

# Scrapping of Urban Land Ceiling Act in West Bengal?

## Implications, Safeguards and Momentum Areas

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The Urban Land (Ceiling and Regulation) Act, 1976 (ULCRA) was an Indian law enacted to prevent concentration of urban land in the hands of a few people and to promote equitable distribution of land in cities. The Act imposed a ceiling limit on how much a person or an entity could own in notified urban areas and land held beyond the prescribed limit was treated as surplus and could be acquired by the



government. The law aimed to reduce land speculation, control urban land prices, support affordable housing and promote planned urban development. The objectives were logical, sensible, and appropriately targeted to solve the problems at hand. But several states faced major implementation issues, viz., misuse through exemptions and benami holdings, lengthy litigations and delays, limited actual redistribution of land and most importantly the Act started discouraging large real estate, logistics and industrial developments. The land aggregation from various landlords became extremely time consuming and costly. As a result, the law was repealed through the Urban Land (Ceiling and Regulation) Repeal Act, 1999.

Most of the major states embraced the repeal law post 1999, West Bengal is still an exception. The top real estate hubs of India like Bengaluru, Hyderabad, Mumbai Metropolitan Region (MMR), Pune and Gurugram have gained immensely after the respective states revoked ULCRA. To give a perspective, the above-mentioned cities have the maximum concentration of large-scale integrated township projects and IT parks in our country. The major reason is availability of contiguous extensive land

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parcels in addition to the development of conducive ecosystem. Important to note, average annual institutional investment in Indian real estate has witnessed more than USD 6 billion in the last 10-12 years, around 98% of which has been injected in the top 7 cities with Kolkata (where ULCRA is not scrapped or modified) having a marginal share of only 2%. If Urban Land (Ceiling and Regulation) Act, 1976 is substantially diluted or repealed in West Bengal, it would be one of the biggest structural shifts in the state's urban real-estate market.

### ***1. How will it help?***

Repeal will simplify the challenges that developers face in development of large township projects, IT parks, logistics parks, industrial campuses and institutional developments. The ability to assemble contiguous land parcels in urban and peri-urban areas is possible if the Act is repealed or diluted. As a continuation of the above, increased housing supply would be visible, more so in the low and mid segment (affordable segment). Affordable housing projects operate on thin margins but high volume and aggregation of land parcels will allow this along with the benefits of economy of scale.

Another positive impact would be in infrastructure-led urbanisation. Central to this is the land aggregation. We would see the next growth wave in metro extensions, development of logistics hubs & industrial belts, riverfront & eastern expansion, etc. Without land ceiling restrictions transit-oriented development becomes feasible and with all probability private capital participation would increase. In fact, Bengal would see higher investment inflows once the Act is repealed. Real estate and industrial investors prefer states where land title clarity exists, land assembly is faster and ceiling litigation risk is lower. So overall, the state would experience a better monetisation of underused land parcels.

### ***2. What are the safeguards that should be in place? Lessons from other states where ULCRA is repealed.***

The most critical part subsequent to the repeal of ULCRA would be the safeguards that are required to be taken. Without safeguards repeal can produce speculative hoarding, price inflation, displacement and land monopolies under political patronage. As a result, there will be market volatility or social friction. Since West Bengal is one of the few states where ULCRA is still prevailing, it is important to understand measures taken by various states where the Act is revoked/diluted, to counter the vicious activities that may become rampant after freeing of land. The newly elected government in West Bengal should focus on implementing the safeguards along with the repeal of the Act. Below are some of the measures which need to be considered while revoking ULCRA.

- a) The central repeal law itself protected land already vested in government possession, exemptions already granted and payments already made under ULCRA. This prevents reopening of completed acquisitions and is the saving clause for already-acquired land
- b) With respect to land-use controls, many states in India shifted from 'ownership ceiling' to zoning regulations, development plans, floor space index controls and reservation of land for public amenities. A good lesson for West Bengal to follow suit.
- c) Several states have imposed affordable housing reservation requirements. They include mandatory affordable housing quotas, EWS/LIG reservations, inclusionary zoning and rehabilitation obligations for slum redevelopment.
- d) In many states, even after repeal, conversion from agricultural to non-agricultural and industrial to residential still required permissions under state revenue and planning laws. This restriction on change of land use is essential. In fact, land should not be permitted for conversion if it poses an ecological threat.
- e) Strong anti hoarding taxation needs to be implemented otherwise large landlords may simply bank land and wait for appreciation. Certain policy interventions like vacant land tax, higher holding costs on idle urban land and "use-it-or-develop-it" rules need to be imposed.
- f) Another safeguard could be the introduction of "Development Impact Fees" on large land aggregations to fund the secondary infrastructure (roads, sewage, power) necessitated by the resulting high-density developments.
- g) Last but not the least, efforts should be taken to develop transparent digital land records. This is absolutely essential because a freer land market without title digitization, mutation clarity, litigation tracking and GIS-linked ownership records would create enormous dispute.

### ***3. Which localities in Kolkata and its vicinity could benefit the most?***

The areas that would see the most immediate transformation are those with existing industrial footprints or those on the periphery of the current metropolitan core.

- a) New Town – This micro market could be the single biggest beneficiary with likely outcomes in the form of more integrated townships & premium residential clusters, grade A office growth and data centres.
- b) Rajarhat – Repeal could accelerate plotted development, unlock stalled projects and improve land consolidation. This would particularly benefit logistics hubs, warehousing and low to mid-segment housing.

- c) Barasat and airport corridor – This zone may see a robust growth in warehousing & logistics, airport-linked commercial activities and affordable housing. This should be supported by infrastructure upgrades around the airport and expressway networks.
- d) Howrah & Liluah – There would be ample scope for industrial modernization, re-purposing of defunct jute and engineering mill lands for logistics or modern MSME clusters.
- e) Dankuni – This area could emerge as a major logistics-industrial-residential hybrid node.
- f) Kamarhati & Panihati – These are micro markets with potential for mixed-use developments. High density of older industrial units along the Hooghly River could be converted into residential-commercial hubs.
- g) EM Bypass (South Extension) - Integrated Townships would be possible as a result of release of large peripheral land parcels near Garia and Sonarpur for organized urban expansion.
- h) Hooghly (Uttarpara to Rishra) – Great potential for urban regeneration through transition of the old industrial belt into "Work-Live-Play" zones along with the benefits from the new Metro connectivity.
- i) Cossipore & North Kolkata - Premium residential projects can be developed through conversion of legacy port and warehouse lands into high-end riverfront developments.

In conclusion, the repeal or substantial dilution of the Urban Land Ceiling Act in West Bengal could become a transformative step for the state's urban economy, unlocking large-scale development opportunities in housing, infrastructure, logistics and industrial growth. By enabling easier land aggregation and improving investor confidence, the move has the potential to accelerate planned urbanisation and revive several emerging growth corridors across the capital city of Kolkata and its peripheries. The state will be well placed to get integrated with rest of India's investment ecosystem.

However, the success of such a reform will depend not merely on deregulation, but on the strength of the safeguards accompanying it. Transparent land governance, strict ecological protections, anti-hoarding measures, affordable housing mandates and robust planning controls will be essential to ensure that growth remains inclusive, sustainable and socially balanced. If implemented with foresight and accountability, the repeal could mark the beginning of a new phase of urban regeneration and economic momentum for West Bengal.