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**THE TIMES OF INDIA**

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## A fresh crop

28 Aug 2004, 0900 hrs IST, Sneha Joshi, TNN

Magarpatta in Pune is a unique township. It was built on land pooled in by over 120 farmers, each of whom got a share of the development company, depending on their share of the land pool. But this land pooling is not the only thing that makes Magarpatta unique. It is a rare example of a township that has come up on what was till recently agricultural land. The conversion of agricultural land to non-agricultural uses like residential or commercial property development has always been a long and tedious process. As a result, despite the acute shortage of land in cities like Mumbai, very few developers have dared to acquire agricultural land in adjoining areas like Thane and Panvel and develop townships. This however may soon become a thing of the past, thanks to a new policy being contemplated by the state government.

The policy is still in draft stage and the government is likely to call for public hearings before taking the final decision. It is aimed at developing integrated townships along the lines of Magarpatta, achieving three independent objectives - inviting fresh investments in the real estate sector, reducing the infrastructure development burden of the civic and state government authorities as well as promoting dispersal of people and businesses from congested cities.

According to Ramanand Tiwari, Secretary, Urban Development, Government of Maharashtra, the notification applies to projects with a minimum size of 100 acres. For projects of this size, the developer does not need to get the user status of the land changed from agricultural to non-agricultural. All the developer has to do is approach the UD department with the details of the project and get it notified as an "Integrated Township Project".

This notification changes the user status of the land from agricultural to non-agricultural. All further clearances for the township would be given by the relevant district collectorate or municipal corporation based on detailed project designs.

Companies taking advantage of this policy would have to develop all the infrastructure within these townships, from roads, to sewage treatment plants and schools to shopping malls. To make these investments attractive, the government has also reduced stamp duty on transactions within these "Integrated Townships" by 50 per cent.

The draft policy ties in with the government's stated aim of attracting Foreign Direct Investment into the real estate sector as well, the minimum project size for which is also 100 acres.

"Unlike Navi Mumbai, where the government, through CIDCO, invested hundreds of crore into building a new city, the government has decided that it no longer wants to invest in urban housing projects. We believe that this area is best left to private sector participation. This policy is likely to help the process," Tiwari says.

According to Ajey Magar, Managing Director, Magarpatta Township Development & Construction Corporation Limited, the policy will help the entry of big Indian corporates, or Indian developers with FDI participation in the area of township development. "The cost of infrastructure development per acre of land is about Rs. 40-50 lakh. For a 100-acre project this would be in the region of Rs. 40-50 crore, a size that may attract big companies to invest," he says. He further points out that since this entire infrastructure will be developed by the private sector, the demand on government or civic funds for infrastructure development will reduce as well.

Tiwari points out that since the minimum size of the land required is not likely to be available within the municipal limits of cities like Mumbai or Pune, most of these townships are likely to come up in the peripheral areas. "This movement of people and businesses to the peripheral areas will also help decongest the cities," he says.

Niranjan Hiranandani, Managing Director of Hiranandani Constructions, one of the few developers in Mumbai to have developed an integrated township over 100 acres, says that the policy would promote such developments in the future. "One of the major hindrances in the past used to be the long delays in getting the user status of land changed from agricultural to non-agricultural. This policy will hasten the process," he said.

But despite the policy being universally welcomed by the real estate industry, don't make immediate plans to shift to these townships yet. J. S. Augustine, CEO, Evershine Group sounds a note of caution. He points out the pace of development

and consequently the demand will take some time. So even if the policy is ready on paper, the actual process will take some time," he says.

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