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CAG Flags ₹261 Crore Dues from Developers for Transit Tenements in Mumbai

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The Comptroller and Auditor General (CAG) has raised serious concerns over a long-standing financial lapse in Mumbai's redevelopment efforts. According to the audit report, nearly 40 private developers have failed to pay a collective ₹261.14 crore in mandatory deposits for transit tenements allotted to them by the Maharashtra Housing and Area Development Authority (MHADA).

The tenements, provided to accommodate residents displaced during redevelopment projects, were handed over to developers with a requirement to pay one year's rent in advance along with a three-month security deposit. However, as of March 2022, only three out of 43 developers had complied with the payment terms. The remaining 40 developers retained possession of 3,357 tenements without settling their dues.

The CAG criticized MHADA's failure to recover the outstanding amount, highlighting a lack of enforcement and monitoring. The report underscored that the absence of effective oversight mechanisms not only resulted in financial losses for the authority but also undermined the credibility of redevelopment policies.

“This lack of action weakens the regulatory framework and compromises the state's ability to carry out future urban renewal initiatives,” the report stated.

The audit findings indicate that despite multiple reminders, MHADA did not pursue recovery effectively, allowing developers to continue occupying the transit units without payment. The report further warned that such negligence could embolden further non-compliance and lead to greater fiscal inefficiencies in Mumbai's high-stakes housing sector.

In response, MHADA officials have acknowledged the issue and are considering legal and administrative measures to recover the unpaid dues. These may include the issuance of fresh demand notices, imposition of penalties, or even revocation of allotments in extreme cases.

The CAG has urged MHADA to implement stricter tracking systems and ensure timely payments in future projects. The recovery of ₹261 crore is seen as essential for financing new redevelopment schemes and maintaining trust in public-private housing partnerships.