

INDIA

MUMBAI— SALE OF PUBLIC LAND OR ASSIMILATED

LAND VALUE
CAPTURE

Auction of public land in Banda Kurla complex

DESCRIPTION

Sale of land located in the city's new financial center (total 13 hectares).

LOCAL GOVERNMENT INVOLVED

Maharashtra state, through Mumbai Metropolitan Regional Development Authority (MMRDA)

TRACK RECORD OF THE USE OF THIS INSTRUMENT

Banda Kurla complex (553 acres) was developed by MMRDA starting in the late 1980s as a new CBD for Mumbai. Revenues from this development (mostly annual rent and development fees) were used without accountability by MMRDA, mostly to support their operating expenses. In the 2000s, decision was taken to sell land (actually to do a 80-year leases), because private investors were thought to be more efficient (the use of land being defined by MMRDA), and were expected to generate upfront capital for financing urban infrastructure in the city. Evolution of the rent during the sale.

EVOLUTIONS AND OUTCOMES

US\$1.2 billion: to be used primarily to finance projects in metropolitan regional transportation plan. This represented 10 times the MMRDA's total capital spending in fiscal 2005; it also represented 3.5 times the total value of municipal bonds issued by all urban local bodies and local utilities in India over the past decade

STAKEHOLDERS INVOLVED

MMRDA saw itself as a planning and coordination agency, and not as an infrastructure provider. MMRDA Act amendment in 2003 allowed it to execute major infrastructure projects, switching its focus and enabling to collect corresponding revenue needs.

PUBLIC MANAGEMENT AND ACCOUNTABILITY

No accountability nor details on the use of funds.

ANALYSIS AND ASSESSMENT OF THE TOOL

Highly sensitive to real estate market evolution (in terms of sales volume and value).