiny of records in all the six districts revealed that orders and list of allotment of land for the periods up to 2018-19 were uploaded in the public domain in Mumbai City and Nagpur districts, whereas in Pune district, the information had been uploaded up to 2015 only. No action in this regard had been taken in the remaining three districts, viz. Mumbai Suburban, Nashik and Thane.

On the matter being taken up with collectors concerned, Collectorate, Pune stated in reply that the matter would be inquired into with the National Informatics Centre (NIC); whereas Collectorate(s) Nashik, Thane and Mumbai Suburban District stated that the orders of land allotment would shortly be uploaded in the public domain.

The fact remains that even after passage of seven years from the GR (November 2012) and three years after the recommendation of the PAC in this regard, the department has not taken concrete steps to upload the information regarding land allotment to bring in more transparency into the process.

### **Conclusion**

As pointed out above, the department did not take action to resume land, in four out of nine cases, where no construction had taken place and were lying vacant since 12 to 27 years. Despite the PAC's recommendations, the Government had not implemented a clear and transparent policy for grant of land to private institutions for education and other activities till date and had neither evolved a revised system for granting of concession in fees to trusts and other societies. The department had also not taken concrete steps to upload the information regarding land allotment to bring more transparency in the process as recommended by the PAC. The Government needs to address these issues urgently.

## COMPLIANCE AUDIT

During scrutiny of records of the various land revenue offices, we noticed non-compliance of the provisions of the Maharashtra Land Revenue Code, 1966 (MLR Code), Government notifications/instructions. A few observations involving ₹ 14.38 crore pertaining to unearned income, occupancy price, *nazarana etc.* are mentioned in the succeeding paragraphs of this chapter. These are illustrative cases and are based on the test check carried out by Audit.

### 7.4 Short recovery of unearned income

As per Revenue and Forest Department (department) Government Resolution (GR) (September 1983) permission to sell agriculture land held as class-II occupant<sup>4</sup> for agriculture purpose shall be granted subject to payment of 50 per cent of net unearned income<sup>5</sup> and 75 per cent of unearned income in case of sale of agriculture land for non-agriculture (NA) purpose respectively. Further, as per another resolution (May 2006) for allotment of Government land on occupancy basis or on lease basis and in all cases where valuation of Government land is to be done, valuation shall be determined as per rates prescribed in ASR as on date on which order for allotment of Government land is passed.

The department vide GR (April 2008) prescribed specific slabs for valuation of market value of Government land. Further, as per instruction No. 29 (a) of ASR 2016-17, where Government land in the rural areas is converted into NA objects, such land in the rural areas should be valued at 50 per cent of the NA rate and on the basis of the table of bare land given under instruction No. 16(a) for the zone concerned, after taking into account the expenses incurred for such probable NA user/development.

**7.4.1** Scrutiny of sale deed revealed (May 2018) that the Divisional Commissionerate, Pune had accorded (July 2014) sale permission in respect of Class-II land held on new tenure to the land holders for sale of land admeasuring 1.86 ha (18,600 sqm) bearing *gat* No.199 situated in *mouza* Undwadi Supe, taluka Baramati, district Pune to purchaser for NA purpose at the consideration of ₹ 2.05 lakh. The department recovered unearned income of ₹ 5.87 lakh from land holder.

As per the instruction of GR (April 2008), the market value of the said land was required to be worked out to ₹ 24.05 lakh and the unearned income of ₹ 18.04 lakh (*i.e.* 75 per cent of ₹ 24.05 lakh) was to be recovered from the land holder. This resulted in short recovery of unearned income of ₹ 12.17 lakh<sup>6</sup> due to under valuation of property.

<sup>4</sup> Class-II occupants shall consist of persons who hold unalienated land in perpetuity subject to restrictions on the right to transfer

<sup>5</sup> Unearned income means the difference between current market value or the price realised by way of sale whichever is higher and the occupancy price paid at the time of allotment plus cost of improvement

<sup>6</sup> (Unearned income to be recovered - ₹ 18.04 lakh) - (Unearned income recovered - ₹ 5.87 lakh)

The office of the Dy. Commissioner (Revenue), Pune accepted the short recovery and stated (May 2018) that action would be initiated towards recovery of unearned income as pointed out in audit.

**7.4.2** In case of Class-II land held on new tenure, the Divisional Commissionerate, Pune (December 2015) had accorded sale permission to the land holders for sale of land admeasuring 4.80 ha (48,000 sqm) bearing *gat* No.220/2 situated in *mouza* Rahu, *tahsil* Daund, district Pune to purchaser for NA purpose. The department had recovered unearned income of ₹ 27.43 lakh from land holder.

Scrutiny of sale deed document revealed (May 2018) that in the above case the land was sold (June 2016) by the land holders to purchasers for the consideration of ₹ 65.22 lakh. By applying instruction of GR (April 2008) the market value should have been worked out to ₹ 1.38 crore. Therefore, the unearned income of ₹ 1.03 crore (*i.e.* 75 per cent of ₹ 1.38 crore) was to be recovered from the land holder. However, the department recovered unearned income of ₹ 27.43 lakh. This resulted in short recovery of unearned income ₹ 76.03 lakh<sup>7</sup>.

After being pointed out (May 2018), Divisional Commissionerate (May 2018) accepted the observation.

**7.4.3** Scrutiny of sale deed document revealed (May 2018) that in case of Class-II land held on new tenure, the Divisional Commissionerate, Pune (July 2014) accorded sale permission to the land holders for sale of land admeasuring 4.66 ha (46,600 sqm) bearing *gat* No.117 situated in *mouza* Undwadi Supe, *tahsil* Baramati, district Pune to purchaser for NA purpose. The department recovered an unearned income of ₹ 15.35 lakh from land holder.

The land was sold (December 2014) by the land holder to a purchaser for NA purpose at the consideration of ₹ 3.40 lakh. By applying instruction of GR (April 2008), the market value of the land should have been worked out to ₹ 54.29 lakh. Therefore, the unearned income of ₹ 40.72 lakh (*i.e.* 75 per cent of ₹ 54.29 lakh) was to be recovered from the land holder. However, the department recovered unearned income of ₹ 15.35 lakh. This resulted in short recovery of unearned income ₹ 25.36 lakh<sup>8</sup>.

The Divisional Commissionerate accepted (May 2018) the observation.

**7.4.4** Scrutiny of records in the office of Divisional Commissionerate, Amravati revealed (July 2018) that in two cases, permission was accorded (June 2014) to the land holders for sale of Class-II land admeasuring 3.07 ha (30,700 sqm)<sup>9</sup> to purchasers for NA purpose for a consideration of

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<sup>7</sup> (Unearned income to be recovered - ₹ 1.03 crore) - (Unearned income recovered - ₹ 27.43 lakh)

<sup>8</sup> (Unearned income to be recovered - ₹ 40.72 lakh) - (Unearned income recovered - ₹ 15.35 lakh)

<sup>9</sup> *Gat* No 29/4 - 1.75 hectare (17,500 sqm) at *mouza* Godhani, Taluka and District Yavatmal; *Gat* No 4/2 - 1.32 hectare (13,200 sqm) *mouza* Vadgaon (Dhandir), taluka Wani, District Yavatmal

₹ 29.14 lakh<sup>10</sup>. The department recovered unearned income of ₹ 21.85 lakh<sup>11</sup> (i.e. 75 per cent of ₹ 29.14 lakh) from land holder.

As per instructions of GR (April 2008), the market value of the said land was required to be worked out to ₹ 78.04 lakh<sup>12</sup> and the unearned income of ₹ 58.52 lakh<sup>13</sup> (i.e. 75 per cent of ₹ 78.04 lakh) was to be recovered from the land holder. This resulted in short recovery of unearned income of ₹ 36.67 lakh<sup>14</sup> due to under valuation of property.

After being pointed out (July 2018) in audit, the office of the Dy. Commissioner (Revenue), Amravati stated that final compliance would be submitted after verification of original record.

**7.4.5** Scrutiny of records of the office of the Divisional Commissioner, Amravati revealed (July 2018) that sale permission in respect of Class-II land was accorded (July 2014) to the land holders for sale of land admeasuring 0.81 ha (i.e. 8,100 sqm) bearing survey No.109 situated at *mouza* Dhamangaon Gadi, *tahsil* Achalpur, district Amravati for NA purpose. The department recovered an unearned income of ₹ 4.68 lakh from land holder.

The department worked out the market value of the land at ₹ 6.23 lakh by applying agriculture rate instead of NA rate and without applying the provisions of GR (April 2008). As per GR and instruction No. 29 of ASR, the market value of the said land was required to be worked out to ₹ 20.61 lakh and the unearned income of ₹ 15.46 lakh (i.e. 75 per cent of ₹ 20.61 lakh) was to be recovered from the land holder. However, the department recovered unearned income of ₹ 4.68 lakh from land holder which resulted in short recovery of unearned income of ₹ 10.78 lakh.

The office of the Deputy Commissioner (Revenue), Amravati stated (July 2018) that compliance would be submitted after verification of original record.

**7.4.6** Scrutiny of records at office of the Divisional Commissioner, Pune revealed (May 2018) that the sale permission in respect of Class-II land was accorded (July 2014) to the land holders for sale of land admeasuring 7.14 ha (i.e. 71,400 sqm) bearing *gat* No.118 situated at *mouza* Undwadisupe, *tahsil* Baramati, district Pune for NA purpose. The department recovered an unearned income of ₹ 24.63 lakh from land holder.

The department worked out the market value of the land at ₹ 32.84 lakh by applying agriculture rates instead of NA rates and without adopting the provisions of GR (April 2008). As per the provisions of the GR and instruction No. 29 of ASR, the market value of the said land was required to be worked out to ₹ 81.07 lakh and the unearned income of ₹ 60.80 lakh (i.e. 75 per cent of ₹ 81.07 lakh) was to be recovered from the land holder instead of

<sup>10</sup> ₹ 14.00 lakh + ₹ 15.14 lakh

<sup>11</sup> ₹ 10.50 lakh + ₹ 11.35 lakh

<sup>12</sup> ₹ 60.33 lakh + ₹ 17.71 lakh

<sup>13</sup> ₹ 45.24 lakh + ₹ 13.28 lakh

<sup>14</sup> (Unearned income to be recovered - ₹ 58.52 lakh) - (Unearned income recovered - ₹ 21.85 lakh)

₹ 24.63 lakh which resulted in short recovery of unearned income of ₹ 36.17 lakh.

The office of the Dy. Commissioner (Revenue), Pune stated (May 2018) that the amount would be recovered.

**7.4.7** Scrutiny of the records of Divisional Commissionerate, Nashik revealed (April 2018) that office of the Collector, Nashik accorded permission (April 2016) for sale of Class-II land admeasuring 7,650 sqm situated at Survey No. 262/2/A, *mouza* Nashik, district Nashik for NA purpose. As per the order (January 2016) of Revenue Minister, the Collectorate, Nashik worked out the market value of the land for NA purpose at ₹ 52.73 lakh and recovered (March 2016) unearned income of ₹ 39.55 lakh (75 per cent of ₹ 52.73 lakh) by applying market value of land for the year 1999.

As per GR (May 2006), valuation should be determined as per rates prescribed in ASR as on date on which order for allotment of Government land is passed. The Collectorate, Nashik issued an order in April 2016, hence ASR for the year 2016-17 should have been applied. Accordingly, market value of the land was to be worked out to ₹ 7.21 crore on which unearned income of ₹ 5.40 crore (*i.e.* 75 per cent of ₹ 7.21 crore) was recoverable. However, the department recovered unearned income of ₹ 39.55 lakh. This resulted in short recovery of unearned income of ₹ five crore.

After being pointed out in audit (April 2018), the office of the Additional Collector, Nashik stated (June 2018) that an application made by of land owner in the year 1999 was not available and Revenue Minister in his order (January 2016) had directed that the market value pertaining to the year 1999 should be considered for calculation and thus, the same had been adopted.

The reply is not acceptable, as GR (May 2006) envisaged that for allotment of Government land on occupancy basis or on lease basis and in all cases where valuation of Government land is to be done, valuation shall be determined as per rates prescribed in ASR as on date on which the order for allotment of Government land is passed.

**7.4.8** Scrutiny of records of Divisional Commissionerate, Nagpur revealed (October 2018) that the office of the Collector, Chandrapur granted (November 2016) permission to land holder for sale of land admeasuring area of 1.34 ha (*i.e.* 13,400 sqm) situated at *mouza* Bhamdeli, *tahsil* Bhadravati, district Chandrapur for NA purpose. The department had worked out market value of property at ₹ 23.78 lakh on which unearned income amount of ₹ 17.83 lakh (75 per cent of ₹ 23.78 lakh) was levied.

As per instruction No. 29 (a) of ASR 2016-17, the market value of land should have been worked out to ₹ 35.10 lakh, on which unearned income amounting to ₹ 26.32 lakh (75 per cent of ₹ 35.10 lakh) was leviable. Thus, undervaluation of property resulted in short levy of unearned income amounting to ₹ 8.49 lakh<sup>15</sup>.

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<sup>15</sup> (unearned income leviable ₹ 26.32 lakh) - (unearned income levied ₹ 17.83 lakh)

In reply, the office of the Dy. Commissioner (Revenue), Nagpur stated (October 2018) that the detailed reply would be furnished after verifying the facts.

### 7.5 Short levy of occupancy price due to application of incorrect rates

As per GR (May 2006), while allotting Government land on occupancy or on lease basis, valuation of such land should be determined as per rates prescribed in ASR as on date on which order is passed for allotment of Government land. Further, as per instruction No. 29 (A) of ASR, if Government land is allotted for NA purpose, the valuation is to be done at 50 per cent of NA rate prescribed in the ASR.

**7.5.1** Scrutiny of records of the tahsil office, Buldhana revealed (May 2018) that the department vide a memorandum (January 2014) had sanctioned allotment of Government land admeasuring 24.58 ha bearing *gat* No. 280 situated at *mouza* Ruikheda (Mayamba), district Buldhana to Forest Department in lieu of forest land affected in minor irrigation project at Sarangwadi, *tahsil* Chikli subject to payment of occupancy price of ₹ 81.11 lakh by Minor Irrigation Division, Buldhana (division). On the basis of above memorandum, division deposited (April 2014) an amount of ₹ 81.11 lakh.

The department issued order in January 2014 hence rate of ASR 2014 was applicable for valuation of land. As seen from the ASR 2014 *mouza* Ruikheda is in *vibhag*-5 and minimum rate was ₹ 5.50 lakh per ha. Accordingly, occupancy price leviable was to be worked out to ₹ 1.35 crore. However, department recovered occupancy price of ₹ 81.11 lakh by applying rate of ASR 2013 which resulted in short recovery of occupancy price of ₹ 54.08 lakh.

The tahsil office stated (May 2018) that report would be submitted after verification.

**7.5.2** Scrutiny of records of the Collectorate, Jalna revealed (September 2016) that the department had permitted (November 2003) the office of the Collector to allot Government land admeasuring 22.69 ha (2,26,900 sqm) situated at *mouza* Bhaighavan, *gat* No. 65 to allottee without resorting to public auction and directed to levy temporary occupancy price at ₹ 62,000 per ha with condition that the possession of the land should not be given unless the allottee obtains exemption under the Maharashtra Agricultural Land (Ceiling on Holding) Act, 1961. The department further directed that Collector should recover the amount of difference of final valuation of land as per market value as on date of possession along with due interest.

Accordingly, the allottee paid (May 2010) the temporary occupancy price of ₹ 14.07 lakh. Exemption for holding the land for NA purpose under the Maharashtra Agricultural Land (Ceiling on Holding) Act, 1961 was granted to allottee in December 2012. Further, department intimated (September 2014) to the Collector that the possession of land may be given to the allottee after recovering final occupancy price at the rate applicable for the year 2002 with

the interest from the year 2002 as the allotment of land was sanctioned in the year 2002. Accordingly, the allottee deposited ₹ 1.51 crore (October 2014) and the Collector handed over the possession (February 2015) of the land to the allottee.

The issue of order (September 2014) by department for recovery of occupancy price at the rate for the year 2002 instead of that on the date of giving possession *i.e.* September 2014 resulted in undue benefit to allottee and short recovery of occupancy price amounting to ₹ 4.92 crore<sup>16</sup>.

The Collectorate replied (September 2016) that the occupancy price at the rate of ASR 2002 and interest was recovered as per order (September 2014) of the department.

The reply is not acceptable as the order issued (September 2014) by the department was in violation of the provisions of GR of May 2006 and contrary to the permission issued in November 2003 by the department. This resulted in short recovery of occupancy price by ₹ 4.92 crore.

## 7.6 Short recovery of *nazarana*

As per Government Circular (July 2002), if the Class-II land is converted into Class-I land for NA purpose, then the *nazarana*<sup>17</sup> amount equivalent to 50 *per cent* of market value of the land should be recovered from the applicant. Further, if Class-II land is transferred for NA purpose without prior permission of revenue authority and without remitting prescribed amount of *nazarana* by the land holders, such conversion/ transfer should be regularized on payment of *nazarana* on 50 *per cent* of the current market value of the land and penalty equal to 50 *per cent* of *nazarana* amount payable. The department clarified (September 2006) that in case the market value so determined is less than price realized by way of sale, the *nazarana* shall be determined on sale price. The Government Resolution (April 2008) prescribed specific slabs for valuation of market value of Government land.

Further, as per instruction No. 29 (a) of ASR 2016-17, where Government land in the rural areas is converted for NA purpose, such land should be valued at 50 *per cent* of the per sqm NA rate and on the basis of the table of bare land given under guideline No. 16(a) for the zone concerned, after taking into account the expenses incurred for such probable NA user/development.

**7.6.1** Scrutiny of records of the tahsil office, Sinnar, district Nashik revealed (April 2018) that an order was passed (December 2010) in favour of land holder for conversion of Class-II land admeasuring area of 6.59 hectare<sup>18</sup> situated at *mouza* and *tahsil* Sinnar into Class-I. The department worked out market value of property at ₹ 2.39 crore on which *nazarana* amount of

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<sup>16</sup> (Occupancy price leviable – ₹ 6.57 crore) – (Occupancy price levied ₹ 1.65 crore (₹ 1.51 crore + ₹ 14.07 lakh))

<sup>17</sup> *Nazarana* is an amount recoverable from the Class-II land holder who wishes to transfer Class-II land from agricultural use to NA use or from one NA use to another NA use

<sup>18</sup> (4.97 hectare in Survey No. 980(1237)/1 ) + (0.51 hectare in Survey No. 980(1237)/10 ) + ( 0.25 hectare in Survey No. 980(1237)/2) + (0.56 hectare in Survey No. 980(1237)/5) + (0.30 hectare in Survey No. 980(1237)/9)

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₹ 1.19 crore (50 per cent of ₹ 2.39 crore) was levied (December 2010). However, as per GR (April 2008), the market value of land should have been worked out to ₹ 3.20 crore, on which *nazarana* amounting to ₹ 1.60 crore (50 per cent of ₹ 3.20 crore) was leviable. Thus, undervaluation of property resulted in short levy of *nazarana* by ₹ 41 lakh<sup>19</sup>.

The tahsil office stated (April 2018) that the detailed reply would be furnished after verifying the facts.

**7.6.2** Scrutiny of the records at Collectorate, Jalgaon and gift deed document registered with the office of the Joint Sub Registrar, Bhusawal (Jt.SR) revealed (July 2017) that in one case of Class-II land admeasuring 4,000 sqm held on new tenure situated at survey no. 48/8+9, village Bhusawal held by land holder was gifted to an education society at Bhusawal for NA purpose without obtaining prior permission from the office of the Collector for 'Nil' consideration. The market value of the property was calculated by Jt.SR at ₹ 1.36 crore. However, the details of calculation of valuation of property were not available with the document.

As per circular (July 2002), in case of transfer of Class-II land for NA purpose without prior permission of revenue authority, the *nazarana* equal to 50 per cent of current market value with penalty was recoverable. The market value of land on the date of transfer was ₹ 95 lakh and therefore *nazarana* amounting to ₹ 47.50 lakh and penalty amounting to ₹ 23.75 lakh (50 per cent of ₹ 47,50,000) totalling to ₹ 71.25 lakh was recoverable. This resulted in non-recovery of *nazarana* and penalty amounting to ₹ 71.25 lakh<sup>20</sup>.

The Collectorate stated (July 2017) that the detailed reply would be furnished after verifying the case.

**7.6.3** As per Hyderabad Abolition of Inams and Cash Grants (Amendment), Act 2015, occupancy held on new and impartible tenure (occupant Class-II) may, on or after the commencement date, be converted into occupant Class-I, by making payment of 50 per cent of the amount of the current market value of such land to the Government as *nazarana* and after such conversion, such land shall be held by the occupant as occupant Class-I, in accordance with the provisions of MLR Code. Further, as per instruction No. 29 (a) of ASR 2015-16, where Government land in the rural areas is converted into NA objects, such land in the rural areas should be valued at 50 per cent of the per sqm NA rate and on the basis of the table of bare land given under valuation guideline No. 16(a) for the zone concerned, after taking into account the expenses incurred for such probable NA user/development.

Scrutiny of records of Collectorate, Beed revealed (February 2018) that, in case of Class-II land held on new tenure, the office of the Sub-Divisional Officer, Patoda had accorded (January 2016) permission for NA use to occupant on the basis of letter issued by the office of the Collector

<sup>19</sup> (*nazarana* amount recoverable ₹ 1.60 crore) - (*nazarana* amount recovered ₹ 1.19 crore)

<sup>20</sup> (*nazarana* leviable - ₹ 47.50 lakh) + (Penalty leviable - ₹ 23.75 lakh) - (*nazarana* levied - ₹ Nil)



(October 2015) wherein it was intimated that land holder had deposited (October 2015) the *nazarana* of ₹ 10.39 lakh in respect of land admeasuring 1.98 ha (*i.e.* 19,800 sqm) bearing *gat* No.199/A/1 situated in *mouza* Kada, *tahsil* Aashti, district Beed. The department calculated market value of land on the basis of rate applicable for agricultural land as prescribed in ASR 2015-16.

As per instruction No. 29(a), market value of the property was to be worked out to ₹ 66.72 lakh on which *nazarana* amount of ₹ 33.36 lakh (*i.e.* 50 per cent of ₹ 66.72 lakh) was recoverable from the land holder. However, the department recovered *nazarana* amounting to ₹ 10.39 lakh. This resulted in short recovery of *nazarana* by ₹ 22.97 lakh.

The Collectorate stated (February 2018) that matter would be investigated and final reply would be communicated to Audit.

**7.6.4** Scrutiny of records of the *tahsil* office, Chopda, district Jalgaon revealed (July 2018) that the office of the Sub Divisional Officer, Amalner passed an order (September 2016) in favour of land holder for change in use of land from agricultural to NA which was sold vide document No.1744/2015, admeasuring 4 ha 25 R (*i.e.* 42,500 sqm) situated at *gat* No.16 *mouza* Akulkhede, *tahsil* Chopda, district Jalgaon. The department determined the valuation of land at ₹ 33.09 lakh and recovered *nazarana* amount of ₹ 16.54 lakh (50 per cent of market value). The basis for arriving at valuation of land was not available on records.

As per instructions No. 29 (a) and 16 (a) of ASR 2016-17, the market value of land should have been worked out with application of NA rate which comes to ₹ 63.63 lakh and thus, the *nazarana* amounting to ₹ 31.82 lakh (50 per cent of ₹ 63.63 lakh) was leviable. However, undervaluation of the property resulted in short levy of *nazarana* amounting to ₹ 15.28 lakh<sup>21</sup>.

In reply, the *tahsil* office stated (July 2018) that the detailed reply would be furnished after verifying the facts.

### **7.7 Short levy of royalty and penalty on illegal extraction of clay for bricks due to incorrect calculation**

Under section 48 (7) of MLR Code read with Maharashtra gazette notification (June 2015), if any person who without lawful authority extracts, removes, collects, replaces, picks up or disposes of any mineral from working or derelict mines, quarries, old dumps, fields, bandhas (whether on the plea of repairing or constructions of bund of the fields or an any other plea), nallas, creeks, river-beds or such other places wherever situate, the right to which vests in and has not been assigned by the State Government shall, without prejudice to any other mode of action that may be taken against him, be liable, on the order in writing of the Collector, to pay penalty at five times of the market value of the minerals so extracted, removed, collected, replaced, picked up or disposed of, as the case may be. Besides, Collector, Pune vide circular (July 2015) had decided the market rate of clay for bricks at ₹ 1,000 per brass and royalty at

<sup>21</sup> (*naazrana* amount recoverable ₹ 31.82 lakh) – (*nazarana* amount recovered ₹ 16.54 lakh)

the rate of ₹ 160 per brass. Further, as per Government Notification (May 2015), rates of royalty for ordinary earth used for filling or leveling purpose in construction of embankment, roads, railway and building was ₹ 160 per brass.

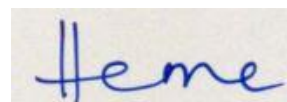
Scrutiny of records of the tahsil office Haveli, district Pune revealed (May 2018) that an order was issued (December 2017) for recovery of ₹ 30.71 lakh considering rate of royalty @ ₹ 400 per brass along with TDS @ 2.06 per cent and penalty @ five times of ₹ 420 per brass against contractor for unauthorized collection of 1,275 brass of clay for bricks.

As per notification of May 2015 and circular of July 2015, rate of royalty for earth used for manufacture of bricks was ₹ 160 per brass and the market rate of clay for bricks was ₹ 1,000 per brass. Thus, royalty @ ₹ 160 with TDS and penalty @ ₹ 5,000 per brass amounting to ₹ 65.83 lakh was required to be recovered. This resulted in short levy of royalty and penalty amounting to ₹ 35.12 lakh.

The tahsil office stated (May 2018) that a detailed report would be furnished after verifying the facts.

The above observations were referred to the Government between May 2019 and April 2020; replies were awaited (June 2020).

Nagpur  
The 31 July, 2020



(HEMA MUNIVENKATAPPA)  
Accountant General (Audit)- II,  
Maharashtra, Nagpur

Countersigned

New Delhi  
The 4 August, 2020



(RAJIV MEHRISHI)  
Comptroller and Auditor General of India

# APPENDICES

### Appendix 1.1

(Reference: Paragraph: 1.6.1; Page :3)

#### Department-wise outstanding inspection reports/paragraphs issued up to December 2018 but outstanding as on 30 June 2019

Sl. No.	Name of department		Upto2013-14		2014-15		2015-16		2016-17		2017-18		2018-19		Total	
			IR	para	IR	para	IR	para	IR	para	IR	para	IR	para	IR	para
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	Nagpur	329	823	34	125	22	62	14	45	22	90	8	35	429	1,180
		Mumbai	51	137	11	27	11	58	26	136	3	20	0	0	102	378
		<b>Total</b>	<b>380</b>	<b>960</b>	<b>45</b>	<b>152</b>	<b>33</b>	<b>120</b>	<b>40</b>	<b>181</b>	<b>25</b>	<b>110</b>	<b>8</b>	<b>35</b>	<b>531</b>	<b>1,558</b>
2	Co-operation, Marketing and Textile	Nagpur	171	315	13	39	8	21	0	0	7	20	4	14	203	409
		Mumbai	37	64	1	2	2	3	11	33	7	48	4	32	62	182
		<b>Total</b>	<b>208</b>	<b>379</b>	<b>14</b>	<b>41</b>	<b>10</b>	<b>24</b>	<b>11</b>	<b>33</b>	<b>14</b>	<b>68</b>	<b>8</b>	<b>46</b>	<b>265</b>	<b>591</b>
3	Food and Civil Supplies and Consumer Protection	Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Mumbai	33	54	1	1	0	0	2	6	30	233	18	134	84	428
		<b>Total</b>	<b>33</b>	<b>54</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>30</b>	<b>233</b>	<b>18</b>	<b>134</b>	<b>84</b>	<b>428</b>
4	Industry, Energy and Labour	Nagpur	15	34	4	15	6	23	3	29	0	0	0	0	28	101
		Mumbai	20	53	4	29	5	20	14	67	7	58	3	36	53	263
		<b>Total</b>	<b>35</b>	<b>87</b>	<b>8</b>	<b>44</b>	<b>11</b>	<b>43</b>	<b>17</b>	<b>96</b>	<b>7</b>	<b>58</b>	<b>3</b>	<b>36</b>	<b>81</b>	<b>364</b>
5	Public Works	Nagpur	148	414	26	117	23	85	21	63	39	138	49	208	306	1,025
		Mumbai	118	242	26	89	28	152	37	217	29	194	12	96	250	990
		<b>Total</b>	<b>266</b>	<b>656</b>	<b>52</b>	<b>206</b>	<b>51</b>	<b>237</b>	<b>58</b>	<b>280</b>	<b>68</b>	<b>332</b>	<b>61</b>	<b>304</b>	<b>556</b>	<b>2,015</b>
6	Tourism & Cultural Affairs	Nagpur	3	5	1	6	0	0	0	0	0	0	0	0	4	11
		Mumbai	7	16	0	0	1	3	2	16	1	10	2	14	13	59
		<b>Total</b>	<b>10</b>	<b>21</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>16</b>	<b>1</b>	<b>10</b>	<b>2</b>	<b>14</b>	<b>17</b>	<b>70</b>
7	Water Resources	Nagpur	390	878	48	190	62	205	40	128	40	145	48	226	628	1,772
		Mumbai	90	270	0	0	6	32	6	45	11	58	2	16	115	421
		<b>Total</b>	<b>480</b>	<b>1,148</b>	<b>48</b>	<b>190</b>	<b>68</b>	<b>237</b>	<b>46</b>	<b>173</b>	<b>51</b>	<b>203</b>	<b>50</b>	<b>242</b>	<b>743</b>	<b>2,193</b>
8	Forest	Nagpur	118	225	15	41	13	35	13	34	19	63	2	4	180	402
		Mumbai	57	159	2	11	5	28	7	44	7	56	3	21	81	319
		<b>Total</b>	<b>175</b>	<b>384</b>	<b>17</b>	<b>52</b>	<b>18</b>	<b>63</b>	<b>20</b>	<b>78</b>	<b>26</b>	<b>119</b>	<b>5</b>	<b>25</b>	<b>261</b>	<b>721</b>
<b>Grand Total</b>			<b>1,587</b>	<b>3,689</b>	<b>186</b>	<b>692</b>	<b>192</b>	<b>727</b>	<b>196</b>	<b>863</b>	<b>222</b>	<b>1,133</b>	<b>155</b>	<b>836</b>	<b>2,538</b>	<b>7,940</b>

**Appendix 1.2**

*(Reference: Paragraph: 1.6.3 : Page:4)*

**Statement showing number of paragraphs/reviews in respect of which  
Government explanatory memoranda not received**

<b>Sl. No.</b>	<b>Name of department</b>	<b>Up to 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Total</b>
<b>1.</b>	Agriculture, Animal Husbandry, Dairy Development and Fisheries	03	--	--	--	--	02	<b>05</b>
<b>2.</b>	Public Works	--	--	--	--	02	02	<b>04</b>
<b>3.</b>	Forest	01	--	--	--	--	02	<b>03</b>
<b>4.</b>	Tourism and Cultural Affairs	--	--	--	--	--	--	--
<b>5.</b>	Water Resources	03	01	01	--	07	08	<b>20</b>
<b>6.</b>	Industries, Energy and Labour	--	--	--	--	--	--	--
<b>7.</b>	Food, Civil Supplies and Consumer Protection	--	--	--	--	01	--	<b>01</b>
<b>8.</b>	Co-operation, Marketing and Textile	--	--	--	--	02	--	<b>02</b>
	<b>Total</b>	<b>07</b>	<b>01</b>	<b>01</b>	<b>--</b>	<b>12</b>	<b>14</b>	<b>35</b>

### Appendix 1.3

(Reference: Paragraph: 1.6.3: Page:5)

#### Department-wise position of PAC recommendations on which Action Taken Notes were awaited

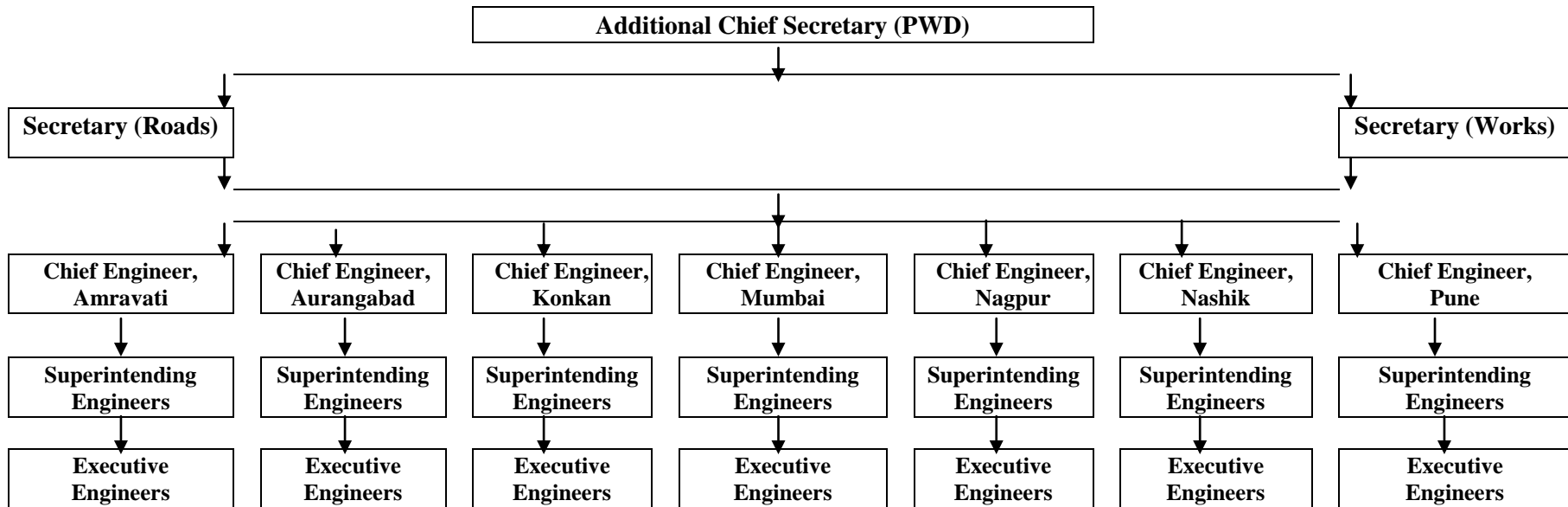
Sl. No.	Name of department	1985-86 to 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
1	Agriculture, Animal Husbandry, Dairy Development & Fisheries	35	02	02	--	--	--	--	--	40	--	--	79
2	Public Works	16	12	04	--	--	26	47	19	08	--	--	132
3	Food and Civil Supplies and Consumer Protection	--	--	--	--	--	32	--	08	--	--	--	40
4	Forest	01	--	--	--	--	--	--	12	--	--	--	13
5	Tourism and Cultural Affairs	--	--	--	--	--	--	--	--	--	--	--	--
6	Water Resources	43	07	06	--	09	--	26	--	21	--	--	112
7	Co-operation, Marketing and Textile	04	--	02	--	--	--	--	--	--	--	--	06
8	Industries, Energy and Labour	21	--	--	--	--	--	12	--	--	--	--	33
	<b>Total</b>	<b>120</b>	<b>21</b>	<b>14</b>	<b>--</b>	<b>09</b>	<b>58</b>	<b>85</b>	<b>39</b>	<b>69</b>	<b>--</b>	<b>--</b>	<b>415</b>

**Appendix-2.1**

(Reference: Paragraph: 2.1.2: Page: 8)

**ORGANISATIONAL STRUCTURE**

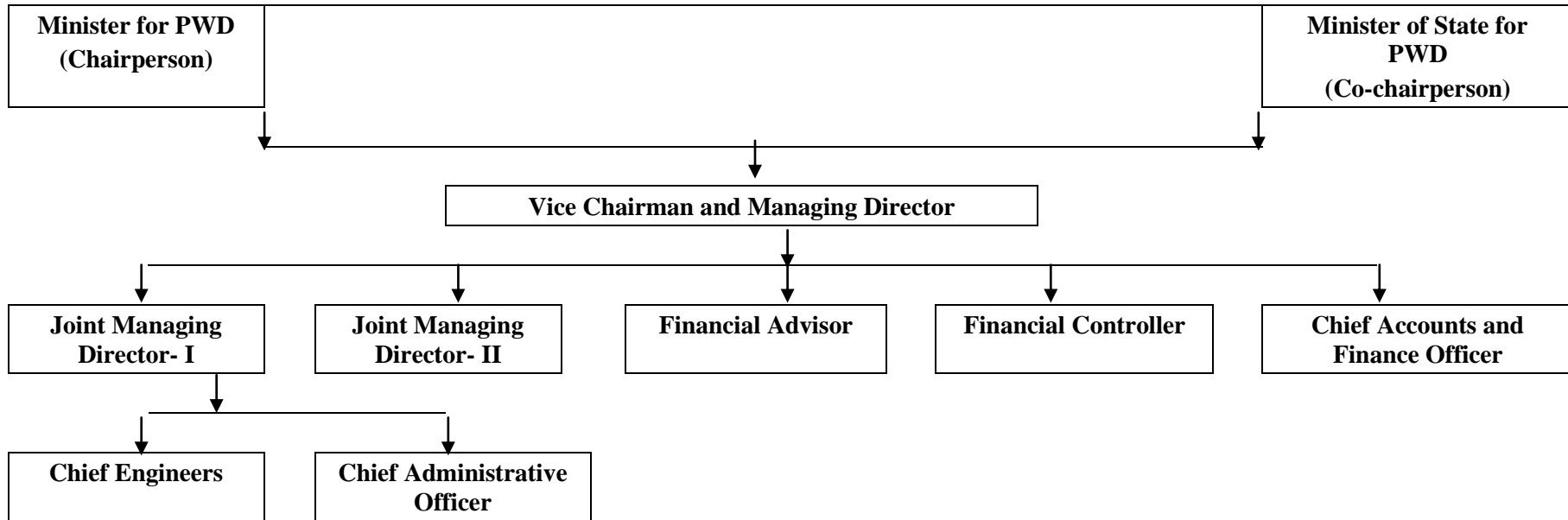
**PUBLIC WORKS DEPARTMENT**



Appendix-2.1 (cont.)

**ORGANISATIONAL STRUCTURE**

**MSRDC**





**Appendix-2.2**

(Reference: Paragraph: 2.1.4: Page:9)

List of selected circles and divisions		
Name of region	Name of circle	Name of division
1. Amravati	1. Amravati	1. PWD, Amravati
		2. SPD, Amravati
		3. PWD, Achalpur
		4. SPD No II, Daryapur
	2. Akola	5. PWD, Akola
		6. PW (World Bank) Dn., Akola
2. Aurangabad	3. Aurangabad	7. PWD, Aurangabad
		8. PW (World Bank) Dn., Aurangabad
		9. PW (West) Dn., Aurangabad
	4. Nanded	10. PWD, Parbhani
3. Nagpur	5. Chandrapur	11. PWD -I, Chandrapur
		12. PWD-II , Chandrapur
		13. PWD, Nagbhid
	6. Gadchiroli	14. PWD-I, Gadchiroli
		15. PWD-II, Gadchiroli
		16. PWD, Allapalli
4. Nashik	7. Nashik	17. PWD, Nashik
		18. PWD (East), Nashik
		19. PWD (North), Nashik
		20. PWD, Malegaon
	8. Dhule	21. PWD, Shahada
		22. PWD, Nandurbar
5. Pune	9. Kolhapur	23. PWD, Miraj
		24. PWD (West), Sangli
	10. Satara	25. PWD, Satara
		26. PWD (West), Satara
6. Konkan	11. Thane	27. PWD, Palghar
		28. PWD, Jawhar, Dist. Palghar
	12. Ratnagiri	29. PWD (North), Ratnagiri
		30. PWD, Chiplun

## Appendix 3.1

(Reference: Paragraph: 3.3 : Page:48)

**Inadmissible payment of ₹ 75.40 lakh to contractor for transportation of fly ash at site**

Item of Work	Quantity executed up to 7th RA bill (in cum)	Distance from pond to site (in km)	Transportation charges per Cum (in ₹)	Inadmissible payment to contractor due to making provision of transportation charges (in ₹) (2*4)
1	2	3	4	5
Carting of fly ash from pond to site	93.14	42	289.70	26,983
	3495.62	43	279.65	9,77,550
	2387.62	44	269.55	6,43,583
	2902.06	45	259.50	7,53,085
	3482.54	46	249.45	8,68,720
	2721.73	47	239.40	6,51,582
	2087.18	48	229.30	4,78,590
	1733.03	49	219.25	3,79,967
	1732.82	50	209.20	3,62,506
	1559.61	51	199.10	3,10,518
	2144.68	52	191.30	4,10,277
	1813.82	53	183.35	3,32,564
	583.53	54	175.25	1,02,264
	7478.39	For GSB 10 per cent and WMM 15 per cent at plant site	387.35	28,96,754
<b>Total</b>				<b>91,94,943</b>
<b>Deduct 18 per cent (below) as per agreement</b>				<b>16,55,090</b>
<b>Total inadmissible payment to contractor on account of transportation charges</b>				<b>75,39,853</b>

**Appendix 3.2**

(Reference: Paragraph: 3.9 : Page:57)

**Excess payment of ₹ 102.12 lakh to contractor due to faulty estimation**

(Amount in ₹)

Particulars	Item number and its description	Year	Quantities executed under clause-38 as per Final RA Bill (cum)	Year-wise rate of items sanctioned under clause-38	Rate as per tender	Tender rate including 10.80 per cent above	Difference in rate (5-7)	Excess payment (4*8)
1	2	3	4	5	6	7	8	9
Part-I work	1 - Excavation in soft strata	2012-13	23,399.22	77.90	41.75	46.26	31.64	7,40,351.32
		2013-14	179.58	77.90	41.75	46.26	31.64	5,681.91
		2014-15	22,390.37	86.60	41.75	46.26	40.34	9,03,227.53
	2 - Excavation in hard strata	2012-13	30,590.87	284.88	195.60	216.72	68.16	20,85,073.70
		2013-14	577.39	284.88	195.60	216.72	68.16	39,354.90
		2014-15	19,283.78	315.28	195.60	216.72	98.56	19,00,609.36
	3 - Excavation in hard rock by controlled blasting	2012-13	30,360.45	400.91	293.40	325.09	75.82	23,01,929.32
	7 - Filling COT	2012-13	2,641.12	259.27	228.75	253.46	5.81	15,344.91
		2013-14	5,690.71	259.27	228.75	253.46	5.81	33,063.03
		2014-15	68.40	311.90	228.75	253.46	58.44	3,997.30
Part-II work	2 - Excavation in hard strata	2012-13	1,06,091.37	277.36	241.86	267.98	9.38	9,95,137.05
		2013-14	21,918.15	277.36	241.86	267.98	9.38	2,05,592.25
		2014-15	13,985.09	315.48	241.86	267.98	47.50	6,64,291.78
	3 - Excavation in hard rock by controlled blasting	2012-13	41,675.42	411.35	364.59	403.97	7.38	3,07,564.60
		2013-14	507.67	411.35	364.59	403.97	7.38	3,746.60
		2014-15	131.34	456.60	364.59	403.97	52.63	6,912.42
<b>Total</b>								<b>1,02,11,877.98</b>

### Appendix 3.3

(Reference: Paragraph: 3.10: Page: 59)

#### Statement showing excess expenditure due to incorrect estimate

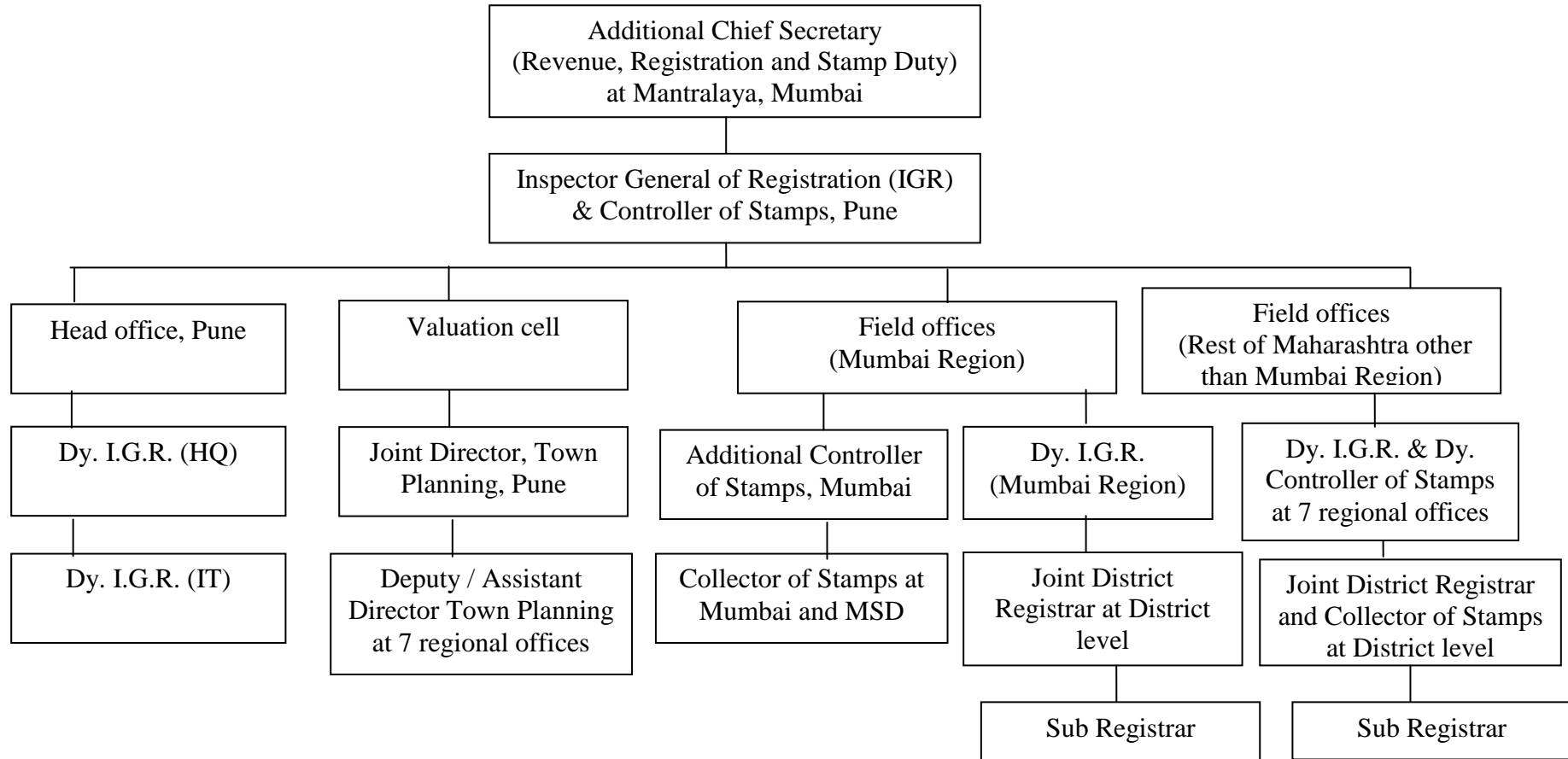
Item No	Clause-38 quantity executed (cum)	Clause-38 rate (per cum) (₹)	Rate of schedule B items (₹)	Tendered rate including 19.45 per cent above (4 + 19.45%) (₹)	Difference in rate (₹)	Excess expenditure (₹)
1	2	3	4	5	6 (3-5)	7 (2*6)
<b>Clause-38 proposal sanctioned in May 2012</b>						
Item-3 (A) drains	8,519.34	703.00	656.90	784.67	(-) 81.67	(-) 6,95,774
Item-3 (B) Rock toe	12,972.63	1,047.75	989.20	1,181.60	(-) 133.85	(-) 17,36,387
Item-6 Casing zone	18,068.79	682.65	624.71	746.22	(-) 63.57	(-) 11,48,633
<b>Clause-38 proposal sanctioned in April 2015</b>						
<b>Part-I</b>						
Item-1 Soft strata	9,15,313.58	36.15	22.88	27.33	(+) 8.82	(+) 80,73,066
Item-11 Disposal	11,55,354.93	51.51	37.55	44.85	(+) 6.66	(+) 76,94,664
Item-14 HYSD	6,083.65	5,783.85	3,496.50	4,176.57	(+) 1,607.28	(+) 97,78,129
Item-15 Backfilling	4,719.11	29.75	115.05	137.43	(-) 107.68	(-) 5,08,154
<b>Part-II</b>						
Item-2 Laying boulder	274.59	677.30	410.35	490.16	(+) 187.14	(+) 51,387
Item-3 (A) CC M-10	56.00	3,148.80	2,613.75	3,122.12	(+) 26.68	(+) 1,494
Item-3 (B) For raft	25.24	3,937.65	3,533.05	4,220.23	(-) 282.58	(-) 7,132
Item-3 (C) For conduit	40.59	4,237.65	3,518.05	4,202.31	(+) 35.34	(+) 1,434
Item-3 (D) For slab	2.73	4,237.65	4,453.05	5,319.17	(-) 1,081.52	(-) 2,953
Item-3 (E) For well	17.77	4,347.25	4,246.25	5,072.15	(-) 724.90	(-) 12,881
<b>Sub-total</b>						(+) 2,56,00,174 (-) 41,11,914
<b>As per 20<sup>th</sup> RA Bill paid in November 2018</b>	<b>Excess expenditure considering both the Clause-38 proposals (Net)</b>					<b>2,14,88,260</b>
	<b>Expenditure incurred under EIRL</b>					<b>10,05,31,432</b>

**Appendix 6.1**

(Reference: Paragraph: 6.1 & 6.4.2; Pages: 83 & 86)

**Organisational Structure**

**Registration & Stamp Duty**



**Appendix 6.2 (A)***(Reference: Paragraph: 6.4.7.5; Page:92)***Non-framing of separate value zones due to non-analysis of sales data  
DDTP, Mumbai**

Sl. No.	Year of Annual statement of rates	Zone number	CTS number	Number of transactions	Range of increase (in per cent)	Average increase
1	2014	12/91	464	495	61 to 101	74
	2015-16	12/91	464	220	54 to 130	76
2	2015-16	11/84	432/656	157	60 to 134	94
	2016-17	11/84	432/656	180	50 to 132	77

**Appendix 6.2 (B)***(Reference: Paragraph: 6.4.7.5; Page:92)***ADTP, Konkan**

Sl. No.	Year of Annual statement of rates	Zone number	CTS number	Number of transactions	Range of increase (in per cent)	Average increase
1	2016-17	10/41 (TMC)	99/2	41	62 to 221	139
2	2016-17	47/148 (KDMC)	76/2, 76/3, 76/4, 76/5, 12/13, 12/16	226	54 to 102	75
3	2016-17	34/97 (KDMC)	65/4	34	51 to 92	70

**Appendix 6.2 (C)***(Reference: Paragraph: 6.4.7.5 ; Page: 92)***ADTP, Pune**

Sl. No.	Year of Annual statement of rates	Zone number	CTS number	Number of transactions	Range of increase (in per cent)	Average increase
1	2017-18	11/10 Wakad/PCMC	45	48	34 to 85	49
2	2017-18	11/10 Wakad/PCMC	54	25	30 to 64	38
3	2017-18	27.4 to 27.7 Ambegaon Bu/ PMC	8	29	30 to 126	44
4	2017-18	27.6 Ambegaon Bu/ PMC	36	35	30 to 82	47
5	2017-18	46/619 Ambegaon Khu/ PMC	9	27	31 to 48	38

**Appendix 6.3**

(Reference: Paragraph: 6.4.7.5; Page: 92)

**Non-framing of separate value zones due to non-analysis of sales data  
Jt. SR Kalyan V**

Sl. No.	Year of Annual statement of rates	Name of affected value zones (Kalyan rural division) number	Number of transactions	Range (in per cent) by which consideration is more than money value
1	2016-17	7	595	107-220
2	2017-18	7	1524	102-199
3	2018-19	7	2749	104-239

**Appendix 6.4**

(Reference: Paragraph: 6.4.7.6; Page: 93)

**Value zone maps not updated**

Sl. No.	Area of ASR	Name of the value zone	Number of value zone	Audit observations
1	Pune Municipal Corporation	14-Parvati	14/249	There are 12 columns and 29 rows of CTS numbers totaling to 348 but none of them have been shown in the value zone maps which shows only survey numbers from 67-73. Hence, there is mismatch between CTS numbers and survey numbers.
2	do	14-Parvati	14/235,236, 241,252,256	These five value zone numbers are missing in the value zone map of Parvati.
3	do	do	14/240	There are 1722 CTS numbers under the zone but none of them were seen in the value zone maps.
4	do	do	14/250	There are 3508 CTS numbers under the zone but none of them were seen in the value zone maps.
5	do	do	14/251	There are 516 CTS numbers under the zone but none of them were seen in the value zone maps.
6	do	15-Bibvewadi	15/268,272	These two value zone numbers are missing in the value zone map of Bibvewadi.
7	do	do	15/258-262, 264-272	These zones contain only CTS numbers whereas survey numbers were shown in the value zone maps which do not tally.
8	do	16-Gultekdi	16/274, 276-286	These zones contain only final plot numbers of TPS which is not shown in the value zone maps .
9	do	17-Erandavane	17/287-308	These zones contain only CTS numbers or final plot numbers of TPS which is not shown in the value zone maps .
10	do	18-Shivaji nagar (Bamburda)	18/309-326, 329-342	do

### Appendix 6.5

(Reference: Paragraph: 6.4.7.8; Page: 94)

#### Details of cross verification of MRSAC map and ASR

Sl. No.	Name of ADTP office	Name of village/taluka	Survey Number	Location as per MRSAC map	Location as per ASR	Audit comments
1	Pune	Chakan Nagar Parishad / Khed	483, 489, 490, 492	Fronting National Highway No. 50, classifiable under value zone No.3 @ ₹ 7,000/sqm	Away from National Highway classified under value zone No.4 @ ₹ 6,100/sqm	Misclassification of survey numbers in ASR
2	Pune	Rajgurunagar Nagar Parishad/ Khed	211	Away from gaothan area but fronting National highway classifiable under value zone No.3.1 @ ₹ 6,000/ sqm	Residual agriculture land classified under value zone No. 10 @ ₹ 67,10,000/ hectore <i>i.e.</i> ₹ 671/sqm	Misclassification of survey numbers in ASR
3	Konkan	Kambegaon/ Kalyan	16	Fronting highway within periphery of <i>gaothan</i> classifiable under value zone No.11.1 @ ₹ 1,310/sqm	Probable NA land not fronting highway within <i>gaothan</i> area classified under value zone 11.2 @ ₹ 1,190/sqm	Misclassification of survey numbers in ASR
4	Konkan	Kambegaon/ Kalyan	130, 132	Fronting highway within periphery of <i>gaothan</i> classifiable under value zone No.11.1 @ ₹ 1,310/sqm	Probable NA land fronting highway outside <i>gaothan</i> classified under value zone 11.3 @ ₹ 1,250/sqm	Misclassification of survey numbers in ASR
5	Konkan	Kambegaon/ Kalyan	119	Fronting highway within periphery of <i>gaothan</i> classifiable under value zone No.9.1 @ ₹ 1,450/sqm	Shown in value zone Nos. 9.1 @ ₹ 1,450/sqm, 9.2 @ ₹ 1,370/ sqm , 9.3 @ ₹ 1,410/sqm and 9.4 @ ₹ 1,360/ sqm	Same survey number classified under four value zones creating ambiguity in valuation
6	Konkan	Kambegaon/ Kalyan	120, 129	Fronting highway outside periphery of <i>gaothan</i> classifiable under value zone No.9.3 @ ₹ 1,410/sqm	Shown in value zone Nos., 9.3 @ ₹ 1,410/sqm and 9.4 @ ₹ 1,360/sqm	Same survey number classified under two value zones creating ambiguity in valuation
7	Konkan	Asangaon/ Shahpur	9,33,35-38, 40, 41, 43-45, 56,59, 63-65, 68/A	Probable NA land fronting highway within periphery of <i>gaothan</i> classifiable under value zone No.11.1 @ ₹ 1,820/sqm	Shown in value zone Nos. 11.1 @ ₹ 18,200/sqm and 11.2 @ ₹ 1,710/sqm	Same survey number classified under two value zones creating ambiguity in valuation
8	Pune	Rajgurunagar Nagar Parishad/Khed	All survey nos. under value zone No.6.1	Fronting state highway near <i>gaothan</i> @ ₹ 3,700/- under value zone No. 6.1	Fronting state highway away from <i>gaothan</i> @ ₹ 4,500/- under value zone No. 7.1	As the land fronting highway near <i>gaothan</i> should have more rate than land fronting state highway away from <i>gaothan</i> , the land rate was incorrect



**Appendix 6.6***(Reference: Paragraph: 6.4.7.9; Page: 95)***Statement showing increase in ASR for the year 2014****(Amount in ₹)**

Sl. No.	Zone	Name of <i>tahsil</i>	Name of zone	Average decrease in sales value in previous year (2013)	Type of property	Actual rates for ASR 2013	Actual rates for ASR 2014	Increase	Increase (in per cent)
1	4/37	Mumbai city	Mandvi	-17.4	Residential	1,39,200	1,46,200	7,000	5.03
2	4/40	do	Mandvi	-1.5	Residential	89,300	1,02,700	13,400	15.01
3	5/49	do	Bhuleshwar	-4.9	Residential	1,12,600	1,29,500	16,900	15.01
4	6/56	do	Girgaon	-4.2	Residential	1,42,700	1,64,200	21,500	15.07
5	6/58	do	Girgaon	-6	Residential	1,28,900	1,41,800	12,900	10.01
6	9/76	do	Bhyculla	-4.6	Residential	1,13,900	1,19,600	5,700	5.00
7	5/50	do	Bhuleshwar	-7.1	Residential	1,27,100	1,46,200	19,100	15.03
8	8/68	do	Tadadeo	-11.3	Residential	1,31,400	1,44,600	13,200	10.05
9	14/102a	do	Dadar-Naygaon	-16.7	Residential	84,800	89,100	4,300	5.07

**Appendix 6.7**

(Reference: Paragraph: 6.4.7.9; Page: 95)

**Statement showing increase in ASR for the year 2015-16**

(Amount in ₹)

Sl. No.	Zone	Name of tahsil	Name of zone	Average decrease in sales value in previous year (2014)	Type of property	Actual rates for ASR 2014	Actual rates for ASR 2015	Increase in ASR	Increase in ASR (in per cent)
1	4/37	Mumbai city	Mandvi	-9	Residential	1,46,200	1,60,800	14,600	9.99
2	4/40	do	Mandvi	-11.8	Residential	1,02,700	1,18,100	15,400	15.00
3	5/49	do	Bhuleshwar	-5.3	Residential	1,29,500	1,55,400	25,900	20.00
4	6/56	do	Girgaon	-7.5	Residential	1,64,200	1,88,800	24,600	14.98
5	6/58	do	Girgaon	-8.5	Residential	1,41,800	1,56,000	14,200	10.01
6	9/76	do	Bhyculla	-3.4	Residential	1,19,600	1,25,600	6,000	5.02
7	5/50	do	Bhuleshwar	-14.1	Residential	1,46,200	1,75,400	29,200	19.97
8	8/68	do	Tadadeo	-4.8	Residential	1,44,600	1,66,300	21,700	15.01
9	14/102a	do	Dadar-Naygaon	-4.3	Residential	89,100	1,02,500	13,400	15.04

**Appendix 6.8**

(Reference: Paragraph: 6.4.7.9; Page: 95)

**Statement showing increase in ASR for the year 2016-17**

(Amount in ₹)

Sl. No.	Zone	Name of tahsil	Name of zone	Average decrease in sales value in previous year (2015)	Type of property	Actual rates for ASR 2015-16	Actual rates for ASR 2016-17	Increase in ASR	Increase in ASR (in per cent)
1	4/37	Mumbai city	Mandvi	-5.4	Residential	1,60,800	1,72,400	11,600	7.21
2	4/40	do	Mandvi	-9.8	Residential	1,18,100	1,26,000	7,900	6.69
3	5/49	do	Bhuleshwar	-7.3	Residential	1,55,400	1,66,400	11,000	7.08
4	6/56	do	Girgaon	-10.2	Residential	1,88,800	1,94,500	5,700	3.02
5	6/58	do	Girgaon	-10.4	Residential	1,56,000	1,65,400	9,400	6.03
6	9/76	do	Bhyculla	-6.2	Residential	1,25,600	1,34,400	8,800	7.01
7	5/45	do	Bhuleshwar	-14.9	Residential	1,84,300	1,93,500	9,200	4.99
8	4/38	do	Mandvi	-7.8	Residential	1,58,400	1,64,600	6,200	3.91
9	4/39	do	Mandvi	-16.5	Residential	1,39,600	1,53,600	14,000	10.03

## Appendix 6.9

(Reference: Paragraph: 6.4.7.9; Page: 95)

## Statement showing increase in ASR rates in spite of decrease in rates in previous year

(Amount in ₹)

Sl. No.	Name of Municipal Corporation	Village/ Zone	Type of property	Rate as per ASR 2015-16	Rate as per ASR 2016-17	Increase in rates in 2016-17 (in per cent)	Change in average consideration over rates in ASR 2015-16
1	Thane Municipal Corporation	Thane / 2/6/1	Flat	82,100	83,700	2	-10
2		Naupada / 3/10/A/1	Flat	95,800	1,05,400	10	-55
3		Naupada / 3/11/15	Shop	2,54,000	2,61,600	3	-65
4		Naupada / 3/12/15	Flat	1,07,500	1,10,700	3	-7
		Naupada / 3/12/15	Office	1,41,700	1,44,500	2	-9
5		Naupada / 3/12/15	Shop	1,99,600	2,05,600	3	-29
		Panchpakhudi/ 5/18/1/A	Office	1,36,200	1,38,900	2	-30
6	Mira Bhaiandar Municipal Corporation	2/15	Land	23,800	24,990	5	-32
			Office	79,900	82,300	3	-16
			Shop	96,800	99,700	3	-10
7	Mira Bhaiandar Municipal Corporation	3/18	Land	28,800	30,240	5	-34
			Office	85,000	87,600	3	-14
			Shop	1,08,800	1,12,100	3	-12
8	Mira Bhaiandar Municipal Corporation	7/27	Land	19,000	19,760	4	-4
			Shop	95,900	97,800	2	-7
9	Mira Bhaiandar Municipal Corporation	8/34	Land	24,300	25,270	4	-6
			Office	74,100	75,600	2	-17
			Shop	97,700	1,00,600	3	-11

**Appendix 6.10**

(Reference: Paragraph: 6.4.8.1; Page: 96)

**Method of depreciation**

**Example 1 –:** Land rate ₹ 35,390; Flat rate ₹ 74,070; Difference in rate ₹ 38,680 which is 109.30 *per cent* of land rate. If depreciation @ 40 *per cent* is given as per VG No.3 for rest of Maharashtra, then the value after depreciation comes to ₹ 44,442 (₹ 74,070 x 0.60) which is more than land rate of ₹ 35,390. Hence, condition of VG No.3 is not applicable in this case. Here we have to give total depreciation of ₹ 29,628 (₹ 74,070 x 0.40) of which depreciation of ₹ 14,156 is given on land rate (₹ 35,390 x 0.40) and depreciation given on differential cost i.e. Flat rate – Land rate i.e. ₹ 38,680 (₹ 74,070 - ₹ 35,390) is ₹ 15,472.

Thus, by following the method of depreciation as per VG No.3 for rest of Maharashtra, depreciation is allowed on land rate also which is included in total rate of the property as per ASR.

In the same case, if depreciation is given as per VG No.4 of Mumbai & MSD then the value comes to ₹ 58,598 as under :

Land rate ₹ 35,390; Flat rate ₹ 74,070;

Flat rate less land rate = ₹ 74,070 - ₹ 35,390 = ₹ 38,680

Depreciation @ 40 *per cent* on ₹ 38,680 = ₹ 15,472

₹ 38,680 - ₹ 15,472 = ₹ 23,208 + Land rate = ₹ 23,208 + ₹ 35,390 = ₹ 58,598

Thus, it may be seen that in VG No.4 of Mumbai region no depreciation is given on land rate.

**Example 2- :** Land rate ₹ 75,940; Flat rate ₹ 78,110; Difference in the two rates ₹ 2,170 which is 2.86 *per cent* of land rate. If depreciation @ 40 *per cent* is given as per VG No.3 for rest of Maharashtra, then the value after depreciation comes to ₹ 46,866 which is much less than land rate of ₹ 75,940. Hence, valuation will have to be done as per VG No.6 as per formula given there under:

Considering the property as Flat = Land rate x construction cost (after depreciation) x 1.15 = ₹ 75,940 x (₹ 24,200 x 0.60) x 1.15 = ₹ 75,940 x ₹ 14,520 x 1.15 = ₹ 1,04,029. This rate is 133 *per cent* of flat rate.

Thus, by following the method of depreciation as per VG No.3 for rest of Maharashtra, there is overvaluation of property to a great extent.

In the same case, if depreciation is given as per VG No.4 of Mumbai & MSD then

Land rate ₹ 75,940; Flat rate ₹ 78,110;

Flat rate less land rate = ₹ 78,110 - ₹ 75,940 = ₹ 2,170

Depreciation @ 40 *per cent* on ₹ 2,170 = ₹ 868

₹ 2,170 - ₹ 868 = ₹ 1,302 + land rate = ₹ 1,302 + ₹ 75,940 = ₹ 77,242

**Example 3-** : Land rate ₹ 75,940; Flat rate ₹ 75,940; difference in the two rates ₹ Nil. If we give any percentage of depreciation on zero, the result will be zero.

If depreciation @ 40 *per cent* is given as per VG No.3 for rest of Maharashtra, then the value after depreciation comes to ₹ 45,564 which is much less than Land rate of ₹ 75,940 hence, valuation will have to be done as per VG No.6 as per formula given there under :

Considering the property as Flat = Land rate x construction cost after depreciation) x 1.15 = ₹ 75,940 x (₹ 24,200 x 0.60) x 1.15 = ₹ 75,940 x ₹ 14,520 x 1.15= ₹ 1,04,029. This rate is 137 *per cent* of flat rate.

Thus, by following the method of depreciation as per VG No.3 for rest of Maharashtra, there is overvaluation of property to a great extent.

In the same case, if depreciation is given as per VG No.4 of Mumbai & MSD then

Land rate ₹ 75,940; Flat rate ₹ 75,940;

Flat rate less land rate = ₹ 75,940 - ₹ 75,940 = 0

Depreciation @ 40 *per cent* on zero = 0

0 + Land rate = 0 + ₹ 75,940 = ₹ 75,940

Thus, by following the method of depreciation as per VG No.4 of Mumbai, there is no loss or gain to either party.

### Appendix 6.11

(Reference: Paragraph: 6.4.8.1; Page: 96)

#### Lack of uniformity in calculation of depreciation

Sl. No.	Name of unit	Instrument number/Year	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	Joint Sub Registrar, Haveli-XXII, Pune	2246/2015	39/566	4,11,53,116	NA	20,57,656	8,32,000	12,25,656
2		1746/2015	25/403	6,72,86,315	NA	33,64,315	10,66,000	22,98,315
3		14884/2015	25/403	52,59,63,939	46,74,00,000	3,15,57,836	2,80,50,000	35,07,836
4	Joint Sub Registrar, Haveli-I,Pune	5446/2018	1	72,66,36,000	0	9,08,295	7,80,000	1,28,295
5	Joint Sub-Registrar, Haveli-III, Pune	2383/2018	18/319	6,33,25,585	5,25,00,000	37,99,535	31,50,000	6,49,535
6	Joint Sub Registrar, Thane-V	17254/2018	5/15,	15,18,64,088	0	75,93,204	69,94,000	5,99,204
7	Joint District Registrar and COS Thane City Dist Thane	ADJ/222/2018	5/16, 5c	20,80,43,425	0	1,04,02,171	99,86,050	4,16,121
8	Joint District Registrar and COS Thane City Dist Thane	ADJ/223/2018	5/16, 5c	18,42,23,212	17,78,56,000	92,11,160	88,92,800	3,18,360
9	Joint District Registrar and COS Thane City Dist Thane	ADJ/226/2018	5/16, 5c	51,18,53,991	0	2,55,92,700	2,51,75,700	4,17,000
10	Joint District Registrar and COS Thane City Dist Thane	ADJ/259/2016	22/229/1	16,71,03,672	0	83,55,184	75,00,000	8,55,184
11	Joint District Registrar and COS Thane City Dist Thane	ADJ/236/2016		2,22,95,563	0	11,14,778	10,84,950	29,828
12	Joint District Registrar and COS Thane City Dist Thane	ADJ/225/2018	5/16, 5c	50,64,74,097	0	2,53,23,705	2,45,35,600	7,88,105
13	Joint District Registrar, Pune City	Adj. No.18/2018	2/25	12,06,29,164	8,11,00,000	72,37,750	48,66,000	23,71,750
14	Joint District Registrar, Pune City	Adj. No.229/2018	4/87	4,90,99,148	2,00,00,000	29,45,949	12,00,000	17,45,949
15	Joint District Registrar, Pune City	Adj.No.172/2018	29/436	1,48,91,31,949	1,38,00,00,000	8,93,47,917	8,28,00,000	65,47,917
<b>Total</b>								<b>2,18,99,055</b>

**Appendix 6.12**  
(Reference: Paragraph: 6.4.8.2; Page: 97)

**Lack of uniformity in increasing land rate for TDR potential**

Sl. No.	Name of unit	Instrument number/Year	Village / district	Zone Number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	Joint Sub Registrar, Haveli-XI	4316/2019	Baner/Pune	39/565	18,39,62,178	23,87,100	1,28,77,352	83,62,000	45,15,352
2	Joint Sub Registrar, Haveli-XI	5095/2018	Hadapsar/Pune	30.441.1	11,35,53,733	NA	68,13,224	49,40,600	18,72,624
3	Joint Sub Registrar, Haveli-XI	5094/2018	Hadapsar/Pune	30.441.1	7,85,77,884	NA	47,14,673	37,59,500	9,55,173
4	Joint Sub Registrar, Haveli-XXII	3743/2017	Vadgaon Budruk/Pune	64/712	8,53,16,000	14,43,000	51,18,960	36,57,000	14,61,960
5	Joint Sub Registrar, Haveli-XXII	14999/2018	Warje/Pune	43/600	13,51,09,350	50,00,000	67,55,468	45,04,000	22,51,468
6	Joint Sub Registrar, Haveli-XXVII	4824/2017	Ravet/Pune	13/2	23,64,07,500	18,27,45,000	1,41,84,450	1,09,65,000	32,19,450
7		14776/2018	Bhosri/Pune	4/42	15,85,62,786	11,00,00,000	95,13,767	66,00,000	29,13,767
8		8388/2017	Kiwale/Pune	20.1	11,14,56,000	9,00,00,000	66,87,360	55,73,000	11,14,360
9	Joint Sub-Registrar Haveli-III	8635/2018	Kesnand/Pune	6/6.1	20,00,03,430	13,25,00,000	1,20,00,206	79,50,000	40,50,206
10		9836/2018	Mundhawa/Pune	11.4	19,47,28,920	14,00,00,000	1,16,83,735	1,00,39,900	16,43,835
11		11296/2017	Mudhawa (Keshavnagar parisar)/Pune	11.4	24,52,12,140	16,50,00,000	1,47,12,728	82,50,000	64,62,728
12		11186/2018	Yewalewadi/Pune	65/718	27,47,90,880	17,03,32,000	1,64,87,453	1,17,76,800	47,10,653
13		5920/2018	Kharadi/Pune	55/669.1	19,45,42,062	16,50,00,000	1,16,72,524	87,00,000	29,72,524
14	Joint Sub Registrar, Haveli-XX	5509/2019	Mahalunge/Pune	9.3	37,14,84,109	32,50,00,000	2,22,89,047	1,95,00,000	27,89,047
15	Joint Sub-Registrar Kalyan-IV	5030/2018	Ambivali/ Thane	28/85	2,70,73,563	NA	16,24,000	13,47,600	2,76,400
16		11314/2018	Godiwadi/ Thane	49/157	2,96,50,875	NA	14,83,000	13,05,500	1,77,500
<b>Total</b>									<b>4,13,87,047</b>

### Appendix 6.13

(Reference: Paragraph: 6.4.8.3(i) ; Page: 99)

#### Incorrect method of calculating consideration in case of development agreements for sharing of built up area

Sl. No.	Name of unit	Instrument number/Year	Village/ district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	IGR, Pune	7219/2017	Balewadi/ Pune (PMC)	58/679	19,95,61,513	23,75,48,544	1,18,77,427	1,14,29,875	4,47,552
2		3166/2018	Wadmukh wadi/ Pune (PCMC)	24.1	5,57,18,400	43,79,62,692	2,18,98,135	2,03,83,025	15,15,110
3	JDR, Pune City	Adj case No.272/2019	Yewalewadi/Pune	65/717	15,17,49,445	41,74,03,493	2,08,70,175	80,01,200	1,28,68,975
4		Adj case No.348/2019	Baner/Pune	39/562	13,77,79,065	18,98,56,257	94,92,813	72,04,900	22,87,913
5		Adj case No.297/2019	Ghorpadi/Pune	32/503	5,64,46,130	8,24,77,972	41,23,899	25,07,350	16,16,549
6		Adj case No.65/2019	Rawat/Pune	13.2	6,93,44,380	15,63,68,200	78,18,410	38,40,350	39,78,060
7		Adj case No.132/2019	Tathawade/Pune	28.1	8,74,80,741	20,77,05,205	1,03,85,260	62,37,000	41,48,260
8	Jt.SR, Haveli-XI	13112/2017	Wanawadi/ Pune	34/518	1,87,92,000	11,72,84,525	58,64,226	23,38,000	35,26,226
9	Jt.SR, Haveli-XXII	10256/2017	Bibwewadi/ Pune	15/263.3	79,19,35,200	1,73,58,12,864	8,67,90,643	3,74,31,000	4,93,59,643
10	Jt.SR, Haveli-XXII	4533/2017	Nanded/ Pune	12.1	1,71,34,335	6,86,76,071	27,47,042	21,00,300	6,46,742
11		8793/2018	Baner/ Pune	39/570	3,30,24,000	3,48,23,610	17,41,180	11,00,800	6,40,380
12		17158/2018	Baner/ Pune	39/567	9,03,06,956	14,99,26,021	74,96,301	45,00,000	29,96,301
13	Jt.SR, Haveli-XXVI	5832/2016	Mohammedwadi/ Pune	54/663	16,36,81,513	18,67,56,075	93,37,804	63,20,000	30,17,804
14	Jt.SR, Haveli-XXVI	8544/2016	Thergaon/ Mulshi / Pune	3/2	7,95,51,940	9,74,41,790	48,72,090	31,96,500	16,75,590
15	Jt.SR, Haveli-XXVI	5260/2016	Chikhali/ Tah-Haveli/ Pune	14/9	79,07,41,663	26,07,24,152	1,30,36,207	65,48,000	64,88,207



**Appendix 6.13 (Cont.)**

Sl. No.	Name of unit	Instrument number/Year	Village/ district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
16	Jt.SR, Haveli-XVII	7794/2017	Rahatani/ Tah-Haveli/ Pune	12/4	4,66,72,701	5,93,97,009	29,69,850	20,28,000	9,41,850
17	Jt.SR, Haveli-XVII	3958/2017	Charoli/ Tah-Haveli/ Pune	23/4	2,67,37,425	20,20,11,053	1,01,00,553	73,75,500	27,25,053
18	Jt.SR, Haveli-XVII	2813/2017	Undari/ Tah-Haveli/ Pune	49/643.1	6,47,43,437	23,83,77,195	1,19,18,860	74,88,000	44,30,860
19	Jt.SR, Haveli-XVII	14208/2018	Dhanori/Pune	26/410	18,56,66,745	15,33,54,704	92,83,337	71,33,800	21,49,537
20	Jt.SR, Haveli-XVII	2855/2018	Thergaon/ Mulshi / Pune	3/2	5,62,02,080	6,82,33,008	34,11,650	28,29,700	5,81,950
21	Jt.SR, Haveli-I	1346/2018	Bibvewadi/Pune	15/270	31,73,43,531	29,42,43,972	1,58,67,177	72,20,000	86,47,177
22		20/2017	Charholi Budruk / Pune	23/2	58,60,008	3,60,90,195	18,04,510	12,12,600	5,91,910
23		22/2017	Charholi Budruk / Pune	23/2	71,79,480	4,41,97,341	22,09,870	14,85,000	7,24,870
24		43/2017	Charholi Budruk / Pune	23/2	58,60,008	3,60,90,195	18,04,510	12,26,000	5,78,510
25		45/2017	Charholi Budruk / Pune	23/2	71,79,480	4,41,97,341	22,09,870	15,16,000	6,93,870
26		231/2017	Charholi Budruk / Pune	23/2	71,79,480	4,41,97,341	22,09,870	15,16,000	6,93,870
27		6574/2018	Kondhawa khurd / Pune	33/511	6,83,51,745	8,54,12,198	42,70,610	37,10,000	5,60,610
28	Jt. SR, Mulshi-II	4162/2018	Bhugaon/Pune	11.1	21,99,12,000	24,56,49,874	1,47,38,992	1,19,95,200	27,43,792
29		4164/2018	Bhugaon/Pune	11.1	7,33,04,000	8,77,75,563	52,66,534	39,98,400	12,68,134
30	Jt.SR, Haveli-III	4804/2016	Mundhawa/Pune	27.1	7,84,74,980	14,22,68,962	56,90,758	47,45,000	9,45,758
31	JDR & COS, Thane City	ADJ/123/2018	Barave / Thane	17/60-813	58,34,28,122	43,71,74,247	2,91,71,406	2,24,15,575	67,55,831
32	Jt.SR, Kalyan-V, Thane	2910/2018	Chole/ Kalyan/ Thane	9/37 Division 17A	3,94,57,440	1,28,32,203	19,72,872	12,78,200	6,94,672

## Appendix 6.13 (Cont.)

Sl. No.	Name of unit	Instrument number/Year	Village/ district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
33	Jt.SR, Kalyan-V, Thane	4483/2017	Nandivali, Kalyan/ Thane	36/101	3,70,44,000	7,08,11,900	35,40,595	17,82,000	17,58,595
34	Jt.SR, Kalyan-V, Thane	7097/2018	Khadegolvali/ Kalyan/ Thane	35/99	3,88,77,300	10,02,07,580	50,10,379	25,30,500	24,79,879
35	Jt.SR, Kalyan-V, Thane	713/2018	Tisgaon/ Kalyan/ Thane	22/72	5,30,96,400	1,76,84,352	26,54,820	9,48,500	17,06,320
36	Jt.SR, Kalyan-V, Thane	2982/2018	Kanchangaon/ Kalyan/ Thane	10/43 division 17C	11,13,90,000	12,56,58,100	62,82,905	46,47,400	16,35,505
37	Jt.SR, Kalyan-V, Thane	5627/2018	Tisgaon/ Kalyan/ Thane	22/72	3,17,30,700	1,47,56,376	15,86,535	7,65,000	8,21,535
38	Jt.SR, Bhivandi-I, Thane	2867/2016	Kamathghar / Bhivandi / Thane	9/78 and No 6/25	10,35,25,277	28,68,91,092	1,43,44,554	72,45,000	70,99,554
39	Jt.SR, Bhivandi-I, Thane	2185/2016	Kalher / Bhivandi / Thane	27.17	6,75,48,000	53,30,54,455	2,13,22,178	1,82,95,000	30,27,178
40	Jt.SR -I, Thane	3232/2017	Kalher / Bhivandi / Thane	1/2	7,55,78,800	46,31,48,633	2,31,57,432	1,39,84,400	91,73,032
41	Jt.SR, Kalyan-II, Thane	214/2018	Kambegaon/Thane	9/37-3B1	1,11,22,770	9,71,77,771	48,58,889	19,97,300	28,61,589
42	Jt.SR Kalyan-III	2631/2017	Kalyan / Thane	1/09	16,56,67,185	16,79,89,210	83,99,461	52,69,500	31,29,961
43		2783/2017	Thakurli/Thane	5/24	3,36,89,812	5,89,36,376	29,46,819	12,17,000	17,29,819
44		2938/2017	Chole/Thane	9/40	5,17,38,492	3,78,06,777	25,86,925	13,51,500	12,35,425
45		3169/2017	Golawali/Thane	49/155	4,57,53,926	10,15,74,341	74,72,818	17,87,000	56,85,818
46		3167/2017	Golawali/Thane	49/155	2,99,76,710	6,77,87,127	49,57,905	11,97,000	37,60,905
47	Jt.SR Kalyan-II	11224/2017	Thakurli/Thane	5/24	24,13,87,278	12,39,13,812	1,20,69,364	74,23,500	46,45,864
48		12613/2017	Ghajibhandan Patharli/Thane	8/32	16,82,91,320	4,86,16,209	84,14,566	68,67,000	15,47,566
49		11326/2017	Katemanivali/Thane	23/74	1,83,92,962	7,99,81,388	39,99,069	11,98,000	28,01,069
<b>TOTAL</b>								<b>18,60,41,180</b>	

### Appendix 6.14

(Reference: Paragraph: 6.4.8.3(ii); Page: 99)

#### Incorrect method of calculating consideration & market value in case of development agreements for sharing of sale proceeds

Sl. No.	Name of unit	Instrument number/Year	Village/ district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	IGR, Pune	10680/2016	Kharadi/ Pune (PMC)	55/669	34,80,19,760	41,83,91,608	2,09,19,580	1,74,01,000	35,18,580
2	JDR, Pune City	Adj case No. 85/2019	Shivajinagar/Pune	18/341	4,99,26,572	13,75,28,782	68,76,439	28,63,900	40,12,539
3		269/2018 & 84/2019	Ambegaon Bhudruk /Pune	53/658	15,11,37,480	37,90,84,226	1,89,54,211	60,56,700	1,28,97,511
4		Adj case No. 313/2018	Tathawade/Pune	28.5	8,13,52,656	41,04,44,001	2,05,22,200	1,05,90,900	99,31,300
5		Adj case No. 119/2017	Katraj/Pune	24/394	13,24,67,520	25,92,58,625	1,29,62,931	62,82,025	66,80,906
6	Jt. SR Haveli-XI	336/2018	Bawdhan Khurd/ Pune	11/4 (land), 27.4.1 to 27.4.3	15,82,54,740	27,39,07,945	1,36,95,397	60,00,000	76,95,397
7	Jt. SR, Haveli-XI	341/2018	Bawdhan Khurd/ Pune	11/4 (land), 27.4.1 to 27.4.3	14,60,34,000	28,95,68,155	1,44,78,408	58,00,000	86,78,408
8	Jt. SR, Haveli-XVII	7131/2016	Punawale/Pune	22.3	3,52,80,000	22,52,76,996	1,12,63,850	61,33,100	51,30,750
9	Jt. SR, Haveli-I	8316/2018	Kondwa Budruk/ Pune	47/628.2	20,36,96,040	27,79,78,394	1,38,98,920	89,03,000	49,95,920
10	JDR, Thane Rural	Adj case No. 452/2017	Chikholi/Thane	4/16	12,15,99,878	21,03,45,309	1,05,17,265	51,60,300	53,56,965
11	JDR, Thane Rural	Adj case No. 443/2017	Mauje-Pale/Thane	4/16	4,12,24,800	17,70,84,896	88,54,245	44,51,100	44,03,145
12	Jt. SR, Bhivandi-I, Thane	4241/2017	Kon/Thane	1/2	5,84,10,000	9,44,26,974	37,77,078	23,36,400	14,40,678
							<b>Total</b>		<b>7,47,42,099</b>

**Appendix 6.15 (A)**

(Reference: Paragraph: 6.4.8.4(i); Page: 101)

**Impact of use of additional FSI & TDR on increase in rate of land in Mumbai region**

ASR for Mumbai region: As per VG No.3, the land rate is to be increased by 25 per cent in Mumbai island city if the property has a TDR potential

**Example –1: TDR for 9 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	9 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.33
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.5 Addl. FSI and 0.17 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50 per cent of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (Basic FSI = 3,000 sqm x ₹ 10,000 x 1.33)	₹ 3,99,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 0.17 x ₹ 10,000	₹ 51,00,000
10	Total	₹ 6,00,00,000
11	Less : Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50+0.17) x 0.50 x ₹ 10,000	₹ 1,00,50,000
12	<b>Net value of land</b>	<b>₹ 4,99,50,000</b>
13	Increase in land value due to use of Addl. FSI & TDR ₹ 4,99,50,000 - ₹ 3,99,00,000 = ₹ 1,00,50,000 which is 25.19 per cent of basic land value	₹ 1,00,50,000
14	Impact of use of Addl. FSI & TDR on increase in rate of land	25.19 per cent
15	Land rate to be increased as per VG No.3 in MSD	25 per cent
16	Undervaluation in land rate	0.19 per cent

**Example –2: TDR for 15 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	15 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.33
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.62 Addl. FSI and 0.45 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50 per cent of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x ₹ 10,000 x 1.33)	₹ 3,99,00,000
8	Addl. FSI = 3,000 sqm x 0.62 x ₹ 10,000	₹ 1,86,00,000
9	TDR = 3,000 sqm x 0.45 x ₹ 10,000	₹ 1,35,00,000
10	Total	₹ 7,20,00,000
11	Less : Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.62+0.45) x 0.50 x ₹ 10,000	₹ 1,60,50,000
12	<b>Net value of Land</b>	<b>₹ 5,59,50,000</b>

**Appendix 6.15 (A) (Cont.)**

13	Increase in land value due to use of Addl. FSI & TDR ₹ 5,59,50,000 - ₹ 3,99,00,000 = ₹ 1,60,50,000 which is 40.23 <i>per cent</i> of basic land value	₹ 1,60,50,000
14	Impact of use of Addl. FSI & TDR on increase in rate of land	40.23 <i>per cent</i>
15	Land rate to be increased as per VG No.3 in MSD	25 <i>per cent</i>
16	Undervaluation in land rate	15.23 <i>per cent</i>

**Example –3: TDR for 30 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	30 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.33
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.84 Addl. FSI and 0.83 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50% of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x ₹ 10,000 x 1.33)	₹ 3,99,00,000
8	Addl. FSI = 3,000 sqm x 0.84 x ₹ 10,000	₹ 2,52,00,000
9	TDR = 3,000 sqm x 0.83 x ₹ 10,000	₹ 2,49,00,000
10	Total	₹ 9,00,00,000
11	Less : Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.84+0.83) x 0.50 x ₹ 10,000	₹ 2,50,50,000
12	<b>Net value of land</b>	<b>₹ 6,49,50,000</b>
13	Increase in land value due to use of Addl. FSI & TDR ₹ 6,49,50,000 - ₹ 3,99,00,000 = ₹ 2,50,50,000 which is 62.78 <i>per cent</i> of basic land value	₹ 2,50,50,000
14	Impact of use of addl. FSI & TDR on increase in rate of land	62.78 <i>per cent</i>
15	Land rate to be increased as per VG No.3 in MSD	25 <i>per cent</i>
16	Undervaluation in land rate	37.78 <i>per cent</i>

ASR for Mumbai Region: As per VG No.3, the land rate is to be increased by 40 *per cent* in MSD if the property has a TDR potential

**Example –1: TDR for 9 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	9 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.00
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.5 Addl. FSI and 0.5 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50 <i>per cent</i> of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x ₹ 10,000)	₹ 3,00,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
	Total	₹ 6,00,00,000

## Appendix 6.15 (A) (Cont.)

10	Less : Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50 + 0.50) x 0.50 x ₹ 10,000	₹ 1,50,00,000
11	Net value of land	₹ 4,50,00,000
12	Increase in land value due to use of Addl. FSI & TDR ₹ 4,50,00,000 - ₹ 3,00,00,000 = ₹ 1,50,00,000 which is 50 per cent of basic land value	₹ 1,50,00,000
13	Impact of use of Addl. FSI & TDR on increase in rate of land	50 per cent
14	Land rate to be increased as per VG No.3 in MSD	40 per cent
15	Undervaluation in land rate	10 per cent

## Example –2: TDR for 15 metre wide road

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	15 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.00
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.5 Addl. FSI and 0.7 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50 per cent of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x ₹ 10,000)	₹ 3,00,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 0.70 x ₹ 10,000	₹ 2,10,00,000
10	Total	₹ 6,60,00,000
11	Less : Premium for Addl. FSI & TDR Land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50+0.70) x 0.50 x ₹ 10,000	₹ 1,80,00,000
12	Net value of land	₹ 4,80,00,000
13	Increase in land value due to use of Addl. FSI & TDR ₹ 4,80,00,000 - ₹ 3,00,00,000 = ₹ 1,80,00,000 which is 60 per cent of basic land value	₹ 1,80,00,000
14	Impact of use of Addl. FSI & TDR on increase in rate of land	60 per cent
15	Land rate to be increased as per VG No.3 in MSD	40 per cent
16	Undervaluation in land rate	20 per cent

## Example –3: TDR for 30 metre wide road

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000/sqm
3	Width of the road facing the property	30 metre
4	Basic/zonal FSI available as per Table 12 of para 30 of DCR of MCGM	1.00
5	Addl. FSI & TDR available as per Table 12 of para 30 of DCR of MCGM	0.5 Addl. FSI and 1.0 TDR
6	Rate of premium for additional FSI as per para 30(6) of DCR of MCGM	= 50 per cent of land rate
<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x ₹ 10,000)	₹ 3,00,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 1.0 x ₹ 10,000	₹ 3,00,00,000
10	Total	₹ 7,50,00,000

**Appendix 6.15 (A) (Cont.)**

10	Less : Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50+1.0) x 0.50 x ₹ 10,000	₹ 2,25,00,000
11	Net value of land	₹ 5,25,00,000
12	Increase in land value due to use of Addl. FSI & TDR ₹ 5,25,00,000 - ₹ 3,00,00,000 = ₹ 2,25,00,000 which is 75 per cent of basic land value	₹ 1,80,00,000
13	Impact of use of Addl. FSI & TDR on increase in rate of land	75 per cent
14	Land rate to be increased as per VG No.3 in MSD	40 per cent
15	Undervaluation in land rate	35 per cent

**Appendix 6.15 (B)**

(Reference: Paragraph: 6.4.8.4(i); Page: 101)

**Impact of use of additional FSI & TDR on increase in rate of land in rest of Maharashtra**

ASR for rest of Maharashtra Region: As per VG No.31, the land rate is to be increased by 25 per cent if the property has a TDR potential. Rate of premium for Additional FSI for Pune Municipal Corporation is 50 per cent for residential/mix use and industrial purpose as per order dated 27 July 2017 issued by Mantralaya (UDD), Mumbai

**Example –1: TDR for 9 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000 per sqm
3	Width of the road facing the property	9 metre
4	Basic FSI available as per Table 8 of para 17.3 of DCR of PMC	1.10
5	TDR available as per Table 8 of para 17.3 of DCR of PMC	0.3 Addl. FSI and 0.4 TDR
6	Rate of premium for additional FSI as per order dated 27.7.2017 issued by Mantralaya (UDD), Mumbai	50 per cent of land rate
<b>Total land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x 1.10 x ₹ 10,000)	₹ 3,30,00,000
8	Addl. FSI = 3,000 sqm x 0.30 x ₹ 10,000	₹ 90,00,000
9	TDR = 3,000 sqm x 0.40 x ₹ 10,000	₹ 1,20,00,000
	Total	₹ 5,40,00,000
10	Less :Premium for Addl. FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.30 + 0.40) x 0.50 x ₹ 10,000	₹ 1,05,00,000
11	<b>Net value of land</b>	<b>₹ 4,35,00,000</b>
12	Increase in land value due to use of additional FSI & TDR ₹ 4,35,00,000 - ₹ 3,30,00,000 = ₹ 1,05,00,000 which is 31.82 per cent of basic land value	₹ 1,05,00,000
13	Impact of use of Addl. FSI & TDR on increase in rate of land	31.82 per cent
14	Land rate to be increased as per VG No.31	25 per cent
15	Undervaluation in land rate	6.82 per cent

**Example –2: TDR for 15 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000 per sqm
3	Width of the road facing the property	15 metre
4	Basic FSI available as per Table 8 of para 17.3 of DCR of PMC	1.10
5	TDR available as per Table 8 of para 17.3 of DCR of PMC	0.5 Addl. FSI and 0.65 TDR
6	Rate of premium for additional FSI as per order dated 27.7.2017 issued by Mantralaya (UDD), Mumbai	50 per cent of land rate



**Appendix 6.15 B (Cont.)**

<b>Total Land value with TDR and additional FSI</b>		
7	Basic land value (Basic FSI = 3,000 sqm x 1.10 x ₹ 10,000)	₹ 3,30,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 0.65 x ₹ 10,000	₹ 1,95,00,000
	Total	₹ 6,75,00,000
10	Less : Premium for additional FSI & TDR Land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50+0.65) x 0.50 x ₹ 10,000	₹ 1,72,50,000
11	<b>Net value of Land</b>	<b>₹ 5,02,50,000</b>
12	Increase in land value due to use of Addl. FSI & TDR ₹ 5,02,50,000 - ₹ 3,30,00,000 = ₹ 1,72,50,000 which is 52.27 per cent of basic land value	₹ 1,72,50,000
13	Impact of use of Addl. FSI & TDR on increase in rate of land	52.27 per cent
14	Land rate to be increased as per VG No.3 in MSD	25 per cent
15	Undervaluation in land rate	27.27 per cent

**Example –3: TDR for 30 metre wide road**

Sl. No.	Details	Value
1	Land area	3,000 sqm
2	Land rate	₹ 10,000 per sqm
3	Width of the road facing the property	30 metre
4	Basic FSI available as per Table 8 of para 17.3 of DCR of PMC	1.10
5	TDR available as per Table 8 of para 17.3 of DCR of PMC	0.5 Addl. FSI and 1.4 TDR
6	Rate of premium for additional FSI as per order dated 27.7.2017 issued by Mantralaya (UDD), Mumbai	50 per cent of land rate
<b>Total land value with TDR and additional FSI</b>		
7	Basic land value (basic FSI = 3,000 sqm x 1.10x ₹ 10,000)	₹ 3,30,00,000
8	Addl. FSI = 3,000 sqm x 0.50 x ₹ 10,000	₹ 1,50,00,000
9	TDR = 3,000 sqm x 1.4 x ₹ 10,000	₹ 4,20,00,000
	Total	₹ 9,00,00,000
10	Less : Premium for additional FSI & TDR land area x Addl. FSI & TDR x premium rate 3,000 sqm x (0.50+1.4) x 0.50 x ₹ 10,000	₹ 2,85,00,000
11	Net value of land	₹ 6,15,00,000
12	Increase in land value due to use of additional FSI & TDR ₹ 6,15,00,000 - ₹ 3,30,00,000 = ₹ 2,85,00,000 which is 86.36 per cent of basic land value	₹ 2,85,00,000
13	Impact of use of Addl. FSI & TDR on increase in rate of land	86.36 per cent
14	Land rate to be increased as per VG No.3 in MSD	25 per cent
15	Undervaluation in land rate	61.36 per cent

**Appendix 6.16**  
(Reference: Paragraph: 6.4.8.4(i); Page: 101)

**Incorrect method of calculating consideration & market value in case of development agreements for sharing of built up area**

Sl.No.	Name of unit	Instrument Number/Year	Village/district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	JDR & COS Thane City	ADJ/6/2018	Dhokali/Thane	8/34-3E/2	1,53,65,02,500	1,12,00,00,000	7,68,25,125	5,60,00,000	2,08,25,125
2		ADJ/8/2018	Balkum & Majewada / Thane	9/37-3B1	31,26,74,100	23,00,00,000	1,56,33,705	1,15,00,000	41,33,705
3	Jt. SR, Haveli-I	5782/2018	Bavdhan Khurd / Pune	42/594	12,50,87,940	6,51,06,023	62,54,397	33,41,500	29,12,897
4		1736/2018	Katraj / Pune	24/393	6,57,15,090	1,88,21,006	32,85,755	12,41,000	20,44,755
5		3632/2018	Ganesh Peth/Pune	5.1/123	5,08,99,957	3,86,50,213	25,44,998	16,23,400	9,21,598
6	Jt. SR, Haveli-III	13653/2016	Kharadi/Pune	55/669	38,97,84,675	21,00,00,000	1,94,89,234	1,05,00,000	89,89,234
7	Jt. SR, Haveli-XXVI	8803/2016	Rahatani/Pune	4/12	11,10,23,440	6,50,00,000	55,51,172	32,50,000	23,01,172
8	Jt. SR, Haveli-XX	7729/2018	Kondwa / Pune	47/ 265	11,91,11,976	3,46,54,400	59,55,599	33,58,000	25,97,599
								<b>Total</b>	<b>4,47,26,085</b>

**Appendix 6.17***(Reference: Paragraph: 6.4.8.4(ii); Page: 102)***Incorrect method of calculating market value in development agreement for sharing of sale proceeds**

Sl. No.	Name of unit	Instrument Number/Year	Village/ district	Zone number	Share of developer in BUA in sqm	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	Collector of Stamps, Mumbai	Adj/M/128/2018	Lower Parel Division, Dhobighat/ Mumbai	12/91	78,939.42 (five times)	14,33,99,90,894	4,77,70,66,481	71,69,99,545	32,48,10,600	39,21,88,945
2	Collector of Stamps, Borivali	Adj/2168/2017	Borivali/ MSD	83/374	1,760.95 (one and half times)	10,24,88,000	4,34,44,838	51,24,400	34,90,550	16,33,850
<b>Total</b>										<b>39,38,22,795</b>

### Appendix 6.18

(Reference: Paragraph: 6.4.8.5; Page: 103)

#### Inadequate provision in the circular dated 30 June 2018 for valuation of Special Township

Sl. No.	Name of unit	Instrument Number/Year	Village/district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	Jt. SR, Haveli-III	9646/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	29,44,99,590	63,85,19,834	3,19,25,992	1,81,94,300	1,37,31,692
2		9769/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	20,52,97,400	44,47,05,496	2,22,35,275	1,26,71,800	95,63,475
3		9966/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	24,40,90,000	52,87,36,188	2,64,36,809	1,50,66,200	1,13,70,609
4		9969/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	13,34,02,500	28,89,70,172	1,44,48,509	82,34,500	62,14,009
5		10723/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	32,26,30,000	69,88,65,813	3,49,43,291	1,99,13,800	1,50,29,491
6		10936/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	22,71,50,000	49,20,41,563	2,46,02,078	1,40,20,600	1,05,81,478
7		12115/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	1,65,50,000	35,86,06,563	1,79,30,328	1,02,18,600	77,11,728
8		12128/2018	Kadamwakvasti/ Pune (Influence Zone)	11.2 (Land Rate) & 27.1 (Flat Rate)	43,96,00,700	95,22,42,198	4,76,12,110	2,71,33,400	2,04,78,710
<b>Total</b>									<b>9,46,81,192</b>

**Appendix 6.19**

(Reference: Paragraph: 6.4.8.6; Page: 104)

**Impact of valuation of reserved land**

Sl. No.	Details	Land area (in sqm)	Land rate (₹ per sqm)	Normal land value	Valuation as per VG No.22(a) @ 80 per cent	Increase in value due to TDR potential @ 40 per cent	Effective change in land rate
	<b>Present provision</b>						
1	<b>Mumbai region</b>						
	Buildable reservations	1,000	10,000	₹ 10,000 x 1,000 sqm = ₹ 1,00,00,000	₹ 10,000 x 0.80 x 1,000 sqm = ₹ 80,00,000	₹ 80,00,000 x 1.4 = ₹ 1,12,00,000	₹ 1,12,00,000 / ₹ 1,00,00,000 = 112 per cent i.e. 12 per cent increase
		3,000	10,000	₹ 10,000 x 3,000 sqm = ₹ 3,00,00,000	₹ 10,000 x 0.80 x 3,000 sqm = ₹ 2,40,00,000	₹ 2,40,00,000 x 1.4 = ₹ 2,85,60,000	₹ 2,85,60,000 / ₹ 3,00,00,000 = 95.2 per cent i.e. 4.8 per cent decrease
2	<b>Rest of Maharashtra</b>						
	Buildable reservations	1,000	10,000	₹ 10,000 x 1,000 sqm = ₹ 1,00,00,000	₹ 10,000 x 0.80 x 1,000 sqm = ₹ 80,00,000	No provision	₹ 80,00,000 / ₹ 1,00,00,000 = 80 per cent i.e. 20 per cent decrease
		3,000	10,000	₹ 10,000 x 3,000 sqm = ₹ 3,00,00,000	₹ 10,000 x 0.80 x 3,000 sqm = ₹ 2,40,00,000	No provision	₹ 2,40,00,000 / ₹ 3,00,00,000 = 80 per cent i.e. 20 per cent decrease

**Audit recommendation on reserved land for Mumbai and rest of Maharashtra**

Details	Land area (in sqm)	Land rate ₹ per sqm	Normal land value	Valuation as per VG No.22 (a) @ 80 per cent	Increase in value due to TDR potential @ 50 per cent	Effective change in land rate
Buildable reservations	1,000	10,000	1,000 sqm x ₹ 10,000 = ₹ 1,00,00,000	1,000 sqm x ₹ 10,000 x 0.80 = ₹ 80,00,000	₹ 80,00,000 x 1.5 = ₹ 1,20,00,000	₹ 1,20,00,000 / ₹ 1,00,00,000 = 120 per cent i.e. 20 per cent increase
	3,000	10,000	3,000 sqm x ₹ 10,000 = ₹ 3,00,00,000	3,000 sqm x ₹ 10,000 x 0.80 = ₹ 2,40,00,000	₹ 2,40,00,000 x 1.5 = ₹ 3,60,00,000	₹ 3,60,00,000 / ₹ 3,00,00,000 = 120 per cent i.e. 20 per cent increase

### Appendix 6.20

(Reference: Paragraph: 6.4.8.7; Page: 105)

#### Lack of uniformity in valuation guidelines for calculation of market value for big township situated in influence zone/PMRDA

Sl. No.	Name of unit	Instrument Number/Year	Village/district	Zone number	Market value computed by Audit (in ₹)	Consideration as per Audit (in ₹)	Stamp duty leviable (in ₹)	Stamp duty levied (in ₹)	Stamp duty foregone (in ₹)
1	JDR, Thane Rural	Adj.-537/2016	Lahe Shahapur/Thane	5	10,76,18,500	80,41,82,194	2,41,25,466	2,09,75,000	31,50,466
2	JDR, Pune Rural	Adj.-40/ 2017	Hinjewadi/Pune	27.3	1,28,47,71,940	1,94,15,23,396	7,76,60,936	7,66,06,700	10,54,236
3	JDR, Pune Rural	Adj.-142/2017	Chandkhed/Pune	7	5,88,49,560	14,47,68,710	72,38,436	66,71,500	5,66,936
4	JDR, Pune Rural	Adj.-211/2018	Charholi/Pune	11.4	37,90,459	3,74,20,686	18,71,034	15,05,675	3,65,359
5	JDR, Thane Rural	Adj.-362/2017	Borapada/Thane	1/1	6,66,12,319	58,00,12,857	2,90,00,643	2,53,05,300	36,95,343
6	JDR, Thane Rural	Adj.-363/2017	Borapada/Thane	1/1	92,24,500	7,63,68,666	38,18,433	33,06,700	5,11,733
<b>Total</b>									<b>93,44,073</b>

**Appendix 6.21**  
(Reference: Paragraph: 6.5.1.1; Page: 110)

**Revenue sharing before 2015**

(₹ in lakh)

Sl. No.	Name of SR	Document number/ Year	As per department			As pointed out by Audit			Short levy of stamp duty	Revenue sharing (Owner: Developer) (Per cent)	Short levy of stamp duty accepted by the department
			Market value	Consideration	Stamp duty levied	Owners share as per revenue sharing agreement	SD leviable	SD on security deposit			
1	Joint Sub Registrar, Haveli - VIII, Pune	437/2014	157.43	250.51	10.02	590.63	23.62	0.23	13.83	45:55	Out of ₹ 13.83 lakh an amount of ₹ 10.19 lakh recovered (July 2019)
2	Joint Sub Registrar, Haveli- XVII, Pune	1307/2014	1,167.34	615.37	59.01	2,504.06	125.20	1.50	67.69	50:50	IGR accepted (January 2020) the audit observation
3	Joint Sub Registrar-XVII, Haveli, Pune	311/2014	619.42	619.42	57.04	6,303.79	315.19	-	258.15	39.89:60.11	IGR accepted (September 2019) the audit observation
<b>Total</b>			<b>1,944.19</b>	<b>1,485.30</b>	<b>126.07</b>	<b>9,398.48</b>	<b>464.01</b>	<b>1.73</b>	<b>339.67</b>		

**Appendix 6.22**  
(Reference: Paragraph: 6.5.1.2; Page: 110)  
**Revenue sharing on or after 2015**

(₹ in lakh)

Sl. No	Name of SR	Document number/ Year	As per department			After pointed out by audit		Short levy of stamp duty	Revenue sharing (Per cent)	Short levy of stamp duty accepted by department
			Market value	Consideration	Stamp duty levied	Owners share as per revenue sharing agreement	Stamp duty leviable			
1	Joint Sub Registrar, Loanavala, Pune	3134/2015	520.00	0	26.00	1,094.59	43.78	17.78	50:50	The IGR accepted (June 2019) the audit observation for ₹ 17.78 lakh
2	Joint Sub Registrar, Havelli-XVII, Pune	7362/2015	1,419.00	1,338.00	70.95	2,298.27	114.91	43.96	50:50	The IGR accepted (June 2019) the audit observation for ₹ 43.96 lakh
3	Joint Sub Registrar, Haveli-IV, Pune	5284/2015	155.60	228.48	11.43	902.45	45.12	33.69	50:50	As against an amount of ₹ 33.69 lakh an amount of ₹ 16.85 lakh recovered (September 2018)
4	Joint Sub Registrar-VIII, Haveli, Pune	1842/2018	195.08	150.00	9.76	784.98	39.25	29.49	50:50	IGR accepted (September 2019) for short recovery of ₹ 29.49 lakh
5	Joint Sub Registrar-VIII, Haveli, Pune	7317/2017	4,287.46	700.00	214.38	4,914.53	245.73	31.35	42:58	IGR accepted (July 2019) the audit observation
6	Joint Sub Registrar-VIII, Haveli, Pune	5021/2017	281.60	387.20	17.50	760.24	30.41	12.91	50:50	IGR accepted (September 2019) the observation
7	Joint Sub Registrar-XVIII, Haveli, Pune	6694/2017	6,030.24	5,389.79	301.52	5,389.79	368.12	66.60	31:69	IGR accepted (October 2019) the observation
8	Joint Sub Registrar, Karjat-II, Raigad	516/2015	628.04	100.00	25.12	1,131.97	45.28	20.16	38:62	---
<b>Total</b>			<b>13,517.02</b>	<b>8,293.47</b>	<b>676.66</b>	<b>17,276.82</b>	<b>932.60</b>	<b>255.94</b>		



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