

HURDLES TO CROSS

The current legislature session will determine the fate of the ULC Act, and the future of real estate in the state, says Padma Ramakrishnan

Will they, or won't they? That as it is said is a billion dollars question. The scrapping of the Urban Land Ceiling and Regulation Act [ULCRA] is likely to come for discussion in the winter session of the state legislative assembly. But it remains to be seen whether the state government has the political will to push the measure through.

In the past the state government has caved in to vested interests, even as land scarcity has pushed up land prices in Mumbai to Rs 46,000 per sq ft. Most experts believe that the ULCRA is one of the main reasons of the land scarcity in the city.

It is not just a question of land availability of course. Also at stake for Mumbai are massive funds from the Central government under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Scrapping of the act is one of prerequisites for accessing these funds. Any delay would thus put dozens of critically needed infrastructure projects in city in jeopardy.

The act of course is classic piece of socialistic monstrosity seeking to control supply and thereby the price of land. Like most mindless measures of the era, the License Raj for example, it has not only been a miserable failure has in fact achieved exactly the opposite of what it was intended to. ULCRA was passed in 1976 with a view of preventing concentration of urban land in the hands of a few persons and speculation and profiteering therein and for bringing about an equitable distribution of land in urban agglomerations to subserve the common good.

This Act imposed a ceiling on holding of urban vacant land. The ceiling ranged between five hundred square metres in Delhi, Mumbai, Kolkata and Chennai to two thousand square metres in smaller towns. Under this Act, the government got a pre-emptive right to purchase even the vacant land within the ceiling at a price calculated as per the Land Acquisition Act, 1894. The Act also bestowed wide discretionary powers on the government which have invited allegations of misuse of power and corruption. These provisions have defeated the Act's purpose.

According to solicitor Merzi Chinoy, the act should have been scrapped from the day it was promulgated. It has been misused for all these years, and not benefited the targeted segment. Social commitment or social housing that the government talks of has not been met for even one per cent of the intended population. "Despite the Centre's directive, one wonders what is motivating the Maharashtra government to continue with the act," he says. A lot of exemptions have been given under the guise of public interest, but with no proper checks and balances in place, the purpose of the Act has miserably failed, contend experts. Developers explain that the high prices paid in Bandra Kurla Complex and mill lands are primarily because of the shortage of lands with clear titles. In case of such clear lands, the time frame for approvals is reduced considerably. In principle, the Act was meant for additional housing, but has resulted in a lot of land being locked up.

Mofatraj Munot, MD Kalpataru Properties, says, probably the will and determination of the government is missing. The more the supply that is throttled, further will the prices go up, which is not in anybody's interest. A lot of lands are stuck under ULC in the periphery of Mumbai and other cities. If that land is available for development, it would mean easing of pressure on prices.

The city needs to have a competitive advantage, for which affordability and feasibility play an important role, points out Nainesh Shah, Executive Director, Everest Group. "What is the use if the middle class person, who is helping the city thrive, is not able to buy a home. If Mumbai wants to be a financial centre, the ULC is very much part of it. We need to put the vision and execute it," he maintains.

"The scrapping of the ULC, would mean opening of lands, and a lot could be done to create green spaces. It would not only help in the beautification of the city and recreation for people but make the city more attractive for people to come and invest here," explains, **Milan Anil Kothary**, MD, GVA InterCapitalis, international property advisors. These are tried and tested models abroad. If infrastructure breaks down, Mumbai will have the lowest index

or value for money and lifestyle.

On a critical note, Merzi Chinoy says, the scrapping of the ULC would not mean large tracts of land will automatically coming into the market. What it would mean is simplification in procedures. ULC permissions take a long time to come, hence with the scrapping of the Act, government controls would get dismantled. The Act has to go, because it is a complete disaster if it remains. It would mean removing a major hurdle in housing development, he contends.

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