

Draft Policy for Promotion of Private Investment in Development of High-Tech Townships in Uttar Pradesh

Urban Development leading to better quality of life is crucial for development of any state. As Uttar Pradesh is focusing on software development as key sector for promotion, quality of life will be a basic requirement for attracting investors. Large scale investment for developing a township with modern state-of-art facilities, need to be aggressively promoted by the state government especially in the rapidly growing large cities. As per Census 2001, there are 6 million plus cities in Uttar Pradesh namely Kanpur, Lucknow, Agra, Varanasi, Meerut and Allahabad; where 28 per cent of the urban population is concentrated. These cities recorded highest decadal growth rate (48.10%) during 1991-2001.

2. On-going population growth and increasing urbanization are creating major development problems in relation to provision of urban services and planned housing in large cities of the state. Financial constraints and liabilities and inability to produce competitive high-tech marketable estates by the Development Authorities has made it imperative to promote private investment and expertise to ensure the availability of quality housing stock to meet the requirement in high growth cities of the state.

3. The State Housing Policy has laid special emphasis on promoting private investment in the housing sector. However, owing to lack of adequate land, the activities of the private sector have been piece-meal whereas, this sector has inherent competition, professionalism, dynamism, efficiency and capacity to mobilize financial resources, which hitherto has largely been untapped. With the current policy of economic liberalization and stress on privatization, the government has to resume the role of a catalyst and "facilitator" in housing sector rather discharging the traditional role of being a "provider". Therefore, there is urgent need to make vigorous efforts to create an enabling environment for the same.

4. To achieve the above stated objective, government needs to aggressively promote the development of hi-tech townships with facilities comparable to international standards in cities like Lucknow, Kanpur, Ghaziabad, Agra, Bareilly, Moradabad, Saharanpur and other cities having high growth potential. Therefore, it is imperative that such projects are promoted aggressively, as these are basic pre-requisites for encouraging general tourism, medical tourism and I.T. Hubs, where high quality living conditions are available. It is proposed that for promoting development of such townships in the private sector, involving a minimum investment of Rs.750 crores (during the five year time frame) and a land area of about 1500 acres for each project, there should be special investment package which should include the following:-

4.1 Reputed and experienced developer companies (as defined under section 3 of the Companies Act, 1956) shall be invited to avail this package. The Developer Company shall be selected on the basis of its financial capacity, technical capability, experience and concept with Pre-feasibility Report in accordance with predetermined criterion and laid down procedure. To avail this package the Developer Company must have a minimum annual turnover of Rs. 100 crore for the last three years.

4.2 On the basis of proposals received from developer companies through advertisement in national dailies, selection of suitable developer company shall be made by a high level committee constituted under the chairmanship of Chief

Secretary, Government of Uttar Pradesh. The committee will comprise the following members: -

- (i) Chief Secretary, Govt. of U.P. Chairman
- (ii) Principal Secretary/Secretary, Finance Member
- (iii) Principal Secretary/Secretary, Urban development Member
- (iv) Housing Commissioner, Housing & Development Board Member
- (v) Vice Chairperson of Concerned Development Authority Member
- (vi) Chief Town and Country Planner, U.P. Member
- (vii) Principal Secretary/Secretary, Housing and Member Convener Urban Planning
- (viii) Additional Members may be nominated by Chief Secretary, If required

4.3 Land for the development of township shall be acquired for such private developer by the development authority/ Housing Board or any other state agency, under the provisions of Land Acquisition Act, 1894 or U.P. Housing and Development Board Act 1965 and as far as possible compensation shall be determined through negotiations. The developer shall also be involved in the process of negotiation. In such cases where compensation could not be settled through negotiation, the same shall be determined by the District Collector under the provisions of Land Acquisition Act, 1894 or the relevant Act. In case of any dispute relating to land acquisition or increase of compensation by any Court in future, all liabilities shall rest with the developer.

4.4. The total cost of land would be borne by the developer company; however, 10% acquisition charges levied by the Collector shall be waived in this package.

4.5 The developer shall be exempted from stamp duty for initial purchase or transfer of land, which will be on a lease hold title for ninety years. Stamp duty charges on the properties sold after the development and freehold conversion charges at the rate of 12 percent of the lease premium of the land shall be payable by the developer to the concerned acquiring body at the time of subsequent sale/freehold conversion.

4.6 The land use structure in the proposed township, comprising of residential, commercial, institutional, green areas and community facilities, etc., shall be in accordance with the norms and standards prescribed in the Master Plan Guide lines and the Building Bye-laws for the time being in force. The proposed township shall be environmentally sustainable.

4.7 The developer shall prepare and submit a Detail Project Report (DPR) of the township within 180 days after the selection and this report will comprise layout of the proposed township, land use plan, infrastructure and services development plan, standards and specifications, implementation schedule, resource mobilization, property management, operation and maintenance details etc.

4.8. The designated authority will grant necessary approval of DPR within 90 days of its submission. Developer will have flexibility of interchanging land use in the project area subject to the condition that percentage of land earmarked for any land use shall be as per norms and guidelines prevailing at the time of commencing of the project. Approval of detail project report by the designated competent authority will imply approval of the township plan. The mechanism for expeditious approval of DPR in this package shall be prescribed separately.

4.9 The developer shall have the option to carry out the entire internal and

external development works as per standards and specifications laid in the Detailed Project Report without any extra charges. If the township is self contained, facilities for providing services such as road connection, affluent disposal, water supply etc. will be extended as per actual cost incurred by the concerned state authority/agency. No external development charges will be payable by the developer company merely for the general use of city infrastructure by residents of the proposed township.

4.10 Land for community facilities such as police stations, fire station, post office, telephone exchange, etc. shall be provided free of cost. by the developer company. Police station in the township on earmarked land will be established free of cost by the State Government.

4.11 Government policies and the relevant codes of B.I.S./ I.S. relating to disaster management shall be strictly adhered to in the land use planning and construction works.

4.12 Government would nominate an agency such as Development Authority or U.P. State Housing Board to enter into an agreement to supervise implementation of project in accordance with and as per time schedule prescribed in the D.P.R. and to inspect the quality of external and internal development to ensure that these are as per provisions of D.P.R.

4.13 Safeguards to ensure that the Developer Company completes the project as per the DPR provisions, the designated authority shall retain the transferable rights on 25 percent of leased land so as to take the ownership and complete any shortcomings through its disposal.

4.14 The developer shall maintain the services till they are transferred to the local body and shall have right to collect maintenance charges. The local body shall not collect house tax, water tax, and sewerage tax from the township till it takes over the operation and maintenance of the services.

5. The development of such high-tech townships will not only help in attracting private investment in the real estate development sector and provide state of the art infrastructure and attractive aesthetic environment for living, work and recreation but will also encourage further private investment in other sectors of the economy.

6. A Draft Note for consideration of Cabinet, based on the aforementioned Policy is being submitted separately.

Lucknow.

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Chief Secretary