

Real Estate Update

April 20, 2007

REPEALING THE CEILING: URBAN LAND (CEILING AND REGULATION) ACT MAY FINALLY BE REPEALED

The Urban Land (Ceiling and Regulation) Act, 1976 ("ULCRA") is a statute that was enacted by the Indian Legislature to control holdings of urban land by a select few, and utilise the excess land available after the land ceiling for housing the poor. But contrary to this objective, the ULCRA resulted in amongst other things, escalation of real estate prices in urban areas.

In order to curb the same, the Indian Legislature, in 1999, passed the Urban Land (Ceiling and Regulation) Repeal Act, 1999, wherein an option was given to the various Indian States to adopt the same through their own legislatures.

A resolution has now been moved in the Maharashtra State legislature ("State Legislature") to repeal ULCRA and it is likely that ULCRA's fate may be sealed in the coming session of the State Legislature. States such as Punjab and Haryana have already repealed ULCRA. If Maharashtra were to repeal ULCRA, it would be the 10th Indian state to do so.

IMPLICATIONS OF THE REPEAL

- Firstly, the rise in real estate prices may be checked.
- Decrease in prices would benefit the consumers as well as the developers.
- The repeal could lead to greater transparency and efficiency in land acquisition, which would further encourage foreign investment in the real estate sector. The repeal of ULCRA would also aid the investment process and make it less complicated, as regulatory and legal hurdles imposed by ULCRA would no longer be a factor. Moreover, administrative fees payable under ULCRA, which are sometimes as high as Rs. 100 per square foot, would be done away with.
- The repeal would be a major step in urban land reform in Maharashtra State and would provide the State increased access to more Central Government funding which was waning due to the continuance of the ULCRA.

The repeal of ULCRA would be a positive step. It would achieve objectives of urban land reform and result in the upsurge of quality development that will be a boon for the government and all participants in the real estate sector. All eyes are on the upcoming monsoon session of the State Legislature.

- **Diptee Deshpande & Vivek Kathpalia**

Sources:

- *Business Standard*, April 19, 2007
- *The Hindu*, April 17, 2007
- *The Financial Express*, April 17, 2007

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Compendium of Research Papers

January 11, 2025

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Research Articles

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper

on Simplification of registration for
FPIs

September 26, 2024

Scope of judicial interference and
inquiry in an application for
appointment of arbitrator under the
(Indian) Arbitration and Conciliation
Act, 1996

September 22, 2024