



सत्यमेव जयते

Government of India

Department of Industrial
Policy and Promotion

India Real Estate

A Handbook of State Policies and Regulations

May 2007

 **ERNST & YOUNG**

Quality In Everything We Do



Disclaimer

This publication is the result of a joint effort between Department of Industrial Policy and Promotion, Ministry of Commerce (“DIPP”), Government of India and Ernst & Young to develop a real estate guide for developers/ investors on local laws and regulations of specific State governments governing acquisition of land and construction and development of housing and other projects.

While due care has been taken whilst compiling the contents of this publication to ensure that the information contained herein is accurate to the best of DIPP’s and Ernst & Young’s knowledge and belief, readers are encouraged to confer with and seek clarification from the relevant state government before implementing any investment strategies and not treat the information contained in the compilation of this publication as substitute for specific advice.

Please note that the policies, rules, regulations and laws mentioned in this publication are subject to change and applicability of each of these may vary widely from case-to-case, based upon the specific or unique facts involved.

This publication only endeavours to provide its reader with a broad overview and is not an exhaustive analysis or advice pertaining to the relevant policies, rules, regulations and laws governing acquisition of land and construction and development of housing and other projects.

This publication is not a substitute for the need for legal, accounting, investing, insurance, tax or any other type of advice which may be needed for a business implementing its strategies. Ernst & Young and DIPP shall not be liable for any direct or indirect damages that may arise due to any act or omission on the part of the reader or user of this publication for the reliance placed or guidance taken from any portion of this publication.

Table of Contents

S. No.	Title	Pg. no.
	Introduction to the Publication	1
	State Profiles	
	1. Haryana	
1.1	Introduction	4
1.2	Regulatory Environment Relating to Purchase of Land	5
1.3	Haryana Ceiling of Land Holdings Act, 1972	5
1.4	The Haryana Development and Regulation of Urban Areas Act, 1975 and its Rules	6
1.5	Relevant Industrial Policies and Acts	7
1.6	State Policy regarding Acquisition of Land for Private Development and in Public Private Partnership	8
1.7	Relevant Taxes and Duties	11
	2. Karnataka	
2.1	Introduction	14
2.2	Regulatory Environment Relating to Purchase of Land	15
2.3	Karnataka Land Reforms Act, 1961	15
2.4	The Karnataka Town and Country Planning Act, 1961	15
2.5	Processes for obtaining Approval for Conversion of Land in Karnataka	16
2.6	Statutory Fees and Other Costs involved in obtaining Approval for Conversion	18
2.7	Development of Commercial / Residential Projects in Karnataka	19
2.8	Relevant Policies	20
2.9	Relevant Taxes and Duties	22
	3. Maharashtra	
3.1	Introduction	24
3.2	Regulatory Environment relating to Purchase of Land	25
3.3	Maharashtra Agricultural Lands (Ceiling on Holding) Act	25
3.4	Bombay Tenancy and the Agricultural Lands Act, 1948	26
3.5	Urban Land (Ceiling and Regulation) Act, 1976	26
3.6	Relevant State Policies	36
3.7	Relevant Taxes and Duties	37



4. Tamil Nadu

4.1	Introduction	40
4.2	Regulatory Environment Relating to Purchase of Land	41
4.3	Tamil Nadu Land Re-Forms (Fixation of Ceiling On Land) Act, 1961	42
4.4	The Tamil Nadu Town and Country Planning Act, 1971	42
4.5	Process for obtaining Approval for Conversion in CMA	43
4.6	Approval Processes for other Planning Bodies	44
4.7	Statutory Fees and other Costs involved in obtaining Approval for Conversion	44
4.8	Timeline for obtaining Approval	45
4.9	Development of Commercial/ Residential Projects in CMA	45
4.10	Relevant Industrial Policies	46
4.11	Relevant Taxes and Duties	47

5. Uttar Pradesh

5.1	Introduction	50
5.2	Regulatory Environment Relating to Purchase of Land	51
5.3	Relevant Industrial Policies	53
5.4	Information Technology Policy	54
5.5	Relevant Taxes and Duties	55

6. West Bengal

6.1	Introduction	58
6.2	Regulatory Environment relating to Purchase of Land	59
6.3	The West Bengal Land Reforms Act, 1955	59
6.4	Determination of the Ceiling Limit in Special Cases	60
6.5	The Urban Land (Ceiling And Regulation) Act, 1976 and Rules, 1976	60
6.6	The West Bengal Town and Country (Planning and Development) Act, 1979	61
6.7	Processes for obtaining Approval for Conversion	63
6.8	Statutory Fees and Other Costs Involved in obtaining Approval for Conversion	64
6.9	Timeline for obtaining Approval	64
6.10	Development of Commercial / Residential Projects in Kolkata Metropolitan Area	65
6.11	Relevant Industrial Policies	65
6.12	Relevant Taxes and Duties	66

Abbreviations

No.	Abbreviation	Full Form
1	ADDA	Asansol Durgapur Development Authority
2	BDA	Bangalore Development Authority
3	BESCOM	Bangalore Electricity Supply Company Limited
4	BIAAPA	Bangalore International Airport Area Planning Authority
5	BMC	Bombay Municipal Corporation
6	BMR	Bangalore Metropolitan Region
7	BMRDA	Bangalore Metropolitan Region Development Authority
8	BTAL	Bombay Tenancy and the Agricultural Lands
9	BWSSB	Bangalore Water Supply and Sewerage Board
10	CAF	Common Application Form
11	CC	Commencement Certificate
12	CDP	Comprehensive Development Plan
13	CIDCO	City and Industrial Development Corporation
14	CMA	Chennai Metropolitan Area
15	CMDA	Chennai Metropolitan Development Authority
16	DC	Development Control
17	DG	Diesel Generator
18	DIPP	Department of Industrial Policy & Promotion
19	FAR	Floor Area Ratio
20	FDI	Foreign Direct Investment
21	FSI	Floor Space Index
22	GDP	Gross Domestic Product
23	GSDP	Gross State Domestic Product
24	Ha	Hectares
25	HCLHA	Haryana Ceiling of Land Holdings Act
26	HDA	Haldia Development Authority
27	HDRUA	Haryana Development and Regulation of Urban Areas
28	HIPB	Haryana Industrial Promotion Board
29	HP	Horse Power
30	HSEZ	Haryana Special Economic Zone
31	HSIDC	Haryana State Industrial Development Corporation
32	HUDA	Haryana Urban Development Authority
33	IEM	Industrial Entrepreneur Memoranda
34	INR	Indian National Rupees
35	IOD	Intimation of Disapproval
36	IPR	Intellectual Property Rights



37	IT/ITES	Information Technology / Information Technology Enabled Services
38	KAOA	Karnataka Apartment Ownership Act
39	KEONICS	Karnataka State Electronics Development Corporation Limited
40	KIADB	Karnataka Industrial Area Development Board
41	KLRA	Karnataka Land Reforms Act
42	KMC	Kolkata Municipal Corporation
43	KMDA	Kolkata Metropolitan Development Authority
44	Kms	Kilometers
45	KPTCL	Karnataka Power Transmission Corporation Limited
46	KSSIDC	Karnataka State Small Industries Development Corporation
47	KTCPA	Karnataka Town and Country Planning Act
48	KVA	Kilo Volt Amps
49	LR	Land Reforms
50	LRA	Land Revenue Act
51	LUDCP	Land Use and Development Control Plans
52	MALCH	Maharashtra Agricultural Lands (Ceiling on Holdings)
53	MCGM	Municipal Corporation of Greater Mumbai
54	MCRR	Maharashtra Cinemas (Regulation) Rules
55	MHADA	Maharashtra Housing and Area Development Authority
56	MIDC	Maharashtra Industrial Development Corporation
57	MLRC	Maharashtra Land Revenue Code
58	MMC	Mumbai Municipal Corporation
59	MNC	Multinational Corporation
60	MPCB	Maharashtra Pollution Control Board
61	MRDA	Metropolitan Regional Development Act
62	MRTTP	Maharashtra Regional and Town Planning
63	NCR	National Capital Region
64	NIC	Network Interface Card
65	NOC	No Objection Certificate
66	OC	Occupation Certificate
67	ODP	Outline Development Plan
68	OFC	Optical Fiber Cable
69	PWD	Public Works Department
70	R&D	Research & Development
71	SEZs	Special Economic Zones
72	SHLCC	State High Level Clearance Committee
73	SJDA	Siliguri Jalpaiguri Development Authority
74	SLSWCC	State Level Single Window Clearance Committee
75	sq mts	Square meters

76	sq kms	Square Kilometers
77	STPI	Software Technology Parks of India
78	TNAO	Tamil Nadu Apartment Ownership Act
79	TNLRA	Tamil Nadu Land Re-forms Act
80	TNTCP	Tamil Nadu Town and Country Planning Act
81	ULCRA	The Urban Land (Ceiling And Regulation) Act
82	UPICLHA	UP Imposition of Ceiling on Land Holding Act
83	UPNET	UP Wide Area Network
84	UPSEZDA	Uttar Pradesh Special Economic Zone Development Authority Act
85	UPUPDA	UP Urban Planning and Development Act
86	USD	United States Dollar
87	VSAT	Very Small Aperture Terminal
88	WBHIDCO	West Bengal Infrastructure Development Corporation Limited
89	WBIDC	West Bengal Industrial Development Corporation
90	WBTCP	West Bengal Town and Country (Planning and Development) Act
91	ZDP	Zonal Development Plan



Introduction

In the midst of profound changes in the business world, the current wave of technological advances and demographic shifts has pushed the Indian economy to a new high. Over the past several years, the country has steadily strengthened its legal, economic, governance, banking, and management structures to provide an essential foundation for the sustainable growth across industries. With the prevalence of a number of industries riding the growth tide in the Indian economy, one such sector witnessing exponential growth is the real estate sector.

Indian real estate sector has witnessed a momentous growth over the past 2 years. Sustained high Gross Domestic Product (“GDP”) growth, upsurge in industrial activity, rapid urbanisation and favorable regulatory changes are some of the factors that are fueling the growth of the sector. Further, the increasing integration of the Indian economy with the global economy has also led to an increase in corporate activities, which in turn has significantly increased the demand for commercial and retail space in the country.

The Government of India has taken significant initiatives in liberalizing the regulatory/ policy framework to ensure rapid growth of the sector. The initiatives taken by the Government of India towards liberalizing the Foreign Direct Investment (“FDI”) in construction, development projects and creation of more Special Economic Zones (“SEZs”) has resulted in increased significance of the real estate sector in India. The introduction of a specific legislation dealing with development of SEZs in India has been by far one of the most significant initiatives by the government, to boost the industrial and commercial activities in the country.

However, even after witnessing significant positive changes in the last few years, the industry is still facing challenges such as transparency and complex regulatory/ legal framework. Keeping in perspective the social and economic dynamics prevailing within each state, the respective state governments have legislated provisions that govern the purchase of land and use of land for various purposes including construction of housing and commercial projects. Therefore, the purchase of the land and its use for development of housing, commercial projects, etc., would need to comply not only with the guidelines prescribed by the central government but also with the legislations enacted by the respective state governments. Further, with involvement of multiple agencies both at central and state government levels for various approvals related to acquisition, conversion and development of land, it becomes a significant challenge for a developer/ investor to obtain credible information and clarity on the applicable regulatory and legal guidelines.

In such a scenario, it becomes important to ensure easy accessibility of relevant local policies and regulations for developers/ investors. To meet this requirement of the industry, the DIPP, along with Ernst & Young has conceptualised to compile a publication which can act as a handbook stating key local policies and regulations of specific state governments.

The Objective

This handbook, therefore, aims at providing the relevant information on the real estate focused regulatory and policy framework of the various state governments in the country. In addition, it provides overview of the economic conditions, demographics of the states, population trends, key industries, growth rate etc of the identified states.

Coverage of the Publication

In the backdrop of the above factors, this publication has been compiled to outline the economics and demographics prevailing within the 6 key states of India, namely:

- ▶ Haryana;
- ▶ Karnataka;
- ▶ Maharashtra;
- ▶ Tamil Nadu;
- ▶ Uttar Pradesh; and
- ▶ West Bengal.

Each chapter covers the key legislations and rules governing the purchase of land for the purposes of development of commercial and housing projects for these states. Aspects such as, a brief overview of the socio-economic condition of a state, the regulatory environment of the state, its land reforms, relevant industrial policies and acts, state policies regarding land acquisition and conversion, and respective taxes and duties are duly covered in brief.

In fulfillment of the task for compilation of this publication, we owe a special thanks to the state governments and the Ministry of Urban Development, Government of India for their kind co-operation.

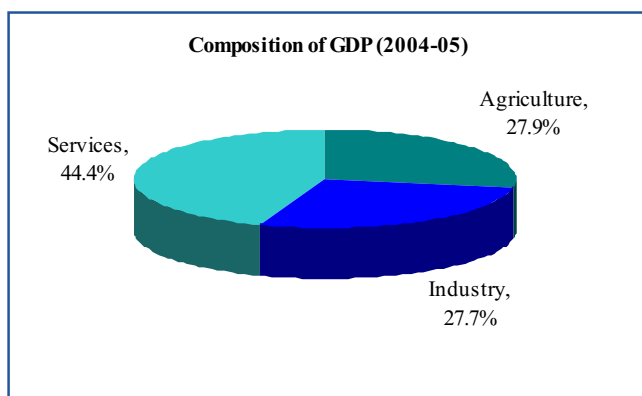
State Profile: Haryana



1.1 Introduction

Carved out of the state of Punjab in 1966, Haryana is located in the northern part of India and is bordered by Punjab, Himachal Pradesh, Rajasthan, Uttaranchal, Uttar Pradesh and Delhi. Bordering Delhi from 3 sides, a large part of Haryana is included in the National Capital Region (“NCR”).

Formerly an agrarian state, Haryana is heading towards new heights of development with its Gross State Domestic Product (“GSDP”) at constant prices (1993-94) recording a growth of 8.4% for 2004-05, with 44.4% being contributed by the service sector¹. This change of trend is attributed to close proximity of cities such as Gurgaon and Faridabad, to Delhi. These cities are emerging as major hubs for the Information Technology (“IT”) industry. Contribution of agriculture to GSDP has drastically reduced from 42.2% in 1993-94 to 27.9% in 2004-05².



Further, the per capita income of the state at constant prices in 2004-05 was INR 19,323, which has grown 13.75% as compared to per capita income of the year 2002-03³.

Haryana has witnessed rapid industrialisation over the past 2 decades with many medium and large industries being established in the state. Some of the largest producers of passenger cars, motor cycles, tractors etc, are based in Haryana. It is also home to Maruti Udyog Limited, India's largest automobile manufacturer and Hero Honda Limited, the world's largest manufacturer of two wheelers.

The cumulative FDI inflow in Haryana (including Delhi and part of Uttar Pradesh) during the period 2000-06 was INR 25,864.25 crores (USD 5,732.70 million) and it constituted 24.18% of the total FDI inflow in the country during that period⁴.

The population growth of the state has been consistently increasing at 2.5% (approx) each year over the past decade⁵. More than 70% of the population of the state still resides in villages and is engaged in agriculture. However, this trend is gradually changing with the growing urbanisation, which is clearly evident from the increased number of towns in Haryana from 91 in 1991 to 106 in 2001⁶.

¹ Source: Central Statistical Organisation

² Source: Central Statistical Organisation

³ Source: Central Statistical Organisation

⁴ Source: Department of Industrial Policy and Promotion

⁵ Source: Economic Survey of Haryana, 2005-06

⁶ Source: Economic Survey of Haryana, 2005-06



With a huge increase in the literacy rate from 19.9% in 1961 to 67.91% in 2001, and development of the cities of Gurgaon and Faridabad, Haryana's economy is continuously gaining strength and is heading towards new heights of development⁷.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

1.2 Regulatory Environment Relating to Purchase of Land in the State of Haryana

The purchase of land and development of residential/ commercial projects in the state of Haryana is governed by the following key Acts and the regulations within it:

- ▶ Haryana Ceiling of Land Holdings Act, 1972;
- ▶ Haryana Development and Regulation of Urban Area Act, 1975; and
- ▶ Haryana Development and Regulation of Urban Area Rules, 1976.

A broad overview of the above legislations vis-à-vis development of housing/ commercial projects is outlined below.

1.3 Haryana Ceiling of Land Holdings Act, 1972 ("HCLHA")

HCLHA provides ceiling on the land holdings in Haryana and prohibits holding of land beyond the maximum specified permissible area which is outlined as under⁸:

- ▶ In case of irrigated land capable of growing at least two crops in a year - 7.25 Ha;
- ▶ Irrigated land capable of growing at least one crop in a year - 10.90 Ha;
- ▶ Land of all other types including land under orchards - 21.80 Ha.

However, ceiling on the land holding limit does not apply to the following types of land⁹:

- ▶ Land owned or vested in the state/ central government;
- ▶ Land belonging to registered co-operative societies formed for the purpose of co-operative farming;
- ▶ Land belonging to primary agriculture co-operative credit societies, land mortgage banks, the state and the central co-operative banks and other banks; and
- ▶ Land belonging to religious or charitable institutions.

⁷ Source: Economic Survey of Haryana, 2005-06

⁸ Source: Section 4 of HCLHA

⁹ Source: Section 5 of HCLHA

1.4 The Haryana Development and Regulation of Urban Areas Act, 1975 and its Rules (“HDRUA regulations”)

The HDRUA regulations outline the procedure for use of land required for development of integrated townships and other commercial projects.

Under the regulations, the developer intending to undertake development of integrated townships is required to obtain a license to be issued by the respective authority¹⁰ (which is generally the Director of Town and Country Planning of the respective area). For the purposes of issue of the said license, an application is required to be made to the Director of Town and Country Planning¹¹ along with the following documents:

- ▶ Payment of license fee at the applicable rates (Rates of license fee for different categories are outlined under Annexure-1, of this chapter);
- ▶ Income tax clearance certificate issued by the Revenue authorities;
- ▶ Credentials of the developer;
- ▶ Financial details; and
- ▶ Plans and title documents.

The Director of Town and Country Planning examines the application from the perspective of the following while considering issue of the license¹²:

- ▶ Clear title to land;
- ▶ Location of land;
- ▶ Credentials of the developer;
- ▶ Layout of the colony;
- ▶ Plan regarding development works to be executed in a colony; and
- ▶ Conformity of development schemes of colony land to those of neighbouring areas.

The license may be issued by the Director of Town and Country Planning for the project on satisfaction of certain requirements, which includes¹³:

- ▶ Developer furnishes a bank guarantee equal to 25% of the cost of development as certified by the Director;
- ▶ Developer enters into an agreement in the prescribed form for undertaking and completion of development in accordance with license granted;
- ▶ Developer makes payment of proportionate development charges where main lines of roads, drainage, sewerage, water supply and electricity are to be laid out and are to be constructed by the government or any other local authority. The proportion in which such payment is to be made will be determined by the Director; and

¹⁰ Source: Section 3(1) of the HDRUA regulations

¹¹ In the form prescribed for this purpose

¹² Source: Section 3(2) of the HDRUA regulations

¹³ Source: Section 3(3) of the HDRUA regulations

- 
- ▶ Developer undertakes responsibility for maintenance and upkeep of all roads, open spaces, public park and public health services for a period of 5 years from the date of issue of Completion Certificate.

The license granted is valid for a period of 2 years and can be renewed subsequently from time to time for a period of one year, on payment of the prescribed fee. A separate license is required to be obtained for each colony developed.

In certain situations, however, the Director of Town and Country Planning can grant exemption from obtaining a license if the conditions under either of the following categories are satisfied¹⁴:

Category 1:

- ▶ The land has been divided into plots and more than 20% of the plots according to layout plan had been sold prior to the November 16, 1971;
- ▶ The land is in a compact block; and
- ▶ The land is not situated within the controlled area.

Category 2:

- ▶ The land does not exceed 4000 sq mts and is situated within the limits of a municipal area, a notified area or the Faridabad complex;
- ▶ The amenities similar to the one existing in the locality exist or the developer undertakes to provide such amenities; and
- ▶ The size of the plots divided or proposed to be divided is in conformity with the general layout of the plots in the locality.

Completion Certificate:

On completion of development, an application is required to be made to the Director, Town and Country Planning for issuing a completion certificate¹⁵.

1.5 Relevant Industrial Policies and Acts

Haryana Special Economic Zone Act, 2005 and Rules, 2006 (“HSEZ”):

- ▶ HSEZ was enacted to facilitate the development of SEZs, in the state of Haryana. The objective of HSEZ is to promote and establish large self-contained industrial townships, with world class infrastructure to accelerate and facilitate both public and private sector participation in an internationally competitive and hassle free environment for export promotion and to act as a strong catalytic for regional development of the state.
- ▶ A developer seeking to develop a SEZ in Haryana would need to follow the procedures outlined below¹⁶:
 - Developer to identify the area for development of SEZ and apply in the prescribed form to the Director, Industries and Commerce Department, Haryana, Chandigarh;

¹⁴ Source: Section 9 of the HDRUA regulations

¹⁵ Source: Rule 47 of the Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Rules, 1965

¹⁶ Source: Section 6 of HSEZ

- The application inter-alia shall outline the pre-feasibility report, phased development components of the SEZ and the objectives to be achieved;
 - On receipt of application, the Director, Industries and Commerce Department, Haryana shall forward the proposal to the concerned departments for comments;
 - The project evaluation committee considers the comments received from concerned departments and examines viability and other economic indicators of the project to evaluate setting up of the proposed SEZ;
 - The recommendations of the project evaluation committee are sent to the project approval committee;
 - The project approval committee may accord approval “in-principle”, if land for the project is not in possession of the developer; and
 - The project approval committee forwards the final concurrence to the central government subject to the terms and conditions laid down by it, after possession of land by the developer¹⁷.
- ▶ The developer may acquire land independently from private parties by purchase, lease or otherwise.
 - ▶ The state government may transfer land owned, acquired or controlled by it to the developer as per the provisions of land acquisition legislation and state government policy.

1.6 State Policy Regarding Acquisition of Land for Private Development and in Public Private Partnership

The salient features of the state policy regarding acquisition of land for private development and in Public Private Partnership for setting up of SEZs, technology cities, industrial parks and industrial model townships has been outlined below:

Size of SEZs/Industrial Parks/Technology Cities

In case of single product, IT/ IT Enabled Services (“ITeS”), bio-technology and warehousing SEZs, where the land requirement is less, the state government would leave it to the private sector to purchase land directly from the land owner. The state government may, however, assist the private sector developer in acquiring left pockets to ensure contiguity of SEZs.

In respect of multi-product SEZs, the state government encourages the developers to purchase the land from the owners by mutual consent. However, considering minimum area requirement of 1,000 Ha and its contiguity as a pre-requisite for approval of the SEZ, the state government may provide support in acquiring the land for such projects.

Outside the NCR, the state government may assist the private sector in acquisition of land even for single product SEZs with minimum area requirement of 100 Ha.

The minimum size stipulated for technology cities in the Industrial Policy, 2005 is 1,000 acres with no maximum size restrictions. Further, industrial parks/ industrial model townships within the NCR region would not be more than 1,500 acres.

¹⁷ Source: Section 7 of the HSEZ



The state government would assist in acquisition of land in technology cities only outside the NCR region.

Public Private Partnership:

Wherever the developer approaches Haryana State Industrial Development Corporation (“HSIDC”) for development of SEZs, industrial parks or technology city in Public Private Partnership, the decision on terms and conditions of such partnerships, including the extent of participation in equity of such projects, shall be left to the board of directors of HSIDC. The state government shall assist in acquisition of land for all such joint venture projects. The extent of land acquisition in such projects shall be decided by the state government. However, in joint venture where HSIDC/ state government would have 26% or more share in equity, the state government shall acquire the entire land for the project.

Selection of projects for state government's assistance in acquisition of land:

The proposals received by the state government for assistance in acquisition of land shall be put before the Haryana Industrial Promotion Board (“HIPB”). HIPB is set up under the chairmanship of the Chief Minister under the Industrial Policy, 2005. HIPB shall consider such proposals keeping in view the various parameters enshrined in the industrial policy to achieve the intended purpose of industrialisation.

In case where HIPB is satisfied that setting up of such project would be in public interest, it may approve acquisition of land by the state government. The area of the land to be acquired by the government should not exceed 25% of the total project area falling in the NCR or Panchkula district and should not exceed 50% of the project area falling out the NCR or Panchkula district. HIPB may stipulate additional conditions for providing the required assistance over and above the general terms and conditions specified under the industrial policy, as it may deem necessary. HIPB may also consider customised incentives and support for successful implementation of such projects, including any relaxations from the general terms and conditions in the policy as it may deem necessary, for achieving the objectives of economic growth.

General Terms & Conditions:

The following general terms and conditions are applicable in all cases of acquisition of land for the private developers as well as for projects in Private Public Partnership for setting up of SEZs, technology cities, industrial parks and industrial model townships:

- ▶ The developer shall pay to the state government the total cost of acquisition of land and administrative expenses incurred for such acquisition as well as any enhancement which is ordered by competent courts;
- ▶ The developer shall pay to the state government administrative expenses at the rate of 15% of total cost of acquisition including enhancement except where HIPB decides to reduce or waive off such expenses as special incentive for the project;
- ▶ The developer shall be bound to provide, to the satisfaction of the state government, rehabilitation of population by providing built up houses or residential plots along with cost of construction in case any relocation of a village is necessitated for setting up of such projects;
- ▶ The developer shall undertake to provide essential services, like roads, street lights, drainage and sewage, drinking water supply, building of suitable medical care and schooling along with a community centre, in all such relocated villages;

- ▶ Where relocation is not necessary, but more than 25% of total land of the village gets acquired, similar social infrastructure as outlined above shall be provided in the existing village;
- ▶ The developer shall undertake to set up industrial training institutes, vocational training institutes and polytechnics to provide training to the wards of persons whose land is acquired, to the satisfaction of the state government. Such training institutes shall be fully funded and run by the developer;
- ▶ The developer shall undertake to provide right of way and develop such infrastructure by way of creation of roads and bridges as may become necessary, to avoid inconvenience to the general public within the project area;
- ▶ The developer shall undertake to provide independent power plant or shall purchase power from a plant set up outside the project area or state, to meet power requirements of such projects;
- ▶ The developer shall undertake to pay for water supply schemes that state government may consider for augmenting water supply requirement in such projects on terms and conditions as may be determined by the state government;
- ▶ The developer shall undertake to pay external development charges as may become applicable in the event of the external services being provided by the Haryana Urban Development Authority (“HUDA”) or any local body or any other state government department;
- ▶ The developer shall undertake to give employment to at least one member of the family whose land is acquired for setting up the project. The nature of employment provided shall be to the satisfaction of the industries department;
- ▶ The developer shall undertake to employ at least 25% of the total employment provided by him to Haryana domicile in all categories. For the technical posts also, preference shall be given to Haryana domicile; and
- ▶ The developer shall enter into a written agreement with the industries department of the state government to comply with the above terms and conditions and any other condition that may be imposed by HIPB.

Monitoring of compliance of terms and conditions regarding acquisition:

The compliance of the terms and conditions as contained in the industrial policy shall be monitored by a committee constituted by the state government. Non-compliance of conditions shall make the developer liable for resumption of land and payment of such penalty as may be determined by the state government.

1.7 Relevant Taxes and Duties

*Stamp duty*¹⁸ :

Particulars	Applicable Duty Rate
On sale/ purchase of immovable property	6% on the Conveyance amount
Lease of immovable property for a period of less 3 years	1.5% of the average annual rent reserved
Lease of immovable property for a period of 3 to 5 years	1.5% of the average annual rent reserved
Lease of immovable property for a period of 5 to 10 years	6% on the consideration equal to the amount or value of the annual average rent reserved
Lease of immovable property for a period of more than 30 years	3% for a consideration equal to four times the amount or value of the average annual rent reserved

¹⁸ The rates as applicable on December 31, 2006. The applicable stamp duty rate could vary depending upon the specifics of each transaction.

Annexure-1

Rates of license fee¹⁹:

Particulars	Residential (Plotted)	Residential (Group housing)	Commercial	Industrial
Zone I	INR 5 lakhs per gross acre	INR 6.25 lakhs per gross acre	On Gurgaon-Mehrauli Road: i) INR 4 crores per gross acre for 1.75 FAR ii) INR 3 crores per gross acre for 1.50 FAR On other road: i) INR 2.5 crores per gross acre for 1.75 FAR ii) INR 2 crores per gross acre for 150 FAR	INR 0.5 lakhs per gross acre
Zone II	---	---	i) INR 2 crores per gross acre for 1.75 FAR ii) INR 1.7 crores per gross acre for 1.50 FAR	INR 0.5 lakhs per gross acre
Zone III	INR 4 lakhs per gross acre	INR 5 lakhs per gross acre	INR 1 crore per gross acre for 1.50 FAR	INR 0.5 lakhs per gross acre
Zone IV	INR 3 lakhs per gross acre	INR 4 lakhs per gross acre	INR 50 lakhs per gross acre for 1.50 FAR	INR 0.2 lakhs per gross acre
Zone V	INR 0.5 lakhs per gross acre	INR 0.6 lakhs per gross acre	INR 10 lakhs per gross acre for 1.50 FAR	INR 0.05 lakhs per gross acre

Zone I comprises of Gurgaon including other notified urban areas.

Zone II comprises of urban areas falling in the controlled area around Faridabad-Ballabhgarh complex, Panchkula, Pinjore and Kalka (for commercial use only).

Zone III comprises of urban areas falling in the controlled area around Faridabad-Ballabhgarh complex, Panchkula, Pinjore and Kalka (other than for commercial use only), specified areas in Gurgaon and Sonapat, urban area of Kundli, Panipat and other specified areas.

Zone IV comprises of Karnal, Kurukshetra, Ambala city, Ambala Cantt, Yamuna Nagar, Jagadhari, Bahadurgarh, Hisar, Rohtak, Gannaur, Palwal, Hodal, Rewari and other specified urban areas.

¹⁹ Source: Schedule to Rule 3 of HDRUA Regulations

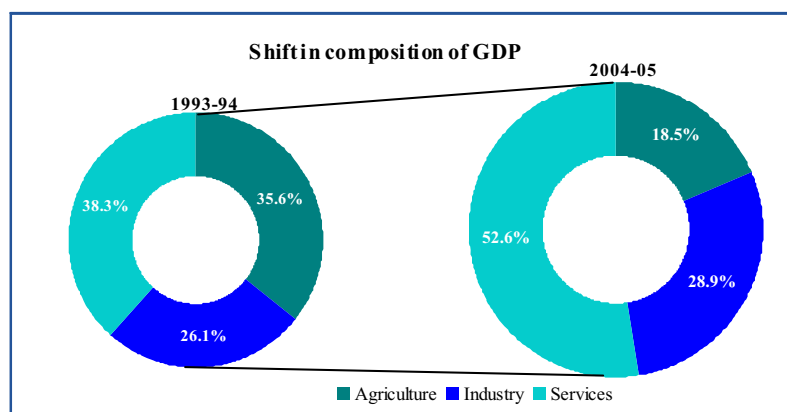
State Profile: Karnataka



2.1 Introduction

Situated in the southern part of India, the state of Karnataka spreads over the Deccan Plateau. From a basically agricultural economy, Karnataka has evolved into an industrial one. It has today about 978 large and medium scale industrial units with a total investment exceeding INR 1,56,545 crores employing more than 4 lakh people¹. The capital Bangalore today has become an industrial metropolis. As an electronic city, it has already spread over 300 acres and has become a nerve center of activity. Out of the 430 major software companies, 87 companies are based in Bangalore². The key industrial activities in the state includes IT and ITeS, telecom equipments, electronics and electricals, engineering, aeronautics, minerals, machine tools, watch-making, ceramics, leather products and food processing³.

As per the latest official data (quick estimates for 2004-05), Karnataka's GSDP at constant prices (1993-94) was INR 85,724 crores (USD 1,905 million)⁴. Further, the per capita Net State Domestic Product ("NSDP") of the state at constant prices (1993-94) was INR 13,820, which has grown at 9.4% on a year on year basis⁵. There has been a remarkable change in the sectoral composition of GSDP as compared to the base year 1993-94, indicating the gradually declining dependence of the state's economy on agriculture. The share of the services sector on the other hand, has been steadily increasing.



The increasing share of the tertiary sector in the state's GDP is attributable to the increase in its literacy rate to 67 % in 2001, from 56% in the year 1991⁶.

Karnataka is fast emerging as the preferred investment destination for foreign companies/ investments. During the period 2000-2006, Karnataka had received a total FDI of INR 7,572.32 crores (USD 1,676.60 million), which constituted 7.08% of the total FDI in the country during that period⁷.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

¹ Source: www.karnatakainformation.org

² Source: www.karnatakainformation.org

³ Source: www.karnataka.com

⁴ Source: Central Statistical Organisation

⁵ Source: Central Statistical Organisation

⁶ Source: www.des.kar.nic.in

⁷ Source: Department of Industrial Policy & Promotion

2.2 Regulatory Environment Relating to Purchase of Land

The purchase of land in the state of Karnataka is mainly governed by 2 key regulations, namely⁸:

- ▶ Karnataka Land Reforms Act, 1961; and
- ▶ Karnataka Town and Country Planning Act, 1961.

A broad overview of the above mentioned legislations vis-à-vis development of housing / commercial projects is outlined below.

2.3 Karnataka Land Reforms Act, 1961 (“KLRA”)

The ownership and holding of land for agricultural purposes within the state of Karnataka is regulated by the KLRA. The KLRA also contains detailed provisions governing tenancies on such land.

Under the provisions of KLRA, no person other than a person cultivating the land personally shall be entitled to hold agricultural land⁹. Further, holding of agricultural land by companies, etc is allowable only if the same has been specifically approved under the provisions of KLRA¹⁰. Further, under KLRA, a person having an assured annual income of INR 2,00,000 or more from sources other than agricultural land, shall not be entitled to acquire further agricultural land¹¹.

Under KLRA, ceiling on land holdings are prescribed depending upon the classification of the land as irrigated, semi-irrigated, dry, etc. The KLRA restricts the maximum extent of agricultural land that could be owned or possessed by any person to 54 acres. The extent of restriction of land holding reduces depending on the fertility of the land, for eg, for Grade-A irrigated lands, the ceiling would be 13 acres¹².

The KLRA exempts certain lands and certain persons from the applicability of some of the provisions of the Act. For eg, plantation lands are exempted from the applicability of inter-alia, provisions governing land ceilings, and consequently companies can own plantation lands in the state of Karnataka, without any ceiling¹³.

In addition to the restrictions prescribed under the KLRA, certain specific regulations, such as the Jamma Tenure Land Holdings in the district of Coorg, are applicable to certain parts of the state, which places restrictions on the ability to buy or sell land in such parts.

2.4 The Karnataka Town and Country Planning Act, 1961 (“KTCPA”)

The KTCPA regulates the planned growth of land use and provides for the development and execution of town planning schemes in the state. Under the KTCPA, the state government is empowered to notify an area as a local planning area and also appoint a planning authority for such an area¹⁴.

⁸ The Karnataka Urban Land Ceiling Act, 1976 previously stipulated a ceiling on land holdings. The said legislation however has since been withdrawn and consequently, no Urban Land Ceiling Regulations are applicable in the state of Karnataka.

⁹ Source: Section 79-B of the KLRA

¹⁰ Source: Section 79-A read along with Section 79-B and Section 109 of the KLRA

¹¹ Source: Section 79-A of the KLRA

¹² Source: Section 63, read with Schedule I and Section 2 of the KLRA

¹³ Source: Section 104 of the KLRA

¹⁴ Source: Section 4 and Section 69 of the KTCPA

For eg, the Bangalore Metropolitan Region Development Authority (“BMRDA”) is the planning authority for the Bangalore Metropolitan Region (“BMR”), comprising Bangalore urban district, Bangalore rural district and Malur taluk of Kolar district. Similarly, the Bangalore International Airport Area Planning Authority (“BIAAPA”) is the planning authority for the area of the proposed new airport at Devanahalli, Bangalore and its environs.

The planning authority for each area is required to prepare a Comprehensive Development Plan (“CDP”) or an Outline Development Plan (“ODP”) indicating the manner in which the development and improvement of the entire planning area is to be carried out and regulated¹⁵. The CDP/ ODP provide zoning of land use for residential, commercial, industrial, agricultural, recreational, educational and other purposes. The CDP or ODP also provides for the reservation of certain type of land for the purposes of the central and state governments, planning authority or public utility undertakings and also for the designation of certain areas as areas of special control, which are subject to certain regulations on building line, height of the building, FAR, architectural features, etc¹⁶.

Every land use, change in land use and development in the area covered by the CDP or ODP, would need to be in accordance with the provisions of the KTCPA and the CDP or ODP. These developments can be carried out only with a written permission of the planning authority, which is contained in a commencement certificate issued in the form prescribed under the KTCPA¹⁷.

2.5 Processes for Obtaining Approval for Conversion of Land in Karnataka

Procedure for conversion of land from agricultural to commercial purposes¹⁸:

Land conversion in the state of Karnataka is governed by the provisions of the Karnataka Land Revenue Act, 1964 (“LRA”). Under the provisions of the LRA, any person who wishes to divert agricultural land for any other purpose is required to make an application through the tahsildar to the jurisdictional deputy commissioner, or such authority to whom powers in this regard may be delegated.

All areas within the jurisdiction of a planning authority will be subject to zoning regulations pertaining to usage of land for residential, commercial and industrial purposes. The deputy commissioner would consider the application from the perspective whether the diversion is likely in accordance with law and in the interest of general public.

The standard conditions for the approval of conversion of agricultural land for residential/ commercial purposes inter alia require that the construction on converted land be carried out according to the plan sanctioned by the appropriate authorities that the land should be used only for the purpose for which it is converted; the specifications with regard to boundary margins should be complied with; the applications for electricity and water supply should be made to the relevant authorities in the prescribed application or form; and if any construction on the land is carried out for any purpose other than for which conversion has been sanctioned, the relevant authority has the power to demolish the structure without notice to the owners.

¹⁵ Source: Section 9 and Section 10 of the KTCPA

¹⁶ Source: G.O. No. HUD 139 MNJ 94, dated 5-1-1995, Comprehensive Development Plan, 1995 Zoning of land Use and Regulations

¹⁷ Source: Section 14 of the KTCPA

¹⁸ Source: G.O. No. HUD 139 MNJ 94, dated 5-1-1995, Comprehensive Development Plan, 1995 Zoning of land Use and Regulations



The process of granting or rejecting conversion is required to be completed within 45 days of receipt of the application. If the appropriate authority requires any further information in respect of the property, the applicant will be intimated within a week of receipt of the application. If conversion is to be granted, then the applicant has to be issued a notice to pay the ‘conversion fine’ (fee payable on conversion of land) within 15 days of the notice. After the payment of the conversion fine, the deputy commissioner or such other designated authority will issue the conversion order in the prescribed form.

The LRA also states that in the case where the deputy commissioner fails to inform the applicant of the decision on the application for conversion within a period of 4 months from the date of receipt of the application, the permission applied for shall be deemed to have been granted.

Granting of permission for conversion of agricultural land to non-agricultural land does not automatically entitle the occupant to utilise the land for non-agricultural purposes without obtaining sanctions or permissions from local authorities such as municipal corporations, town panchayat and pollution control board, etc. The occupant should apply to the local authorities subsequent to the conversion order and obtain all requisite approvals including plan sanctions, pollution clearances, etc, before commencing any construction activities on the land.

Procedure for Conversion of land from non-commercial use to commercial use:

Under the KTCPA, the planning authority would prepare the ODP and after receiving comments or objections from the public, the government of Karnataka would finalise the development plan¹⁹. The finalised development plan is termed as the CDP. The KTCPA permits the planning authority to allow the change of land use with the prior approval of the state government²⁰.

If the planning authority fails to communicate its decision of granting or rejecting the application for change of land use within a period of 3 months from the date of application, permission for change of land use shall be deemed to have been granted, provided the proposed land use is in accordance with the CDP²¹.

The documents to be submitted for any change in land use should include the plan of the land in respect of which the permission is requested, title documents, katha certificate, tax paid receipt and sanction plan of construction, if any, and all other forms and documents for change in land use as prescribed by the planning authority concerned²².

¹⁹ Source: Section 13 of the KTCPA

²⁰ Source: Section 14 of the KTCPA

²¹ Source: Section 15 of the KTCPA

²² Source: Section 14 of the KTCPA

2.6 Statutory Fees and Other Costs involved in Obtaining Approval for Conversion

The requisite fee payable for land conversion is termed as a 'conversion fine', and its quantum is laid down by the Karnataka Land Revenue Rules, 1966.

The following are the details of conversion fees payable²³:

Place	Area	Rate in INR per square foot	
		Residential	Non-residential
Bangalore	Municipal corporation limits and all lands within a distance of 18 Kms from corporation limits.	11.50	57.50
Mysore, Hubli, Dharwar, Mangalore and Belgaum.	Municipal Corporation limits and all lands within a distance of 8 Kms from corporation limits.	7.00	34.50
Gulbarga, Davanagere, Shimoga, Bhadravathi, Bellary and Bijapur	Municipal corporation limits and all lands within a distance of 8 Kms from corporation limits.	5.75	28.75
Other District Head quarters and Gadag, Dandeli, Kolar Gold Field, Hospet and Bagalkote	Municipal corporation limits and all lands within a distance of 5 Kms from corporation limits.	3.00	14.50
Other places		0.25	1.20

²³ Source: Rule 107A, Karnataka Land Revenue Rules, 1966

2.7 Development of Commercial/Residential Projects in Karnataka

The CDP presently in force for the city of Bangalore and notified by the Bangalore Development Authority (“BDA”) has classified land use into the following zones²⁴:

- ▶ Residential;
- ▶ Commercial (retail and whole sale business);
- ▶ Industrial (light industries, medium industries and heavy industries);
- ▶ Public and semi public;
- ▶ Utilities and services;
- ▶ Parks and open spaces and playgrounds (including public recreational area);
- ▶ Transportation and communication; and
- ▶ Agricultural land, water sheet, etc (green belt).

Permission to undertake development of property is granted by the jurisdictional planning authority (for eg, the BDA, in reference to the city of Bangalore), after taking into account compliance with the following:

- ▶ The minimum set-back/ open spaces required on all the sides of a building, depending on the use and the proposed height of the building;
- ▶ The maximum FAR, depending on the use and the intensity of development in the area;
- ▶ The maximum height of the building and the maximum number of floors in the building, depending upon the location; and
- ▶ Parking requirements based on the building use.

With regard to development in residential use zone, it has been specified that buildings or premises shall be permitted only for residential use such as dwellings, hostels, dharamsalas, places of public worship and schools offering general education course up to secondary education. Public libraries, post and telegraph offices, Karnataka Power Transmission Corporation Limited (“KPTCL”) counters, Bangalore Water Supply and Sewerage Board (“BWSSB”) counters, clubs, milk booths and neighborhood or convenience shops, doctors' clinics or consulting offices of advocates and other professionals would be allowed in the residential zone in public interest, provided the floor area occupied by such places does not exceed 20 sq mts.

With regard to development in commercial use (retail) zone, it has been specified that offices, residential buildings, shops and service establishments requiring power up to 10HP in major business areas and up to 5HP in neighborhood shops, nursing homes and residential buildings is permitted. With respect to commercial use (wholesale business) zone, all the establishments permitted in the case of business zone would be permitted with power requirements up to 20HP (except residential buildings).

²⁴ Source: G.O. No. HUD 139 MNJ 94, dated 5-1-1995, Comprehensive Development Plan, 1995 Zoning of land Use and Regulations

The following approvals would need to be additionally obtained²⁵:

Indicative List of Approvals Required	Issuing Authority
Water and sewage (supply and connection)	BWSSB (Bangalore) and Karnataka Urban Water Supply and Sewerage Board (Mysore)
Electric supply approval	KPTCL and Bangalore Electricity Supply Company Limited ("BESCOM")
Environmental impact assessment and other environmental related clearances	State Environment Impact Assessment Authority (Karnataka) and the Ministry of Environment and Forests (in the Central Government)
Pollution related clearances	Karnataka State Pollution Control Board
Fire fighting arrangements	Karnataka Fire Services Department
No-objection certificate for high rise buildings (i.e. building with ground floor plus four floors and above)	BWSSB, KPTCL, Fire Services Department, National Airports Authority/ Bharat Sanchar Nigam Limited

The Karnataka Apartment Ownership Act, 1972 ("KAOA") primarily provides for the ownership of an individual apartment in a building and to make such apartment heritable and transferable property²⁶. It also regulates the usage of the common areas and facilities in the building by each apartment owner and entitles each apartment owner to an undivided interest in such areas/ facilities²⁷.

Typically, in respect of the usage of common areas/ facilities, the owners of apartments form an association and have the same registered under the Karnataka Societies Registration Act. The registered association has its own bye-laws to control and regulate the usage of the lands and property.

2.8 Relevant Policies

SEZ Policy:

In order to facilitate the development of SEZs in Karnataka, the state government has put in place a single window clearance mechanism. Projects with investments between INR 3 to 50 crores will be cleared by the State Level Single Window Clearance Committee ("SLSWCC"), chaired by the principal secretary, Department of Commerce and Industries, Government of Karnataka. If the investment is above INR 50 crores, it will be cleared by the State High Level Clearance Committee ("SHLCC"), chaired by the Chief Minister, Government of Karnataka. The applications to both, SLSWCC and SHLCC are required to be submitted through the Karnataka Udyog Mitra.

²⁵ This is an indicative list only

²⁶ Source: Section 4 and Section 5(1) of the KAOA

²⁷ Source: Section 6 of the KAOA

Industrial Policy 2006-11 (“Industrial Policy”):

The newly introduced policy seeks to strengthen the manufacturing industry in the state, increase Karnataka’s share in the national exports, create additional employment and provide for a diversified industrial base with strength in both old economy and new economy fields. Some of the key strategies adopted in the policy to promote the above objectives include:

- ▶ Encouragement of specialised industrial infrastructure for specific sectors and SEZs, through both the Karnataka Industrial Area Development Board (“KIADB”) as well as private sector promoters;
- ▶ The establishment of multi-product and product specific SEZs will be encouraged in all districts of the state except Bangalore Urban District (except if the proponent of SEZ comes forward to do so in his/ her own land or through a joint development agreement with land owners);
- ▶ Local amendments to the SEZ Act, 2005 and Rules, 2006 (Central Act) will be effected, providing for state level facilitation and incentives, labour law rationalisation, etc;
- ▶ Incentives and concessions for various categories of industries and locations; and
- ▶ Focused attention on sub-sectors/ areas where the state has core competency, ie aerospace, engineering, automobiles, pharmaceuticals, food processing, apparel and textiles, electronics, information technology, bio-technology etc.

IT Policy:

Karnataka was the first state to announce IT Policy in the year 1997. The state has recently introduced Mahithi, the Millennium IT Policy. Under this policy, various fiscal incentives are offered to IT industries. Zonal restrictions would not apply to IT companies that use power up to 5 KVA and hence, such companies can be established in residential, industrial or commercial areas. The procedure for seeking environment pollution clearances is simplified for software companies that use captive Diesel Generator (“DG”) sets. The government has relaxed the FAR for all IT projects set up outside the limits of the municipal corporations in the state.

A rebate of 15% on cost of land will be applicable to those companies that get land from the state agencies like Karnataka State Small Industries Development Corporation (“KSSIDC”), Karnataka Industrial Areas Development Board (“KIADB”) and Karnataka State Electronics Development Corporation Limited (“KEONICS”). For other companies, rebate of 15% on stamp duty is applicable. This rebate on stamp duty is also applicable to the existing IT companies expanding or modernising as well as creating additional employment.

Karnataka Tourism Policy 2002-2007:

The Government of Karnataka, in order to encourage private sector participation in the promotion of tourism and tourism-related activities, provides various concessions and incentives under the tourism policy. To obtain various incentives laid down in the policy, the projects have to be approved by the Department of Tourism, Government of Karnataka, on or after June 1, 2002 and on or before May 31, 2007.

Commercial establishments open to public in Karnataka, and providing facilities/ services to tourists, such as hotels, tourist resorts, wayside facilities, amusement parks, houseboats, adventure/ recreation activity centre, heritage hotels, tourist village, dormitory etc, are eligible to seek approval for incentives from the Department of Tourism, Government of Karnataka.

2.9 Relevant Taxes and Duties

Stamp Duty and Registration Fees²⁸:

Particulars	Applicable Duty Rate
On sale/ purchase of immovable property	<u>Stamp Duty</u>
	8.025% of the market value of the property
	<u>Registration Fees</u>
	1% of the value taken for computing the stamp duty
Lease of immovable property for a period of less than 3 years	<u>Stamp Duty</u>
	5.35% of the whole amount payable or deliverable under such a lease or value of average annual rent reserved
	<u>Registration Fees</u>
	1% of the value taken for computing the stamp duty
Lease of immovable property for a period of 3 to 5 years	<u>Stamp Duty</u>
	5.35% of the whole amount payable or deliverable under such a lease or value of average annual rent reserved
	<u>Registration Fees</u>
	1% of the value taken for computing the stamp duty
Lease of immovable property for a period of 5 to 10 years	<u>Stamp Duty</u>
	8.025% of twice the whole amount payable or deliverable under such a lease or value of average annual rent reserved
	<u>Registration Fees</u>
	1% of the value taken for computing the stamp duty
Lease of immovable property for a period of more than 30 years	<u>Stamp Duty</u>
	8.025% of the amount equal to the market value of the property
	<u>Registration Fees</u>
	1% of the value taken for computing the stamp duty

Other information:

The Municipal Corporations Act, 1976, the Municipal Corporation Rules, 1977, the Karnataka Panchayat Raj Act, 1993, LRA and the Karnataka Land Revenue Rules, 1966, provide for the payment of various taxes and levies. The rate of property tax payable varies for residential and commercial use of the property.

²⁸ The rates as applicable on December 31, 2006. The applicable stamp duty rate could vary depending upon the specifics of each transaction

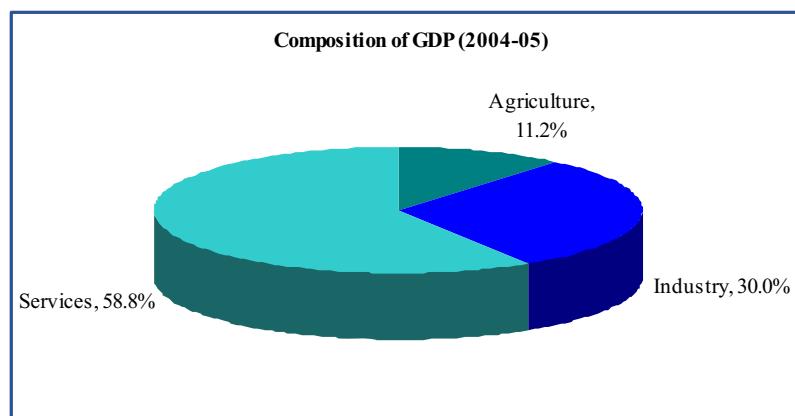
State Profile: Maharashtra



3.1 Introduction

Located on the western coast of India, Maharashtra is India's third largest state in terms of area and second largest in terms of population after Uttar Pradesh. It is bordered by the states of Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Karnataka, Goa and the union territory of Dadra and Nagar Haveli. Mumbai, India's largest city is the capital of Maharashtra and the financial capital of the country.

As per the latest official data, Maharashtra's GSDP at constant prices (1993-94) for the year 2004-05 was INR 2,08,253 crores (USD 46,278 million)¹ making it the largest state in India in terms of size of the economy². Further, the per capita income of the state at constant prices (1993-94) was approximately INR 20,397 (USD 453) which has grown at 6.8% on a year on year basis³.



Maharashtra is among the few states in India whose GDP is predominantly contributed by the industries and services sector, with nearly 89% of the state's GDP in 2004-2005 being contributed by these sectors⁴. The key industries of the state include food products, beverage, tobacco, cotton, textiles, paper and printing, petroleum, coal, chemicals, pharmaceuticals, metal products, electrical machinery and apparatus, transport equipment, etc⁵.

Over the last decade, Maharashtra has witnessed a sharp rise in the level of literacy. The decade of 1991 to 2001 saw a rise in the literacy levels from 64.9% to 76.9%⁶. This period also witnessed a 3.01% Compounded Annual Growth Rate ("CAGR") in terms of urbanisation. The percentage of urban population rose from 38.69% in 1991 to 42.43% in 2001⁷.

¹ Source: Central Statistical Organisation

² Source: www.cmie.com

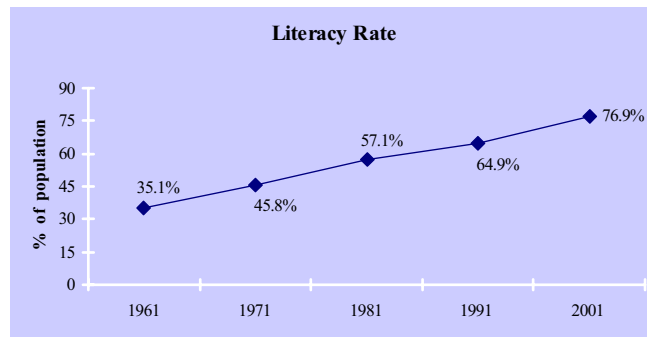
³ Source: Central Statistical Organisation

⁴ Source: Central Statistical Organisation

⁵ Source: www.iic.nic.in

⁶ Source: www.maharashtra.gov.in

⁷ Source: www.maharashtra.gov.in



Maharashtra is also one of the highest recipients of FDI in India. The total FDI inflow during the period January 2000 to July 2006 for Maharashtra, Dadra & Nagar Haveli, Daman & Diu was INR 23,718.14 crores (USD 5,239 million) which constituted 22.16% of the total FDI inflows in India⁸.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

3.2 Regulatory Environment Relating to Purchase of Land

The purchase of land in the region of Greater Mumbai is mainly governed by the following key regulations, namely:

- ▶ Maharashtra Agricultural Lands (Ceiling on Holdings), Act 1961;
- ▶ Bombay Tenancy and the Agricultural Lands Act, 1948; and
- ▶ Urban Land (Ceiling and Regulation) Act, 1976.

The various legislations inter alia, provide for imposition of a ceiling on both ownership and possession of land. The ceiling is applied on a graded basis, according to further sub-classification of the land. The restrictions imposed are vast and depend upon various criteria being the type of land, the geographical location, etc.

The restrictions on acquisition of land in specified areas depend upon the location of the land, the type of land, the existing use, the proposed use after acquisition and local policy governing the area. There are separate legislations/ policies relating to type of land and development of land located in the coastal areas, no-development zones, agricultural land, etc.

3.3 Maharashtra Agricultural Lands (Ceiling on Holdings), Act 1961 (“MALCHA”)

The MALCHA places prohibition on holding land in excess of specified ceiling and restriction. The ceiling area for each class of land in the districts and talukas are provided in First Schedule of the MALCHA. The MALCHA specifies certain types of lands which are exempted from the provisions of this Act⁹, for eg, lands held by an industrial undertaking for a bona fide industrial or non-agricultural use.

⁸ Source: Department of Industrial Policy & Promotion

⁹ Source: Section 47 of MALCHA

3.4 Bombay Tenancy and the Agricultural Lands Act, 1948 (“BTALA”)

Chapter V of the BTALA provide for restrictions on holding agricultural land in Mumbai area of state of Maharashtra.

3.5 Urban Land (Ceiling and Regulation) Act, 1976 (“ULCRA”)

Processes for obtaining approval for conversion of land in Greater Mumbai:

Procedure for conversion of land from agricultural to commercial purposes:

The BTALA provides that no sale, gift, exchange, lease or mortgage of agricultural land in favour of a non-agriculturalist shall be valid unless the prior permission of the collector is obtained for such purposes¹⁰. However, transfer to non-agriculturist can be made for bona fide industrial use without the permission of the collector subject to the location of the land and other terms and conditions as provided there under¹¹.

A similar provision is made under the Maharashtra Land Revenue Code, 1966 (“MLRC”) which provides that it is mandatory to obtain the permission of the collector, if it is intended that the use of the land be converted from agricultural to commercial use¹². The permission to convert the use of agricultural land to non-agricultural purpose or to change the use of land from one non-agricultural purpose to another non-agricultural purpose may be granted by the collector after consulting with the planning authority or any other authority as the state government may direct and subject to other terms and conditions of the laws in force for the time being.

In the event of the collector granting permission for conversion of use of land on certain conditions, any breach of conditions on which the conversion of use of land is permitted, may make the land inter alia liable to be forfeited under BTALA or MLRC, as applicable.

Some of the conditions for conversion of use of land that could be prescribed by the collector are as follows:

- ▶ Land shall not be used for any other purpose than the purpose for which permission is granted;
- ▶ Permission shall be subject to the code and rules of MLRC;
- ▶ Applicant shall commence the non-agricultural use applied for within one year from the date of the order made by the collector, failing which permission granted will be deemed as lapsed;
- ▶ Applicant shall be liable to pay altered assessment charges as applicable; and
- ▶ Where permission is granted for construction of a structure to be used for any non-agricultural purpose, such structure shall be constructed in accordance with the plan approved by the planning authority or the village panchayat or subject to such rules as prescribed under the code.

¹⁰ Source: Section 63 of BTALA

¹¹ Source: Section 63(1A) of BTALA

¹² Source: Section 42 of MLRC



The form for application for conversion of land contains information/ document as may be required, such as:

- ▶ Certified copy of record of rights in respect of the land as it existed at time of application;
- ▶ Sketch of lay out of the site in question (in triplicate), showing location of the proposed building or other works for which permission is sought and the nearest roads or means of access; and
- ▶ Written consent of the tenant/superior holder/occupant, name of the applicant with address, occupation and other details.

Statutory fees and other costs involved in obtaining approval for conversion:

The holder of the land has to pay to the government additional land revenue called conversion tax.

Timeline for obtaining approval:

Under the MLRC, the collector is obliged to intimate the applicant of his decision with regard to approval for conversion of land within a period of 90 days. In case the collector does not issue his order within the said period, permission for which the application has been made shall be deemed to have been granted.

Procedures for conversion of land from non-commercial use to commercial use:

Any application for change in use of land from non-commercial use to commercial use has to be made to the planning authority (municipal corporation or municipal council, within whose area that land is situated or to the collector if the land is not comprised within the municipal corporation or municipal council as provided under the Maharashtra Regional and Town Planning Act, 1988 (“MRTP”)¹³ or to the collector as provided under MLRC, as may be applicable.

Permission for conversion of land shall not be granted otherwise than in conformity with the provisions of the draft or final regional plan/ development plan of the area. In the event a person intends to execute a special township project on any land; an application may be made to the state government. The planning authority may grant permission, subject to general or specific conditions as it may impose, with prior approval of the state government. The planning authority shall be guided by the building bye-laws and development control rules. The permission (commencement certificate) granted by the planning authority shall contain all conditions, subject to which approval is given. The planning authority is the local authority ie the Bombay Municipal Corporation (“BMC”) or any other authority as the case may be.

Statutory fees and other costs involved in obtaining approval for conversion:

The planning authority or the development authority shall levy, within the area of its jurisdiction, development charge on the institution of change of use of any land or building or development of any land or building at the rates specified under the Second Schedule of MRTP. Development charges are recoverable upon sanction granted by municipal corporation of the building plan.

¹³ Source: Section 44 of MRTP

Timeline for obtaining approval:

The MRTP provides that if the planning authority does not communicate its decision for grant or refusal of permission to the applicant within 60 days from date of receipt of reply from the applicant in respect of any requisition made, such permission shall be deemed to have been granted to the applicant.

Regulations applicable to assignment of development rights from a land owner to a real estate developer:

The regulations regarding transfer of development rights from a development agreement executed between owner of the land and developer, vary depending upon the manner of construction and use of land, for eg, whether it is residential, commercial, industrial, etc, and whether the land is owned by the state or is it privately owned. Hence, the regulations applicable will be The Indian Contract Act, 1872 and The Transfer of Property Act, 1882.

If use of land is for residential purposes, the manner of construction, ie whether the association to be formed shall be a co-operative society or a condominium or an association of persons would also determine which Act/regulation would be applicable. However, in general, a real estate developer would have to obtain various approvals and permissions from the municipal body and other authorities, obtain approval in respect of its plan, appoint licensed surveyors, architects, structural engineers, etc, and abide by the rules, regulations and provisions of the particular legislation as may be applicable.

Development of commercial/residential/cineplex projects in Greater Mumbai:

There is no uniform state policy for allotment of land to private developers, however, provisions relating to lands not owned by others would be governed by MLRC and rules framed there under.

The Revenue Department and the Department of Industries of the state government typically deals with allotment of land to private developers. In certain cases, the state government has allotted certain portions of self-owned land to various corporations established by the state, such as, Maharashtra Housing and Area Development Authority ("MHADA"), City and Industrial Development Corporation ("CIDCO"), and Maharashtra Industrial Development Corporation ("MIDC").

Each of these bodies have been constituted by the state for different reasons, for eg, MHADA has been established by the government to provide mass housing to the poor at affordable rates and to consolidate the law relating to housing, repairing and reconstruction of dangerous buildings. Also, each corporation has its own internal procedures and guidelines relating to allotment of land. Hence, the policy of the state with respect to allotting land parcels to private developers for development of residential, commercial or cineplexes would vary according to location of the land, existing use of the land, purpose for which land is sought to be developed, etc. The state government also regularly issues notices, policies, and circulars as may be required for each of these corporations established by it.

The general trend of state policy is that allotment of land has to be approved by the state government and usually, land is allotted on a tender basis. However, some corporations like CIDCO and MHADA may also allot land on a first come basis.



The procedure for allotment of land would vary depending on the location of land, the purpose for which the land is required, the owner of the land, etc. Also, the state usually invites tenders from public prior to allotment of land. The same may not always be true for corporations since corporations may be guided by their own internal procedural policies.

Restrictions imposed disallowing land use for purpose other than that for which originally settled:

Under the Development Control Regulations for Greater Mumbai 1991 (“DC Regulations”), the state government has imposed restrictions on development of land which is set apart for specific purposes only, for eg, land has been demarcated as agricultural, residential, commercial, no development zone, land for tourism, land situated in coastal areas, etc. However, the various state legislations usually have a proviso wherein conversion of land is permitted subject to terms and conditions enumerated in the respective legislations.

Also, there are certain plots of land which have been reserved for certain purposes and cannot be put to any other use, for eg, land reserved for slum rehabilitation, SEZs, etc. These lands have been reserved for specific purposes and legislation governing the same usually does not permit conversion of such lands.

Regulatory environment relating to development of property:

MRTP is the primary legislation which governs and regulates land use and development of property in Maharashtra. Each municipal corporation in Maharashtra enacts its respective municipal corporation Act and development control regulations to further regulate the development of land falling within its jurisdiction. Consequently, the provisions of legislation regarding land development would primarily depend on the geographical location of the land and authority within whose jurisdiction specific land falls. The development of land in Greater Mumbai is mainly governed by the DC Regulations, framed under MRTP. The other development control regulations framed by various municipal corporations within Maharashtra will primarily be similar to the DC Regulations.

The DC Regulations have specified detailed guidelines in relation to development, redevelopment, construction, reconstruction, mode of construction, design of the building, different uses, change of user, Floor Space Indices (“FSIs”), and for all other matters incidental thereto¹⁴ for development of immovable properties situated within the territorial jurisdiction of Municipal Corporation of Greater Mumbai (“MCGM”).

All land in Greater Mumbai is earmarked for specific uses. The usage and manner of development of land, as provided in the DC Regulations, demarcates the 4 corners within which the developer can undertake his development activities.

The FSI in relation to any property, is the development potential of that property. To illustrate, when it is said that the developer is entitled to develop a particular property, in substance, it means that the developer is entitled to utilise the FSI available in relation to that property. Further, the FSI available in relation to a property is a key factor in determining the property’s valuation.

¹⁴ Regulation 3 of the DC Regulations lists down the areas of applicability

The DC Regulations¹⁵ define the term FSI as follows:

FSI means the quotient of the ratio of the combined gross floor area of all floors, excepting areas specifically exempted under the DC Regulations, to the total area of the plot, viz:

$$\text{Floor Space Index (FSI)} = \frac{\text{Total covered area on all floors}}{\text{Plot Area}}$$

No uniform FSI has been specified for carrying on development activities within the territorial jurisdiction of Greater Mumbai. The development potential for every individual property varies depending upon the property's location and permitted use.

The DC Regulations also classify land based upon land use and zones identified and marked in the development plan. Based on such classification, development activities are controlled and restricted by means of specific regulations framed under DC Regulations.

To start construction/ re-construction activity, the developer/ owner/ his constituted attorney/ tenant/ member occupant/ society is required to obtain an Intimation of Disapproval ("IOD") and a Commencement Certificate ("CC") from the commissioner. For this purpose, an application/ notice of intention is required to be made under the Mumbai Municipal Corporation Act, 1888 ("MMCA") read with the DC Regulations.

The said application is then scrutinised by the building proposal department. After the application is made for CC along with the required documents, and if the commissioner fails to intimate in writing within 30 days to the owner/ developer, his disapproval regarding the proposed building, then the said application shall be deemed to have been granted. It may be noted that the said approval remains in force for one year and four years in aggregate. The developer/ owner is required to renew the same every year.

Once such CC is granted, the construction work may be commenced after completion of 7 days from the service of the notice. During the period in which construction activity is carried on, the developer has to keep records of test data and other documents, at the site for the purpose of inspection as required by the commissioner.

On completion of construction work, the owner/ developer shall first obtain Completion Certificate. The developer is required to submit a building Completion Certificate from his architect who has supervised the construction, in the prescribed form to the commissioner. The commissioner shall inspect the work and after being satisfied that there is no deviation from the approved plans, issue a certificate of acceptance of the completion of work in the prescribed form. Thereafter, the developer shall submit to the commissioner, a development completion certificate in the prescribed form. Upon the commissioner being satisfied, he may issue Occupation Certificate ("OC") under the MMCA. It may also be possible to obtain a part Occupation Certificate ("part OC") from the commissioner upon completion of part of the construction work. This OC is required for the occupation of the premises so developed.

Regulations applicable for town planning for commercial/ residential development:

In Mumbai, the town planning and development regulations are provided under the MRTTP, read with the DC Regulations. Under MRTTP, the planning authority shall within a specified time conduct a survey, prepare an existing land-use map and prepare a draft development plan for the area within its jurisdiction in accordance with the regional plan. The development plan indicates the manner of regulation of land use allocation and development. This development plan, after being sanctioned by the state government, forms the blue print for development of the land covered in it.

¹⁵ Source: Regulation 2(3)(42) of the DC Regulations



The DC Regulations provide for certain exemptions ie the circumstances when existing non-conforming uses are permitted to continue.

Further, the allotment and development of land for residential or commercial purposes are also governed by various specific legislations being:

- ▶ The Maharashtra Housing and Development Act, 1976 ("MHADAA");
- ▶ The Metropolitan Regional Development Act, 1974 ("MRDAA"); and
- ▶ The Maharashtra Industrial Development Corporation Act, 1961 ("MIDCA").

Special planning authority is appointed pursuant to these legislations and MRTP for specified purpose as stated therein. Depending upon the area where the land is located and the type of development activity to be undertaken, the appropriate legislation can be identified which would govern such development activity.

Documentation and approvals required for commencing of property development:

Persons desirous of making any application in case of new building/ additions/ alterations/ change of user/ will have to:

- ▶ Appoint a registered architect/ licensed surveyor to undertake the work;
- ▶ Furnish relevant data/ documents to the appointed professional;
- ▶ Appoint structural engineer, licensed supervisor, licensed plumber;
- ▶ Submit all forms/ undertakings/ affidavits/ plans/ duly signed, the building proposal through a registered architect, licensed surveyor; and
- ▶ Pay requisite fees to MCGM.

Procedure of obtaining CC if intend to erect a building:

The MMCA provides the procedure for obtaining development permission and CC. Every person who intends to contract shall give the commissioner a notice of his intention in the form¹⁶. The notice shall specify the position of the building intended to be erected, the description of building, the purpose for which it is intended, its dimensions and name of the person who he intends to employ to supervise its erection.

Procedure of obtaining CC if intend to execute work not amounting to erection of a building:

The MMCA provides that every person who intends to make addition, alteration, repair, etc, shall give the commissioner a notice of his intention in the form prescribed under MMCA. The notice shall specify the position of the building in which such work is to be executed, nature and extent of the intended work, particular part or parts, if any, of such work which is or are intended to be used for human habitation and the name of the person who he intends to employ to supervise its execution.

¹⁶ Source: Section 344 of the MMCA

Common procedure:

The MMCA, read with the DC Regulations, provides details of documents that shall accompany the notice to the commissioner:

- ▶ Complete sets of plans as prescribed in DC Regulation are to be submitted;
- ▶ Key plan (location plan), a site plan, sub-division/ lay out plan, building plan and service plan;
- ▶ Documents relating to ownership of title and area, as prescribed;
- ▶ Forms of specifications and supervision, as prescribed;
- ▶ Architect's / licensed surveyor's appointment letter, architect scrutiny form;
- ▶ Index of contents;
- ▶ ULCRA clearance or calculations for non applicability as per circular of ULCRA or in case of owners with total holding of land within ceiling limit of 500 sq mts and indemnity bond and affidavit in prescribed form wherever applicable;
- ▶ Comprehensive undertakings / affidavit / indemnity bond for applicable aspects;
- ▶ Development permission fee receipt;
- ▶ Security deposit;
- ▶ Attested copy of clearance certificate from relevant department of the corporation for payment of tax up to date;
- ▶ No Objection Certificate ("NOC") from authorities like Civil Aviation Department, Maharashtra Pollution Control Board and other applicable authorities; and
- ▶ Other facilities to be provided during construction.

Special Requirements:

- ▶ NOC from commissioner of police for proposal, wherever applicable;
- ▶ NOC from director of industries for industrial development, wherever required;
- ▶ NOC from special planning authority such as MMRDA, wherever applicable;
- ▶ NOC from BHADA/MHADA for development of cessed properties in island city;
- ▶ NOC from concerned electric supply company regarding substation, wherever applicable;
- ▶ Registered document with plan for right of way;
- ▶ NOC from highway authority if access is derived from a highway; and
- ▶ Clearance from heritage conservation committee wherever required.



Statutory fees and other costs involved in obtaining approval for conversion:

The MMCA prescribes the development charges that are levied on each project of development of land. For the purposes of calculating development charges, the land is classified into four categories - industrial, commercial, residential and institutional. Further, Second Schedule prescribes the range of rates for development charges based on the type of land and the nature of development therein.

Timeline for obtaining approval:

The MMCA provides that the commissioner shall within 30 days from receipt of notice of the plan, section, description or further information, if any, called for under MMCA (such further information shall be requested for within 30 days from date of receipt of notice), as the case may be, intimate in writing his disapproval or his approval of the proposal. If the commissioner fails to intimate in writing his disapproval within such 30 days period, then it shall be deemed that the commissioner has granted his approval.

Applicable norms in case of residential/ commercial/ cineplexes:

The DC Regulations provides for terms and conditions with respect to various aspects of development of property in Mumbai. In addition, the Maharashtra Cinemas (Regulation) Rules, 1966 ("MCRR") regulates the construction of cineplexes.

Particulars	Residential	Commercial	Cineplexes
Exterior Open Spaces, Minimum Road Width etc.	Reg. 22 – Minimum road width vis-à-vis the area served is prescribed under Table 6. Reg. 23 – Recreational/ amenity open spaces. Reg. 24 – Minimum width for path ways. Reg. 28 – Setbacks and open spaces within building plots. Reg. 29 – Open space requirement (side and rear open space) in relation to the height of the building for light and ventilation.	Same as residential.	Rules 11, 24-III of the MCRR.
Layout/ building plans	Reg.5 – Provides details on the layout/ building plans.	Same as residential.	Rules 24-II, 87 to 98 of the MCRR.
Parking space requirements	Reg. 36 – Parking spaces.	Same as residential.	Rule 24-I of the MCRR.

Particulars	Residential	Commercial	Cineplexes
FSI, FAR Coverage Area, etc.	Reg. 32 – FSI and tenement density. Reg.33 – Additional FSI in certain categories. Reg. 35 – FSI computation.	Same as residential.	
Height limitations	Reg. 31 – Height of buildings.	Same as residential.	Rule 10 of the MCRR.
Standards followed for division of plots in sanctioning the sub-division of plots	Sec.21 – A layout of land or sub-division of land shall be permitted if: (a) more than one building is proposed on one land; (b) development or redevelopment on any tract of land includes its division or sub-division into plots and (c) land under development and measures 1000 sq mts or more in a residential or commercial or in an industrial zone.	Same as residential.	No special provision.
Water supply, sewerage, storm water drainage, rain water harvesting	Reg. 6 read with Form XIX - Drainage completion certificate.	Same as residential.	Rule 19 of the MCRR.
Street lights, road and electric supply	Reg. 17 – Every site proposed to be developed or redeveloped shall have access from a public street/ road as prescribed in these regulations. Reg. 19 – Prescribes for means of access to be constructed and maintained. Reg. 26 – Electric sub-station. Reg.42 – Lighting and ventilation.	Same as residential.	Rules 25 to 72 of the MCRR.



Particulars	Residential	Commercial	Cineplexes
Environmental Impact Assessment, Environment clearance, Fire fighting arrangements	Maharashtra Pollution Control Board Reg. 43 – Fire protection requirements. Reg.44 – Requirement for individual exist on each floor.	Same as residential.	Rules 8, 73 to 86 of the MCRR.
Administrative approval for generator set and environmental approval in connection with emission limits from generator set	Maharashtra Pollution Control Board ("MPCB").	MPCB	
License for storage of diesel	Petroleum Act, 1934.	Petroleum Act, 1934.	Petroleum Act, 1934.
Issue of completion certificate for the project	Reg. 6 read with Form XVI – Form of intimation of completion of work up to plinth level. Form XVIII – Form for Development Completion Certificate. Form XX – Building Completion Certificate. Form XXI – Acceptance of Completion Certificate. Form XXII – Occupancy Certificate. Form XXIII – Form of Indemnity for Part Occupancy Certificate.		
Others	Reg. 38 – Requirements of parts of buildings. Reg. 45 – Structural safety and services. Reg. 47 – Building services.	Same as residential.	Chapter III, IV, V and VI in their entirety apply to the construction of cineplexes.

Along with the application for development permission made to commissioner, the developer is required to submit certain consents/NOCs from several concerned departments/authorities. Some of such authorities are:

- ▶ MPCB for environmental clearance;
- ▶ Fire department;
- ▶ State police (especially in the case of cineplexes);
- ▶ Directorate of Industries;
- ▶ Inspectorate of Boilers and Smoke Nuisances; and
- ▶ Electrical distribution licensors.

The development permission prescribes certain conditions which are required to be fulfilled while construction is carried out by the developer. These conditions include compliance with various requirements as listed in the table above. Once construction is completed and prior to granting the Completion Certificate and the OC, the commissioner and certain other authorities like the fire department conduct inspection of the construction to check if the developer has conformed with the various requirements of the DC Regulations. The state government has not prescribed any single window agency for obtaining the above approvals. The commissioner is the authority for granting various approvals that are required for development of land. Thereafter, each concerned department needs to be approached for their approval or NOC.

3.6 Relevant State Policies

SEZ Policy:

The state has drafted a SEZ policy with the intention of developing exports, whereby many concessions are proposed to be given for development of SEZ zones, including land benefits and fiscal benefits. Further, a single window approval is envisaged for applying for the various approvals and NOCs required. The draft policy is yet to be enacted.

IT Park Policy:

The state has an IT and ITeS policy for development of IT parks and has prescribed various incentives included as below:

- ▶ Software industry will be allowed in residential, industrial and commercial zones;
- ▶ Software industry will be included as one of the permissible users in the “No Development Zone”;
- ▶ 100% additional FSI for software technology parks set up by public bodies on payment of premium amounting to 25% of the market value;
- ▶ No MPCB clearance required for software units; and
- ▶ No stamp duty on property transactions within designated software/infotech parks as well as on instruments of software companies such as lease documents, issue of shares, etc. Registration charges not to exceed INR 1,000.



Industrial Park:

MIDC has an industrial policy for development of industrial parks and has prescribed various incentives included as follows:

- ▶ Stamp duty exemptions;
- ▶ Exemption from non-agricultural assessment charges;
- ▶ Emphasis and special benefits for cluster based development by reserving some areas within its areas for specific industries and their ancillaries;
- ▶ Emphasis on co-operative industrial estates. Such estates shall be granted FSI as is applicable to MIDC areas;
- ▶ Common Application Form (“CAF”) for all aspects relating to development;
- ▶ Permission to purchase agricultural land exceeding 10 Ha for bona fide industrial purpose; and
- ▶ Exemption under section 20 of the ULCRA;

3.7 Relevant Taxes and Duties

The state regulations relating to payment of various local taxes and levies would depend upon the location and use of property in question. Governing laws for imposition of municipal taxes and cesses, village panchayat taxes, land revenue, and agricultural taxes would primarily include the following: MLRC, The Bombay Village Panchayats Act, 1958, the municipal laws of a corporation/ council for its jurisdiction, for eg, The Mumbai Municipal Corporation Act, 1888 for Mumbai city and the rules framed under the respective Acts.

The authority which is authorised to collect the taxes/ levies would be either the collector or the commissioner of the corporation/ council or any other authority constituted for collection of revenue by the pertinent Act.

The different taxes, such as property taxes are charged at the rateable value of the property which is assessed on several factors such as purpose of land, whether it is put to agricultural use or industry or commerce, area of land, location of land and is subject to periodic review.

The state government does offer various incentives/ rebates and relief for certain kinds of properties for developers taking certain initiatives for specified lands or putting the land to use for some public purpose, eg SEZs, hospitals, IT parks, etc. The rebate and relief would hence differ, accordingly.

Stamp Duty¹⁷:

Provisions governing stamp duty and registration fees are found under the Bombay Stamp Act, 1958 (“BSA”) and the Registration Act, 1908 respectively.

Article 25 of the BSA deals with the purchase and sale of land, Article 36 deals with lease of the land and Article 36A deals with leave and license agreements. In case of purchase or sale of apartments, there is no change in the stamp duty payable in case of apartments falling under Maharashtra Co-operative Housing Society's Act, 1960 or under Maharashtra Ownership Flat and Regulation of Promotion and Construction Field Management and Transfer Act, 1993 or provisions of the Maharashtra Apartment Ownership Act, 1980 and is based on the value of the apartment.

¹⁷ The applicable stamp duty rate could vary depending upon the specifics of each transaction

In case of authority of powers to a promoter/ developer for construction on, development of or sale/ transfer of any immovable property, Article 5 (g-a) is attracted.

Article 36 deals with stamp duty payable on lease of land and varies as per location of property and not as per usage of property. Stamp duty payable on leave and license agreements, depend upon both, location and usage of property.

Article 25 deals with stamp duty payable on purchase and sale of property which is based on location of the property and not on the usage.

In case of registration fees, the same varies from instrument to instrument and does not exceed INR 30,000.

There is no specific category on stamp duty for cineplex projects. However, stamp duty will be attracted on the basis of instruments for the projects.

Incentives offered by state:

The centre and various state governments come up with various policies with incentives and exemptions prescribed therein for development of specified sectors. The policies, incentives and exemptions vary depending on the sector proposed to be developed. For eg, Maharashtra currently has IT and ITeS policy prescribing various incentives and exemptions for development of IT sector by constructing IT parks. Further, the development criteria required to be followed by the developer will also be prescribed in the respective policies.

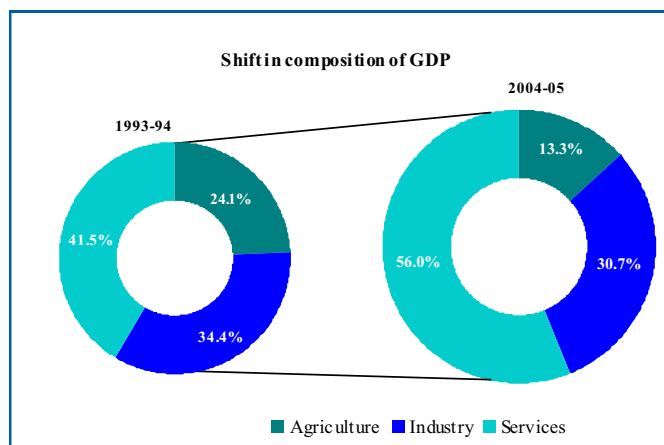
The state government comes up with various schemes from time to time for development of rural areas. The incentives depend on type of development and area proposed to be developed. Further, if development is concerning MHADA or CIDCO or for slum area, then the respective authorities and legislations provide for incentives therein including concessions relating to land. Furthermore, the central government vide Income tax Act and other applicable legislations have granted certain tax exemptions for development of industries and cineplex in the rural areas.

State Profile: Tamil Nadu



4.1 Introduction

Located at the southern tip of India, Tamil Nadu is bordered by Pondicherry, Kerala, Karnataka and Andhra Pradesh. It is the sixth largest state in India in terms of population and has the largest urban agglomeration nationwide.



As per the latest official data, Tamil Nadu's GSDP at constant prices (1993-94) was INR 1,03,248 crores (USD 22,944 million) making it one of the largest among states in India in terms of size of the economy¹. Further, the per capita income of the state at constant prices (1993-94) was INR 16,035, which has grown at 7.6% on a year on year basis, being one of the highest amongst states².

Tamil Nadu is among the few states in India whose GDP is not predominantly agricultural based. In the year 2004-05, nearly 87% of the GDP of the state was from services and industries, a clear indication of the level of industrialisation in the state³. Recent studies have shown that the level of industrialisation in Tamil Nadu is one of the highest in the country, with about 20 industrial parks in the state offering developed plots with supporting infrastructure⁴.

The increase in urbanisation has had an impact on the demographic composition of the state. As per the last census conducted, the period 1991-2001 saw a visible shift in population from rural to urban areas in the state, with the percentage of urban population rising from 34% to 44%⁵. There has also been a steady rise in the literacy rate along with the shift of population to urban areas. The census indicated that in 2001, the literacy rate of Tamil Nadu was 73.47%⁶.

The 2001 census also indicated that over a period of time, Tamil Nadu has witnessed a high level of urbanisation. At 43.86%, it was the highest in India⁷. This is further evidenced by the increase in the number of towns during the period 1991-2001, which has increased from 469 to 832.

¹ Source: Central Statistical Organisation

² Source: Central Statistical Organisation

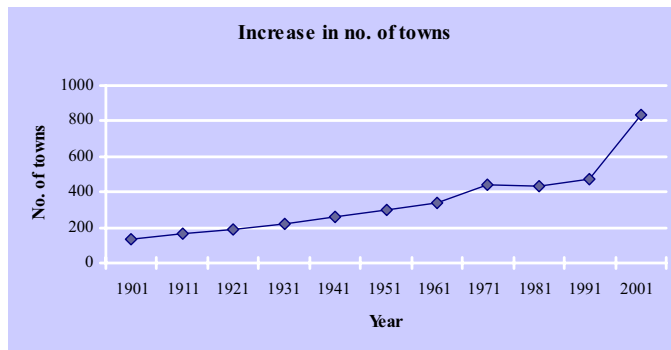
³ Source: Central Statistical Organisation

⁴ Source: www.tidco.com

⁵ Source: <http://gisd.tn.nic.in>

⁶ Source: <http://gisd.tn.nic.in>

⁷ Source: e-CENSUSIndia. CensusIndia.net. Retrieved on 2006-08-16.



Over the years, Tamil Nadu has emerged as a preferred choice for foreign investments. The cumulative FDI inflow in Tamil Nadu (including Pondicherry) during the period January 2000 to July 2006 was INR 7,129 crores (USD 1,560 million) and it constituted 6.67% of the total FDI in the country during that period⁸.

The above factors are an indicator of the rapid progress that Tamil Nadu has been making over the years. This growth has made the state a desirable destination for real estate development, both in the commercial as well as residential space.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

4.2 Regulatory Environment Relating to Purchase of Land

The purchase of land in the state of Tamil Nadu is mainly governed by 2 key regulations, namely⁹:

- ▶ Tamil Nadu Land Reforms (fixation of ceiling on land) Act, 1961 - which is applicable on the agricultural land in the state; and
- ▶ Tamil Nadu Town and Country Planning Act, 1971 read with the provisions of Tamil Nadu Urban Local Bodies Act 1998 and the provisions of Tamil Nadu Panchayats Act 1994.

A broad overview of the above legislations vis-à-vis development of housing/ commercial projects is outlined below.

⁸ Source: Department of Industrial Policy and Promotion

⁹ The State Government of Tamil Nadu has repealed the Tamil Nadu Urban Land (Ceiling and Regulation) Act, 1978 which restricted ownership of land beyond a certain specified area in urban areas

4.3 Tamil Nadu Land Re-forms (fixation of ceiling on land) Act, 1961 ("TNLRA")

The ownership and holding of land for agricultural purposes within the state of Tamil Nadu is regulated by the TNLRA. Under TNLRA, companies, individuals, other entities are permitted to hold land for agricultural purposes up to a maximum of 15 acres¹⁰. A higher ceiling, ranging between 25 acres to 40 acres, is prescribed for educational institutions such as universities, schools, etc.

An industrial/ commercial undertaking can make an application to hold agricultural lands in excess of the ceiling limits for industrial/ commercial activity¹¹. Permission from the state government could be issued with such conditions as it may deem fit and for a period as may be permitted.

The use of any land, other than agricultural land for development for commercial/ residential purpose is regulated by Tamil Nadu Town and Country Planning Act, 1971, being the parent Act, and through provisions of the Tamil Nadu Urban Local Bodies Act 1998 and the Tamil Nadu Panchayats Act 1994 which are applied with in the overall frame work of Tamil Nadu Town & Country Planning Act, 1971.

4.4 The Tamil Nadu Town and Country Planning Act, 1971 ("TNTCP")

The TNTCP supersedes TNLRA so far as use of land for development of commercial/ residential purposes is concerned.

Under TNTCP, the government of Tamil Nadu may notify any area within the state to be a regional planning area¹², local planning area or site for a new town and appoint a planning authority¹³ for these notified areas.

For eg, Chennai city and sub-urban areas such as Tiruvallur, Chengalpattu, Sriperumbadur, Ponneri and Poonamallee Taluk in Kancheepuram District, the Thiruvettriur, Alandur, Pallavaram, Tambaram, Ambattur, Avadi, Madavaram, Kathivakkam municipalities and 28 town panchayats and a large number of villages within these areas have been notified as the Chennai Metropolitan Area ("CMA")¹⁴ and the Chennai Metropolitan Development Authority ("CMDA") is the appointed planning authority for the CMA.

In respect to the notified planning areas, the regional planning authorities, local planning authorities and the new town development authority prepare a detailed development plan/ master plan for the development of the planning area¹⁵. The respective development plan/ master plan specifies the usage of land within the local planning area which inter-alia provides for allotment or reservation of land for residential, commercial, industrial and agricultural purposes, for parks and open spaces, major streets, airport and canals, area reserved for further developments, expansion and for new housing. The provisions for detailed development of specific areas for housing, shopping, industries, the height, number of storey and size of building, etc, may also be included in these plans.

¹⁰ Source: Section 5 of the TNLRA

¹¹ Source: Section 37A of the TNLRA

¹² Source: Section 10 of the TNTCP

¹³ Source: Section 11 of the TNTCP

¹⁴ Source: Section 17 of the TNTCP

¹⁵ Source: Section 20 of the TNTCP



The local planning authority in its detailed development plan may also separately provide for acquisition of any land or other immovable property within the detailed development plan, disposal by sale, lease, etc, of land acquired or owned by local planning authority, the allotment or reservation of land for specified purposes, etc.

The plans may also provide that the land reserved or designated in a regional plan, master plan, detailed development plan or a new town development plan may be purchased or acquired by the government under the provision of the Land Acquisition Act, 1984.

Any development on a land comprised within a planning area can be undertaken only after obtaining the permission from the respective planning authority.

The land within the regional planning area, local planning area or a new town development shall be used only as per the respective development plan unless otherwise specifically approved by the appropriate planning authority and in accordance with conditions as may be specified by such authority.

In case there is no development plan drawn up by the concerned development planning authority or where there are no development planning authorities, the local authority namely, the municipality or the panchayat or the special officer would be responsible for granting permission with regard to use of land including the conversion thereof.

As on date, land use and planning/ development activities in municipal areas (urban/local) is controlled and regulated by the local body authorities (municipalities) under the provisions of the Tamil Nadu Urban Local Bodies Act, 1998 and in panchayat areas by the panchayat authorities (Panchayat Board) under the provisions of the Tamil Nadu Panchayats Act, 1994.

The procedure for conversion in use of land located within CMA is outlined below.

4.5 Processes for Obtaining Approval for Conversion in CMA

An application for conversion needs to be forwarded to CMDA through the concerned local authority ie town panchayat, panchayat union, municipality and corporation falling within the CMDA area.

The following documents may need to be furnished with the application:

- ▶ The information with regard to the land ie title deed to the land, parent document, and other prescribed revenue records maintained by the Revenue authorities may be furnished along with the application;
- ▶ The application is scrutinised by the concerned local authority and forwarded to CMDA along with its recommendation. The application is scrutinised from the perspective of distance of the land from railway track (minimum distance from railway track may be 30 mts), burial ground (minimum distance from burial ground may be 30 mts), width of the abutting road (minimum requirement for width of the road for a layout is 7.2 mts, for special building is 10 mts and for commercial buildings is 18 mts); and
- ▶ The details in respect of the adjoining road ie whether the adjoining road is a public road, panchayat road or private road, etc, may also be furnished;

- ▶ For conversion of land for industrial use, a NOC from the Pollution Control Board may be required; and
- ▶ Where the land is adjacent to a canal, tank, river or any water body, NOC from the Public Works Department (“PWD”) may be required.

On receipt of the above-mentioned documents, the CMDA will release a 21 days notice in newspaper calling for suggestions/ objections from the public.

The respective area planning authority carries out a site inspection and makes its recommendations to a technical committee of CMDA. The committee comprises of representatives from PWD, Pollution Control Board, Housing Board, Corporation, Metro Water, Director of Town Planning and Industrial Department.

On approval of the conversion by the technical committee, the same also needs to be approved by a monitoring committee which may be constituted by the government. However, practically, so far the government has not constituted such a committee.

On approval of the conversion by the committee, the conversion approval is sent to government for publication in the gazette.

4.6 Approval Processes for Other Planning Bodies

The urban local bodies and the panchayat boards, based on the rules framed by the Director of Town Planning and/ or with rules framed by themselves, which are in line with the rules made by the Director of Town and Country Planning, regulate the planning and development.

The conversion procedure adopted by the other planning bodies in the area (other than CMA) is governed by such procedures/ rules laid by the Director of Town Planning/ urban local bodies/ panchayats as the case may be.

4.7 Statutory Fees and Other Costs Involved in Obtaining Approval for Conversion

The cost of conversion ie development charges may vary with the development of land for following use:

- ▶ Industrial;
- ▶ Commercial;
- ▶ Residential;
- ▶ Agricultural; and
- ▶ Miscellaneous.

The development charges are charged based on area of the land and the same could be up to INR 20,000 per Ha.

Further, CMDA also charges INR 7,500 for publication of notice in the newspaper and INR 1,500 for the scrutiny of the application.



4.8 Timeline for Obtaining Approval

The timeline for obtaining approval in respect of conversion of use of land may take up to 6 months.

4.9 Development of Commercial/ Residential Projects in CMA

The master plan presently in force for CMA applies for Chennai City and sub-urban areas such as Tiruvallur, Chengalpattu, Sriperumbadur, Ponneri and Poonamallee Taluk in Kancheepuram District, the Thiruvettriur, Alandur, Pallavaram, Tambaram, Ambattur, Avadi, Madavaram, Kathivakkam municipalities and 28 town panchayats and a large number of villages within these areas.

The master plan¹⁶ has categorised the area within CMA into the following:

- ▶ Primary residential use zone;
- ▶ Mixed residential use zone;
- ▶ Commercial use zone;
- ▶ Light industrial use zone;
- ▶ General industrial use zone;
- ▶ Special and hazardous industrial use zone;
- ▶ Institutional use zone;
- ▶ Open spaces and recreational use zone;
- ▶ Agricultural use zone; and
- ▶ Non-urban use zone.

Permission to undertake development of property is granted by CMDA in accordance with the Development Control Rules.

Development Control Rules of CMDA applicable to CMA specifies the requirements for site approval for construction of buildings. Accordingly, approval for a development project may be granted by CMDA subject to its satisfaction with criteria including¹⁷:

- ▶ The site is not unsanitary, or dangerous, by virtue of its size or shape;
- ▶ The development does not cause contamination in the water body or water course where the site is located near a water body;
- ▶ The site is not adjacent to any existing public or private streets forming part of the layout;
- ▶ The site is not adjacent to a public street exceeding 7.5 mts in width for layouts and exceeding 4.5 mts in width for sub-divisions not being layouts; and
- ▶ The site is found not suitable for development, etc.

¹⁶ The land use in these areas has been presented in the land maps in map M.P.No.3/75, M.P.No.4/75 read with map No.3.01 to 3.16 of 75 and 4.01 to 4.12 of 75 for Chennai Metropolitan Area and the maps in No.M.P/DL-N 1 to 75/75, M.P/DL-C 1 to 115/75 and M.P/DL-S 1 to 61/75 for outside city area

¹⁷ Rule 4 (d) of the Development Control Rules of the Chennai Metropolitan Development Authority

With regard to development in residential use zone, it has been specified that the building or premises shall be permitted only for residential use, including professional consulting offices of the residents¹⁸.

Commercial activities such as hotels, restaurants, clubs, hospitals, super markets, etc, may also be permitted with approval of the local authorities¹⁹.

With regard to development in commercial use zone²⁰, it has been specified that buildings in such zone are permitted for use in primary and mix residential use zone purposes, all commercial and business uses such as shops, market, business offices and other commercial and financial institutions occupying a floor area not exceeding 1,000 sq mts, warehouses, etc.

Development projects involving all commercial and business uses, business offices and commercial and financial institutions without limitation of floor area, commercial and entertainment centre, organized parking lots, multi storey parking terminal, educational technical institutions may be developed after obtaining the special approval from CMDA.

The following approvals may need to be additionally obtained²¹:

Approval	Issuing Authority
Water and sewage (supply and connection)	Chennai Metro Water Supply and Sewage Board
Electric supply approval	Chennai Electricity Board
Fire fighting approval	Office of Inspector General of Fire Services
Environmental Impact Assessment and environmental clearances (Applicable in respect of development of Industrial projects)	Ministry of Environment and Forest of the Government of Tamil Nadu and the Central Government
Stability and safety of lifts	Municipal administration

The Tamil Nadu Apartment Ownership Act, 1994 (“TNAO”) regulates the ownership, usage, etc, of the common areas/ utilities in relation to residential flats and residential apartments. TNAO comprises provisions relating to heritable and transferable immovable property status to the ownership of an undivided apartment and also regulates the affairs between the builder and the owner. Generally, in respect to usage of common areas, the owners of apartments form an association and the same is registered under the provision of the Tamil Nadu Societies Registration Act. The said registered associations will have its own bye-laws to control and regulate the usage of lands and property.

4.10 Relevant Industrial Policies

SEZ Policy:

The SEZ policy of Tamil Nadu directs identification of land and allotment of the same to government agencies involved in the promotion of SEZs. Under the SEZ policy, the Government of Tamil Nadu does not participate in the promotion of SEZs by private parties.

¹⁸ Rule 7 the Development Control Rules of the Chennai Metropolitan Development Authority

¹⁹ Rule 7 of the Development Control Rules specifies the plot size, plot frontage, floor space index, plot coverage, height and setback lines for residential uses and other specified uses as permissible within the zone

²⁰ Rule 9 the Development Control Rules of the Chennai Metropolitan Development Authority which also specify, the specifications in relations to the extent of plot size, floor space index, setback line, etc., The specifications stipulated varies with reference to various commercial zones identified within the Metropolitan area and with reference to extent of plot sought to be developed

²¹ This is an indicative list only

Industrial Park Policy:

Tamil Nadu has enacted a policy with respect to industrial parks. However, this policy is restricted to the industrial parks developed by governmental agencies only.

IT Policy:

Recently, the Government of Tamil Nadu has also announced an IT policy for promotion of IT industries. As per the policy, stamp duty concession of 50% of the stamp duty applicable is available to a company that purchases land for setting up of ITeS parks. The government may also approve extra FSI for IT park developments.

4.11 Relevant Taxes and Duties

Stamp duty and Registration Fee²²:

Particulars	Applicable Duty Rates
On sale/ purchase of immovable property	<u>Stamp Duty</u>
	8% of the market value of the property
	<u>Registration Fees</u>
	1% of value to be registered
Lease of immovable property for a period of less than 30 years	<u>Stamp Duty</u>
	Re 1 for every INR 100 or part thereof of the amount of rent, fine, premium or advance if payable
	<u>Registration Fees</u>
	1% of value to be registered
Lease of immovable property for a period of 30 to 99 years	<u>Stamp Duty</u>
	INR 4 for every INR 100 or part thereof of the rent , fine , premium or advance if payable
	<u>Registration Fees</u>
	1% of value to be registered
Lease of immovable property for a period of 99 years	<u>Stamp Duty</u>
	INR 8 for every INR 100 or part thereof of the rent, fine , premium or the advance if any payable
	<u>Registration Fees</u>
	1% of value to be registered

²² The rates as applicable on December 31, 2006. The applicable stamp duty rate could vary depending upon the specifics of each transaction.

Other information:

For land and developed residential/ commercial properties, property tax under the respective legislation such as Chennai City Municipal Corporation Act, Tamil Nadu District Municipalities Act, now consolidated to apply to all municipalities the Tamil Nadu Urban Local Bodies Act 1998 and the Tamil Nadu Panchayat Act 1994, is levied. The rate of property tax payable varies for residential and commercial use of the property.

However, rental processes are governed and controlled by the Transfer of Property Act, the Stamp Act and the Tamil Nadu Tenant Protection Act.

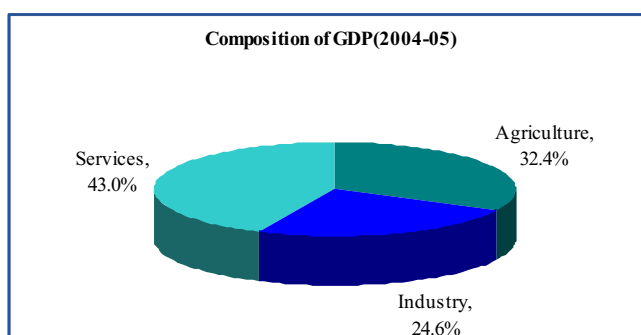
State Profile: Uttar Pradesh



5.1 Introduction

Located in the heart of India, Uttar Pradesh is bordered by Delhi, Haryana, Madhya Pradesh, Rajasthan, Uttarakhand, Himachal Pradesh, Chattisgarh, Jharkhand and Bihar. Uttar Pradesh is the most populous state in the country accounting for 16.4% of the country's population¹. It is also the fourth largest state in geographical area covering 9.0 % of the country's geographical area, encompassing 2,94,411 sq km and comprising of 83 districts, 901 development blocks and 1,12,804 inhabited villages². The density of population in the state is 473 people per sq km as against 274 for the country³.

In the year 2004-05, Uttar Pradesh's GSDP at constant prices (1993-94) was INR 1,27,560 crores (USD 28,346 million), which makes it one of the largest among states in India in terms of size of the economy⁴. Further, the per capita income of the state at constant prices (1993-94) for the year 2004-05 was INR 7,133 (USD 159)⁵.



GDP of Uttar Pradesh is predominantly based on service industry and agriculture. In the year 2004-05, about 75% of the GDP of the state was from services and agriculture⁶. This indicates a lower level of industrialisation in the state as compared to other states. However, recent growth in the industrial sector is visible with the various industrial areas and SEZs being set up in Uttar Pradesh.

The increase in urbanisation has had an impact on the demographic composition of the state. As per the last census conducted, during the period 1991-2001, the state witnessed a visible shift in population from rural to urban areas, with the percentage of urban population rising by 25.75%⁷. Even though the rise in literacy rate has been lower, still there has been a shift in the literacy rate along with the shift of population to urban areas. The census indicated that in 2001, the literacy rate of Uttar Pradesh was 57.36%⁸.

¹ Source: www.upgov.nic.in

² Source: www.upgov.nic.in

³ Source: www.upgov.nic.in

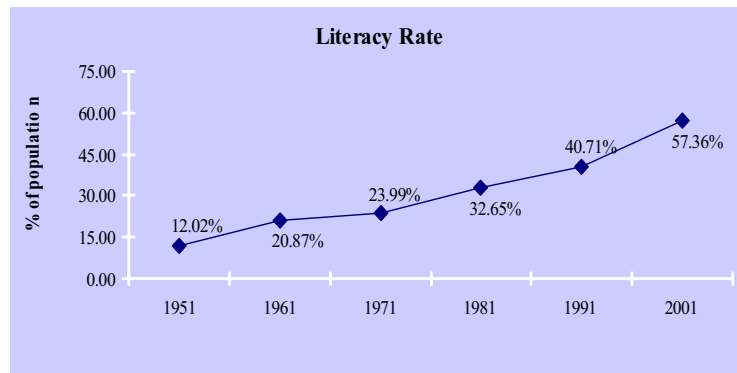
⁴ Source: Central Statistical Organisation

⁵ Source: Central Statistical Organisation

⁶ Source: Central Statistical Organisation

⁷ Source: www.upgov.nic.in

⁸ Source: www.upgov.nic.in



Foreign investments in Uttar Pradesh are significantly low as compared to total FDI inflows in the country. Official statistics show FDI inflows of INR 15.27 crores (USD 3.3 million approx) in Uttar Pradesh and Uttarakhand during the period 2000 to 2006⁹.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

5.2 Regulatory Environment Relating to Purchase of Land

The purchase of land in the state of Uttar Pradesh is mainly governed by two key regulations, namely:

- ▶ Uttar Pradesh Imposition of Ceiling on Land Holding Act, 1960; and
- ▶ Uttar Pradesh Urban Planning and Development Act, 1973.

A broad overview of the above legislations vis-à-vis development of housing / commercial projects is outlined below:

Uttar Pradesh Imposition of Ceiling on Land Holding Act, 1960 (the “UPICLHA”):

The ownership and holding of land for agricultural purposes within the state of Uttar Pradesh is regulated by UPICLHA. Under UPICLHA, companies, individuals, other entities are permitted to hold land for agricultural purposes up to a maximum of 7.3 Ha (18.18 acres)¹⁰. Land in possession by, inter alia, any local authority, a corporation, a government company, a university, an educational institution, etc, are exempted from the above ceiling limit.

Further, prescribed authority has the power to exempt any land held in excess of the ceiling limit¹¹ for the purpose of residential accommodation, the declared land for “industrial purposes” under Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950, cremation ground or graveyard, gardening of tea or coffee or rubber plantation, land held before January 24, 1971 for the purposes of stud farm to the extent of prescribed limit, land held by public religious or charitable trust, endowment, wakf or institution for the use of the beneficiaries wholly or partly or members of the family, and the land held by a goshala registered under the Uttar Pradesh Goshala Act, 1964 up to the extent of prescribed limit is exempted from the Act.

The use and development of land for commercial/ residential purposes is regulated by Uttar Pradesh Urban Planning and Development Act, 1973.

⁹ Source: Department of Industrial Policy & Promotion

¹⁰ Source: Section 5 of UPICLHA

¹¹ Source: Section 6 of UPICLHA

Uttar Pradesh Urban Planning and Development Act, 1973 ("UPUPDA"):

The UPUPDA provide regulations and procedure for development of residential colonies and commercial complexes.

Under UPUPDA, the state government may declare an area to be a development area if in its opinion such area requires to be developed according to plan¹². The state government may also by notification in Gazette, constitute an authority to be called the development authority¹³ for any development area.

For eg, in Uttar Pradesh, the state government constituted a few development authorities such as Ghaziabad Development Authority, Lucknow Development Authority, Meerut Development Authority, etc.

With respect to the notified development areas, the development authority shall prepare a detailed development plan/ master plan for development of the area¹⁴. The respective development plan/ master plan divides the development area into various zones for development and provides information on the manner and stages in which land in each zone is proposed to be used.

Subsequent to preparation of development plan/ master plan, zonal development plans ("ZDP") are prepared by the development authority¹⁵ for each zone identified in the master plan. The ZDPs contains a site plan and use plan for development of the zone and provides information with respect to the approximate locations and extent of land uses proposed in the zone for public buildings and other public works and utilities, roads, housing, recreation, industry, business, markets schools, hospitals, public and private open spaces and other categories of public and private uses¹⁶. The ZDPs may also provide other information which is relevant for the development of the land¹⁷.

Process for obtaining approval for development of land in development area:

Any person may use land comprised within a development area for development¹⁸ and no development can be undertaken in an area which is not identified as a development area by the relevant authority. Such person intending to develop land comprised within a development area is required to obtain registration with the relevant development authority within the applicable category of developer. Further, the permission from the vice-chairman is also required to be obtained for undertaking the development. In this regard, a written application¹⁹ is required to be filed along with other documents as may be prescribed in the bye-laws. The development of the land shall be in accordance with the approved plan.

After completion of development, the developer shall send a notice in writing to the development authority for issuance of the Completion Certificate. The development authority shall grant the Completion Certificate or intimate the developer of refusal to grant the Completion Certificate within 3 months of the receipt of the aforesaid notice. If no such action is taken by the development authority within 3 months then the Completion Certificate is deemed to be granted to the developer²⁰.

¹² Source: Section 3 of UPUPDA

¹³ Source: Section 4 of UPUPDA

¹⁴ Source: Section 8 of UPUPDA

¹⁵ Source: Section 9(1) of UPUPDA

¹⁶ Source: Section 9(2) of UPUPDA

¹⁷ Source: Section 9(2) of UPUPDA

¹⁸ No development can be undertaken in an area which is not identified as a development area by the development authority

¹⁹ Source: Sections 14 & 15 of UPUPDA

²⁰ Section 15A of UPUPDA



Integrated Township Policy:

Under the policy, a developer is permitted to develop an integrated township within the state of Uttar Pradesh. An eg of an integrated township in the state of Uttar Pradesh is Noida, which was established in 1976 and is better known as the state's IT capital.

Procedure for obtaining approvals for development of integrated township:

Any person may register with the authorities as a developer for the purpose of undertaking development of an integrated township. The fee for registration of the developer would range between INR 1,00,000 to INR 10,00,000²¹.

On obtaining the registration, the developer is required to apply for license for development. The license fee is approximately INR 400 per acre. However, before issue of the license, the developer should occupy 25% of the total land area which is proposed to be developed.

On issue of the license, the developer will be required to acquire further land for development of integrated township. The developer is required to obtain a minimum of 60 % of the total land area on its own. A detailed project report shall be submitted to the government after acquisition of the prescribed 60 % of the total land.

For the purposes of acquiring the balance land, the developer may seek assistance of the government.

5.3 Relevant Industrial Policies

Uttar Pradesh Special Economic Zone Development Authority Act, 2002 ("UPSEZDA"):

UPSEZDA has been enacted to set up SEZ, with a minimum area of 1000 Ha (approx 2,500 acres). The policy aims to promote and establish large self-contained industrial townships, with world class infrastructure to accelerate and facilitate both public and private sector participation in an internationally competitive and hassle free environment. Resulting in export promotion, it secures large dividends in terms of economic and industrial development and acts as a strong catalytic for regional development in the state.

To promote the development of SEZs in the state, certain incentives have been provided such as:

- ▶ Single window clearance;
- ▶ No requirement of pollution related approvals for non polluting industries; and
- ▶ Self generated electricity or purchased electricity will be exempted from electricity duty and tax.

²¹ Section 15 (2A) of the UPUPDA

5.4 IT Policy

The Government of Uttar Pradesh has also announced an IT policy for promotion of IT industries. The key features of the policy are outlined below:

Infrastructure for IT:

Wide Area Network:

Under the IT Policy, the state shall establish backbone network UP Wide Area Network (“UPNET”) for voice, data and video transmission and dissemination. The network shall be utilised for inter department connectivity, multi-user and multi-service facilities, video conferencing, file transfer facility, email, on-line application processing, query and response. UPNET shall enable better communication, information sharing and allow people to work together more effectively resulting in cohesive administration. The UPNET shall extend to all government departments, state secretariat, divisions, districts, tehsils and block head quarters. The UPNET will use the most cost effective technologies and resource consolidation using free bandwidth available from Optic Fiber Cables (“OFC”) laying operators. UPNET shall provide multi-user, multi-service facility and shall strengthen the current National Information Centre (“NIC”) infrastructure and existing intranets.

Internet Connectivity:

Measures would be taken to provide strong basic internet infrastructural support to increase Internet penetration in the state of Uttar Pradesh. The state government will, in co-ordination with the central government and other private vendors, expand the internet network to all the districts, towns and villages of the state. Microwave link and VSAT facilities of telecom licensees/ cellular services operators will be effectively employed in partnership with them for this purpose.

High Speed Telecom Links:

The state will endeavour to create a high speed telecom back bone to match the national telecom backbone. For this, the already existing facilities of other national entities will be optimally employed. Impetus will be provided for creation of a reliable and low cost communication link between the state headquarters and district headquarters, sub-divisions and blocks.

IT Cities:

Cities like Noida, Agra, Kanpur, Lucknow, Allahabad and Greater Noida are proposed to be built into IT cities with special facilities for ITes.

IT Parks:

Software technology parks at Noida, Agra, Lucknow, Kanpur and Allahabad will be built in collaboration with the Software Technology Parks of India Ltd (“STPI”) a Government of India organisation. The Government of Uttar Pradesh shall provide land and INR 2 crores as capital. The provision for internet gateway shall be made by STPI.

NIC Infrastructure:

The already existing IT infrastructure of the NIC will be optimally utilised. NIC will be pursued to provide high bandwidth based VSAT links so that government businesses can be transacted online.

Intellectual Property Rights (“IPR”):

The state shall aim to become a piracy free state and will actively support the central government initiative in this direction. The state shall promote Research & Development initiatives for the corporate houses and laboratories by providing them with the enforcement of IPR.

Promoting Hardware Industry:

The state shall provide full support to IT and electronics hardware industry especially in the cities of Noida/ Greater Noida, Agra, Kanpur, Allahabad and Lucknow. All incentives provided to software and ITeS industry shall be made available to IT and electronics hardware industry.

IT Industry:

The state government recognises the need to develop a strong bond of partnership between the government and the private sector for the proper and rapid development of IT in the state. For formulation and designing of incentives, there would be adequate representation from the IT industry.

Fiscal and other incentives:

Fiscal and other incentives are also available for IT industry, such as exemption from stamp duty and registration fees, preferential allotment of land, uninterrupted power supply, etc.

5.5 Relevant Taxes and Duties

Stamp duty²²:

Particulars	Rate of Stamp Duty
On sale / purchase of immovable property	10% on the conveyance amount
Lease of immovable property for a period of less than 3 years	10% for a consideration equal to 3 times the amount or value of the average annual rent reserved
Lease of immovable property for a period of 3 to 5 years	10% for a consideration equal to 3 times the amount or value of the average annual rent reserved
Lease of immovable property for a period of 5 to 10 years	10% for a consideration equal to 4 times the amount or value of the average annual rent reserved
Lease of immovable property for a period of more than 30 years	10% for a consideration equal to the market value of the property which is the subject of lease

²² The rates as applicable on December 31, 2006. The applicable stamp duty rate could vary depending upon the specifics of each transaction



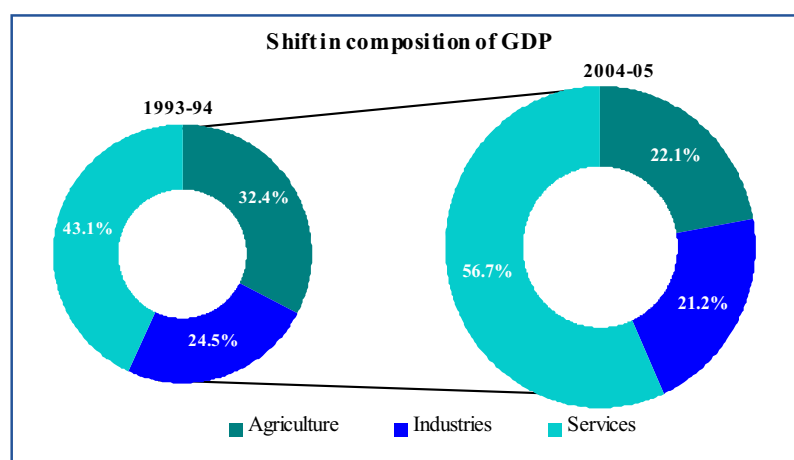
State Profile: West Bengal



6.1 Introduction

Located in the eastern part of India, West Bengal shares its border with Bangladesh on the east, Bhutan on the northeast and Nepal on the northwest. Indian states of Assam, Sikkim, Orissa, Jharkhand and Bihar also share borders with this ethno linguistic centre of India. It ranks highest in terms of population density. Owing to the boom in Kolkata's economy, the state is now among the fastest growing states in the country.

As per the latest official data, West Bengal's GSDP at constant prices (1993-94) was INR 113,206 crores (USD 25,157 million), making it one of the largest among states in India in terms of size of the economy¹. Further, the per capita income of the state at constant prices (1993-94) was approximately INR 12,044 (USD 300), which has grown at 5.9% on a year on year basis².



Agriculture had been the primary contributor to the state's economy up till the 1980s, but the share of services in the state's GDP has been increasing over the years. In the year 2004-05, nearly 78% of the GDP of the state was from services and industries, a clear indication of the level of industrialisation in the state³. Recent studies have shown that the level of industrialisation in West Bengal is rapidly increasing and the state boasts the presence of about 15 large MNCs including ITC Group, Birla Group, RPG Group etc, and 5 industrial parks.

The increase in industrialisation has had an impact on the demographic composition of the state as well with the percentage of urban population growing over the years. The 2001 census has pointed that over a period of time, West Bengal has witnessed a high level of urbanisation which is reflected by the increase in the number of towns in the state⁴.

There has also been steady rise in the literacy rate along with the shift of population to urban areas. The census indicated that in 2001, the literacy rate of West Bengal was 68.64%⁵.

¹ Source: Central Statistical Organisation

² Source: Central Statistical Organisation

³ Source: Central Statistical Organisation

⁴ Source: www.wbcensus.gov.in

⁵ Source: www.wbcensus.gov.in



Of late, West Bengal is emerging as a preferred choice for foreign investments. The cumulative FDI inflow in West Bengal (including Sikkim) during the period from January 2000 to July 2006 was INR 1,413 crores (USD 314 million)⁶.

The above factors are an indicator of the rapid progress that West Bengal has been making over the years. This has further led to many IT companies and other MNCs establishing campuses in the state.

The following sections in this chapter provide a broad overview of the relevant state regulations that govern possession of land and development for commercial/ residential purposes.

6.2 Regulatory Environment Relating to Purchase of Land

The purchase of land in the state of West Bengal is mainly governed by 3 key regulations, namely:

- ▶ The West Bengal Land Reforms Act, 1955;
- ▶ The Urban land (Ceiling and Regulation) Act, 1976 and Rules, 1976; and
- ▶ The West Bengal Town and Country (Planning and Development) Act, 1979

6.3 The West Bengal Land Reforms Act, 1955 (“WBLRA”)

The ownership and holding of land for agricultural purposes within the state of West Bengal is regulated by the WBLRA. This Act was promulgated to reform the law relating to land⁷ tenure consequent on the vesting of estates and of certain rights therein and also to consolidate⁸ the law relating to land reforms in the state.

The restriction imposed by the WBLRA in relation to ownership of agricultural land is outlined below:

The ceiling limit is 7 standard Ha⁹, where standard hectare means:

- ▶ 1.00 Ha in an irrigated area;
- ▶ 1.40 Ha in any other area;
- ▶ 1.40 Ha in relation to any land comprised in an orchard; and
- ▶ 1.40 Ha in relation to any other land.

⁶ Source: Department of Industrial Policy & Promotion

⁷ As defined under section 2(7) of WBLRA

⁸ Consolidation includes realignment of a plot of land or rearrangement of parcels of land comprised in different plots of land for the purpose of rendering such plots of land more compact.[Section 2(5)]

⁹ Refer Section 14(M) of the WBLRA.

6.4 Determination of the Ceiling Limit in Special Cases

Any person¹⁰ intending to establish a mill, factory or workshop, township¹¹ etc, in a planning area as may be permitted to be developed under The West Bengal Town and Country (Planning and Development) Act, 1979, may with the prior permission of the state government acquire and hold land in excess of ceiling limit.

6.5 The Urban Land (Ceiling and Regulation) Act, 1976 and Rules, 1976 (“WBULCRA”)

The WBULCRA is the primary legislation governing land use in the urban area¹². The WBULCRA is intending to prevent the concentration of urban property in the hands of few persons and to restrict the speculation and profiteering in the urban property.

As per the WBULCRA, no person shall be entitled to hold any vacant land in excess of the ceiling limit in the territories to which this Act applies¹³.

Vacant land means land not being mainly used for the purposes of agriculture, in an urban agglomeration, but does not include land on which construction of building is not permissible.

The ceiling limit under WBULCRA is as under: *

Category (As per Schedule I of the Act)	Ceiling Limit (In Square Metres)
A**	500
B	1000
C	1500
D	2000

* Please also note that the above list is an inclusive list. For details please refer Schedule I of the WBULCRA.

** Within 8 kms peripheral area of city of Kolkata, Howrah, Dum Dum, Panihati, Chinsura, Serampore, Barrackpore, etc.

¹⁰ For the purposes of this section, “person” includes an individual, a firm, a company, an institution, or an associated body of individuals, whether incorporated or not.

¹¹ Township shall mean a centre of urban population with defined boundaries within a planning area having, or proposing to have, usual urban facilities and approved as such by the appropriate department of the state government.

¹² As per section 2(O) of the Act as meaning (i) any land situated within the limits of an urban agglomeration and called as such in the master plan or (ii) in case where there is no master plan, or where such plan does not refer to any land as urban land, and included within the local limits of a municipality, a notified/town area committee, a cantonment board or a panchayat

¹³ As specified under sub-section (2) of section 1

Exemptions from the WBULCRA:

- ▶ The persons or authorities exempted from the application of the Act are banks, financial institutions, trusts, educational and cultural institutions, United Nation agencies, societies registered under the Societies Registration Act and foreign states;
- ▶ The government may, by order, exempt, subject to such conditions, where such holding in excess of the ceiling limit is in the public interest;
- ▶ Holding of vacant land in excess of ceiling limit is also allowed where, such person declares within such time, in such form and in such manner as may be prescribed before the authority that such land will be utilised for the construction of dwelling units for the accommodation of the weaker sections of the society, in accordance with any approved scheme; and
- ▶ In any other case, where the government may feel that the application of provision of WBULCRA may cause undue hardship to such person, holding of vacant land in excess of the ceiling limit.

Once an agricultural land is divided into plots and sold for the purpose of house-sites to the third parties on any subsequent date, it loses its character of agricultural land and is regarded as vacant land that is covered within the provisions of the WBULCRA.

6.6 The West Bengal Town and Country (Planning and Development) Act, 1979 (“WBTCPA”)

The WBTCPA is enacted to provide for the planned development of rural and urban areas in West Bengal and for matters connected therewith or incidental thereto.

Under the WBTCPA, the Government of West Bengal may notify any area within the state to be a planning area for the purposes of the WBTCPA.

The Kolkata Metropolitan Planning Area comprises the areas included within the boundaries of the Kolkata Metropolitan Planning Area specified in the map on right except that it does not comprise of any area included in a cantonment declared as such under Section 3 of the Cantonments Act, 1924.

The Kolkata Metropolitan Area is the area comprised of land situated on the west and east banks of the river Hooghly.



Map: Depicting the Kolkata Metropolitan Area extending on both the banks of river Hooghly.

The state government may, by notification, declare any area in West Bengal¹⁴ to be a planning area for the purposes of WBTCPA. Every such notification shall define the limits of the area to which it relates. The state government may amalgamate 2 or more planning areas into one planning area and may include such sub-divided areas in any other planning area.

After declaration of an area as a planning area, the state government may constitute a planning authority for that area or a development authority in respect to that planning area.

The planning or development authorities are responsible to prepare and present land use map and also enforce the Land Use and Development Control Plans (“LUDCP”). It is also entrusted under the WBTCPA to prescribe use of land within its area and perform any other function which is supplemental, incidental or consequential to any of the functions aforesaid or which may be prescribed.

The LUDCP may:

- ▶ Indicate the manner in which the planning authority or development authority proposes that land in such area should be used;
- ▶ Indicate areas or buildings requiring preservation and conservation for historical, architectural, environmental and ecological and religious purposes;
- ▶ Allocate areas for residential, commercial, industrial, agricultural, natural scenic beauty, forest, wild life, natural resources, fishery and land scaping;
- ▶ Allocate for public and semi public open spaces, parks and playgrounds;
- ▶ Allocate for such other purposes as the planning authority or the development authority may think fit;
- ▶ Indicate the proposed national highways, arterial roads, ring roads and major streets;
- ▶ Indicate the proposed lines of communication like railways, airports, canals, etc;
- ▶ Indicate the proposed amenities, services and utility systems for water supply including improvement of lakes, etc; and
- ▶ Include regulations (hereinafter called zoning and sub-division regulations) to control within each zone the location, height, number of storeys and size of buildings and other structures, the size of yards, courts, other open spaces, the use of buildings, structures, land and sub-division of land and the street alignments, set back distances, embankments, constructional activities destroying natural scenic beauty and provide for amenities in hill areas, coastal areas, and such other issues as may be considered appropriate by the authority.

Any land required, reserved or designated in a LUDCP or a development scheme as land required for a public purpose, can be acquired under the Land Acquisition Act, 1894.

Any development on a land comprised within a planning area can be undertaken only after obtaining the permission from the respective planning authority.

The land within the planning area shall be used only as per the respective development plan unless otherwise specifically approved by the appropriate planning authority and in accordance with conditions as may be specified by such authority.

¹⁴ To which the provisions of this Act have come into force under sub-section (3) of section 1



In case there is no development plan drawn up by the concerned development planning authority or where there are no development planning authorities, the local authority namely, the municipality or the panchayat or the special officer would be responsible for granting permission with regard to use of land including the conversion thereof.

The development authority can delegate its powers to any other authority. For the Kolkata planning area, the development authority Kolkata Metropolitan Development Authority (“KMDA”) has delegated all sanctioning power to the Kolkata Municipal Corporation (“KMC”)¹⁵.

Townships can only be developed within a planning area after obtaining permission for holding land of more than the ceiling specified under WBRLA.

The procedure for conversion in use of land located within a planning area is outlined below.

6.7 Processes for Obtaining Approval for Conversion

For conversion of agricultural land:

- ▶ Any person or institution holding land for any purpose may apply to the collector for change of area, character or for conversion of the same for any purpose other than the purpose for which it was settled or was being previously used or for alteration in the mode¹⁶ of use of such land;
- ▶ On receipt of application, the collector may after making such inquiry as may be prescribed and after giving the applicant or the persons interested in such land or affected in any way an opportunity of being heard, by order in writing either reject the application or direct such change or conversion or alteration, as the case may be on such terms and conditions as may be prescribed;
- ▶ Where the application as relates to permission for change, conversion or alteration of any plot of land having water body of any description or size, the collector shall not make any order, unless the collector has made a prior consultation in writing with such appropriate department of the state government; and
- ▶ Every order under directing change, conversion or alteration shall specify the date from which such change, conversion or alteration shall take effect.

A copy of the order passed by the collector directing such change shall be forwarded to the Revenue officer, who shall incorporate in the record-of-rights changes effected by such order.

¹⁵ Development authority for Rajarhat, New Town area is West Bengal Infrastructure Development Corporation Limited (WBIDCO),
For Haldia- Haldia Development Authority (HAD)
For Durgapur and Asansole- Asansole Durgapur Development Authority (ADDA)
For Siliguri and Jalpaiguri- Siliguri Jalpaiguri Development Authority (SJDA)

¹⁶ Mode of use of land may be residential, commercial, industrial, agriculture excluding plantation of tea, pisciculture, forestry, sericulture, horticulture, public utilities or other use of land.

6.8 Statutory Fees and Other Costs Involved in Obtaining Approval for Conversion

The cost of conversion ie development charges may vary with the development of land for following use:

Table: Rates of development charges¹⁷

(a) for the institution of use		
(i)	for residence	INR 10.00 per sq mts
(ii)	for industry	INR 50.00 per sq mts
(iii)	for commerce	INR 200.00 per sq mts
(b) for change of use		
(i)	from agriculture to residence	INR 15.00 per sq mts
(ii)	from agriculture to industry	INR 55.00 per sq mts
(iii)	from agriculture to commerce	INR 205.00 per sq mts
(iv)	from residence to industry	INR 40.00 per sq mts
(v)	from residence to commerce	INR 190.00 per sq mts
(vi)	from industry to residence	INR 40.00 per sq mts
(vii)	from industry to commerce	INR 150.00 per sq mts
(c)	For carrying out development by erection or re-erection of any building or works	INR 5 per cubic metre of the content of such building or works

If any development of land is commenced or carried out or any use is changed without payment of the amount of the development charge, such development charge shall, subject to prior payment of the land revenue, if any, be a first charge upon the land involved and also in any other land in which such person has any interest. The development charge shall be recoverable as arrears of land revenue.

6.9 Timeline for Obtaining Approval

For obtaining approval in respect of conversion of use of land may take up to 6 months.

¹⁷ Source: Section 103 of WBTCPA

6.10 Development of Commercial/ Residential Projects in Kolkata Metropolitan area

Development projects involving all commercial and business uses, business offices and commercial and financial institutions without limitation of floor area, commercial and entertainment centre, organised parking lots, multi storey parking terminal and educational technical institutions may be developed after obtaining the special approval from the planning authority, KMC.

The following approvals would need to be additionally obtained*:

Approval	Issuing Authority
Building sanction/ design related approvals	Kolkata Municipal Corporation
Environment clearances	West Bengal Pollution Control Board
Fire protection clearances	West Bengal Fire and Emergency Services
Height clearance	Airport Authority of India
Microwave clearance	Bharat Sanchar Nigam Limited
Lift (elevator) clearance	Lift Licensing Authorities
Environmental impact assessment and environmental clearances (Applicable in respect of development of Industrial projects)	Ministry of Environment and Forest of the Government of West Bengal and the Central Government

*This is an inclusive list only.

6.11 Relevant Industrial Policies

SEZ Policy:

The SEZ policy of West Bengal directs identification of land and allotment of the same to government agencies involved in the promotion of SEZs. The West Bengal Industrial Development Corporation Ltd (“WBIDC”) has been entrusted with the responsibility to overlook the SEZ developments in close contact with the development commissioner.

IT Policy:

The state has developed the new IT policy keeping in mind the enhanced opportunities that IT will unleash over the next decade. The West Bengal IT Incentive Scheme, 2001 offers fiscal incentives that are significantly attractive:

- ▶ Exemption from consumption tax;
- ▶ Quality linked incentive;
- ▶ Refund of 100% of stamp duty and registration fee required for the purpose of registration of documents within the state relating to purchase/ acquisition of land and building for setting up of the approved project;
- ▶ Converting interest subsidy into training subsidy;
- ▶ Special incentive for mega projects; and
- ▶ Preference for West Bengal units in awarding of e-governance projects.

ITeS Policy:

The state government has evolved the best in class package of fiscal incentives and regulatory support to investors in the ITeS sector. The fiscal incentives provided under West Bengal IT Incentive Scheme, 2001 offers the following to the ITeS Sector:

- ▶ State capital investment subsidy;
- ▶ Exemption from consumption tax;
- ▶ Quality linked incentive;
- ▶ Remission of stamp duty and registration;
- ▶ Interest subsidy;
- ▶ Waiver of electricity duty;
- ▶ Employment generation subsidy; and
- ▶ Special incentive for mega projects.

6.12 Relevant Taxes and Duties***Stamp duty¹⁸:***

In order to make the stamp duty rates comparable with the other states like Delhi or Maharashtra and responding to the long awaited demand of the real estate industry in West Bengal, the state government has slashed the stamp duty rates in 2006-2007. The broad features of the said amendments are as under:

The basic stamp duty rates have been revised as under:

- ▶ 6% of the market value of the immovable property for municipal areas; and
- ▶ 5% of the market value of the immovable property for rural areas.

The additional 2% of the market value of the immovable property levied on areas falling under the purview of Calcutta Improvement Trust Act, 1911 and Howrah Improvement Trust Act, 1956 have been abolished.

¹⁸ The rates as applicable on December 31, 2006. The applicable stamp duty rate could vary depending upon the specifics of each transaction

The effective stamp duty and registration fees rates for outright sale and lease option are enumerated in the table below:-

Particulars/ Cities	Kolkata
On sale/ purchase of immovable property	<u>Stamp Duty</u> 6% of the market value of the immovable property
	<u>Registration Fees</u> 1.1% of the value
Lease of immovable property for a period of less than 3 years	<u>Stamp Duty</u> 4% of the average annual lease rental
	<u>Registration Fees</u> 1.1% of value of the whole year's rent/ average annual rent
Lease of immovable property for a period of 3 to 5 years	<u>Stamp Duty</u> 4% of the average annual lease rental
	<u>Registration Fees</u> 1.1% of the average annual rent
Lease of immovable property for a period of 5 to 10 years	<u>Stamp Duty</u> 6 % of the average annual lease rental
	<u>Registration Fees</u> 1.1% of the average annual rent
Lease of immovable property for a period of more than 30 years	<u>Stamp Duty</u> Where the period is less than 100 years - 6% of 4 times the average annual lease rental Where the period is more than 100 years - 6 % of 1/6th the rentals for first 50 years
	<u>Registration Fees</u>
	Registration Fees - 1.1% of 2 years rent

Additional stamp duty at the rate of 1% on the market value of the deeds of conveyance relating to transfer of a high value flat or a house, the market value of which exceeds INR 25 lakhs have been imposed from financial year 2007-08.

Notes

About Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India

The Department of Industrial Policy & Promotion was established within the Ministry of Commerce and Industry, Government of India in 1995 and was reconstituted in the year 2000 with the merger of the Department of Industrial Development. DIPP's primary role is to facilitate investment and technology flows and to monitor industrial development in the country. In addition, it is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector in the country. The Department is responsible for formulating the policy on foreign direct investments and facilitating foreign investments in the country. It also monitors the growth and production of selected industrial sectors assigned to it.

Further, the Department plays an active role in investment promotion through dissemination of information on investment climate and opportunities in India and advises prospective investors about the licensing policies and procedures, foreign collaborations and import of capital goods, etc.

About Ernst & Young

Ernst & Young, a global leader in professional services, is committed to restoring the public's trust in professional services firms and in the quality of financial reporting. Its 1,07,000 people in more than 140 countries around the globe pursue the highest levels of integrity, quality, and professionalism to provide clients with solutions based on financial, transactional, and risk-management knowledge in Ernst & Young's core services of audit, tax, and corporate finance.

Ernst & Young has the largest integrated real estate practice of any Big Four firms, with 3,500 professionals around the world providing audit, tax, and advisory services to real estate owners, developers, lenders and users including many major REITs, homebuilders and Fortune 500 corporations. Our approach combines entrepreneurial thinking and working knowledge of real estate issues with broad real estate experience, substantial resources, and a diverse network of clients and contacts. Ernst & Young serves more than 4,000 real estate clients across the country and throughout the world.

Learn more about Ernst & Young Real Estate group at www.ey.com/us/realestate.

Ernst & Young refers to all the members of the global Ernst & Young organisation.

For further information, please contact:

Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India:

Joint Secretary (SIA) DIPP

Department of Industrial Policy and Promotion,
Udyog Bhawan, New Delhi
Tel.: +91 11 23062983,
www.dipp.nic.in

Director (FC) DIPP

Department of Industrial Policy and Promotion,
Udyog Bhawan, New Delhi
Tel: +91 11 23063345
www.dipp.nic.in

Ernst & Young Pvt. Ltd.

New Delhi

2nd Floor, Capital Court
LSC Phase – III, Olof Palme Marg
Munirka, Delhi – 110 067
Tel: + 91 11 41540000
Fax: + 91 11 41690000

Gurgaon

Tower A, Bldg. No – 8, 1st Floor,
Cyber City, Phase – II
Sector – 25, Gurgaon – 122 022
Tel: + 91 0124 4575000
Fax: + 91 0124 4575200

Chennai

TPL House, 2nd Floor, No. 3,
Cenotaph Road, Teynampet,
Chennai – 600 016
Tel: + 91 44 24311440
Fax: + 91 44 24311450

Kolkata

22, Camac Street, Block ‘C’
3rd Floor
Kolkata – 700 016
Tel: + 91 33 22811224
Fax: + 91 33 22817750

Hyderabad

205, 2nd Floor,
Ashoka Bhoopal Chambers,
S.P. Road, Secunderabad – 500 003
Ph: + 91 40 27898850
Fax: + 91 40 27898851

Mumbai

18th Floor, Express Tower
Nariman Point,
Mumbai – 400 021
Tel: + 91 22 22825000
Fax: + 91 22 22826000

Pune

1st Floor, the Metropole
Near Inox Complex
Bund Garden Road, Pune – 411 001
Tel: + 91 20 66016000
Fax: + 91 20 66015900

Bangalore

UB City, Canberra Block,
12th Floor, Vittal Mallya Road,
Bangalore – 560 001,
Tel: + 91 80 40275000
Fax: + 91 80 22106000

ERNST & YOUNG PVT. LTD.

www.ey.com