

# **POLICY FOR LAND MONETIZATION OF AREA BASED DEVELOPMENT**

**BHOPAL SMART CITY DEVELOPMENT CORPORATION LIMITED**



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## LIST OF ABBREVIATIONS

ABD	Area Based Development
BMC	Bhopal Municipal Corporation
BSCDCL	Bhopal Smart City Development Corporation Limited
BRTS	Bus Rapid Transit System
BDP	Bhopal Development Plan
CPI	Consumer Price Index
EWS	Economically Weaker Section
EMD	Earnest Money Deposit
EOI	Expression of interest
FAR	Floor Area Ratio
FY	Financial Year
FDR	Fixed Deposit Receipt
GoMP	Government of Madhya Pradesh
GoI	Government of India
HH	House Hold
HFA	Housing for All
IT	Information Technology
ITeS	Information Technology enabled Services
ICT	Information Communication Technology
IOT	Internet of Things
IGBC	Indian Green Building Council
IBMS	Intelligent Building Management System
ITB	Instruction to bidders
IM	Information memorandums
JV	Joint Venture
JD	Joint Development
LOI	Letter of intent
MPUDCL	Madhya Pradesh Urban Development Company Limited
MoEF	Ministry of Environment and Forests
MOS	Marginal Open Spaces
MoU	Memorandum of Understanding
MCRL	Marginal Cost of Funds Based Lending Rate
NH	National Highway
NMT	Non-Motorized Traffic
NBC	National Building Code
NDMA	National Disaster Management Authority
NBC	National Building Code
NPV	Net Present Value
NIB	Notice inviting bid
O&M	Operation & Maintenance
PPH	Persons per Hectare
PSP	Public and Semi Public
PMAY (U)	Pradhan Mantri Awas Yojana (Urban)
RFP	Request for proposal
RFQ	Request for Quotation
SPV	Special Purpose Vehicle
ToD	Transit Oriented Development
TT Nagar	Tatya Tope Nagar

## DEFINITIONS AND INTERPRETATIONS

In these guidelines, the following terms will have the meaning assigned hereunder except where the context otherwise requires:

**'Annual lease rent'** shall mean the annual payment required to be made by the lessee to BSCDCL in yearly instalments, in advance at the beginning of each period, in consideration to the grant of lease rights on the plot / property.

**'Bid'** shall mean the eligibility proposal and financial proposal collectively submitted by a bidder in response to the invitation of bid for the monetisation of a plot / property.

**'Board of Director'** or **'Board'** means the collective body of the directors of the BSCDCL;

**'Central Government'** or **'Union Government'** or **'Government of India (GOI)'** means Ministry of Urban Development, Government of India;

**'Chief Executive Officer'** means executive officer as defined under Section 2(18) of the Companies Act 2013;

**'Conciliation'** is an alternative dispute resolution (ADR) process whereby the parties to a dispute use a conciliator, who meets with the parties both separately and together in an attempt to resolve their differences.

**'Circle Rate'** means the value of land / house assessed according to guidelines issued by the Collector under the Madhya Pradesh Bazar Mulya Margadarshak Siddhanton Ka Banaya Jana Tatha Unka Punrikshan Niyam, 2000 made under the Indian Stamp Act, 1988 (no. 2 of 1899).

**'Discount rate'**; also called the hurdle rate, cost of capital, or required rate of return; is the expected rate of return for an investment. In other words, this is the interest percentage that a company or investor anticipates receiving over the life of an investment.

**'Earnest Money deposit'** is the amount a buyer pays to show that his interest in a said property is genuine. The Earnest Money deposit is also known as a binder, token money or good-faith deposit.

**'Joint Development'** is an agreement between a landowner and a real estate developer to construct new projects is called a Joint Development Agreement. In a joint development the capital, the builder carries out construction and legal work whereas the landowner provides the land.

**‘Lease’** of immovable property is a transfer of a right to enjoy such property, made for a certain time, express or implied, or in a perpetuity, in consideration of a price paid or promised of money, service or any other thing of value to be rendered periodically or on specified occasions to the transferrer / lesser by the transferee / lessee, who accepts the transfer of such terms.

**‘License’** of immovable property is where one person grants to another, or to a definite number of other persons, a right to do, or continue to do, in or upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful, and such right does not amount to an easement or an interest in the property, the right is called, a license.

**‘Lease premium’** shall mean the lump-sum payment required to be made by the selected bidder to BSCDCL in one or more installments in terms of the schedule of payment as consideration for the rights and interest granted by BSCDCL to be bidder in relation to the plot / property.

**‘Municipal Act’** means Madhya Pradesh Municipal Corporations Act, 1956 as amended from time to time;

**‘Moratorium period’** is a time during the loan term when the borrower is not required to make any repayment. It is a waiting period before which repayment by way of EMIs begins. Normally, the repayment begins after the loan is disbursed and the payments have to be made each month.

**‘Marginal Cost of Funds Based Lending Rate’** (MCLR) refers to the minimum interest rate of a bank below which the bank cannot lend, except in some cases allowed by the Reserve Bank of India. MCLR is an internal benchmark/reference rate for a bank.

**‘Net Present Value’** is the difference between the present value of a company’s cash inflows and the present value of cash outflows over a given time period. The discount rate and the time period concerned will affect the calculations of the NPV. NPV is used to measure the costs and benefits, and ultimately the profitability, of a prospective investment over time.

**‘Patta’** is a legal document issued by the Government in the name of the actual owner of a particular plot of land. It can also be issued for lands having buildings or individual houses etc. constructed on them.

**‘Plot’** means a specific parcel of land which has been determined as a plot in a duly approved by in the Master Plan.

**‘Property’** means any land, plot, a building or its part thereof.

**‘Public Institutions’** means institutions, society trust, etc. registered with charity commissioners as charitable trust constituted for the purpose of education, social and public services etc.

**‘Public Sector Undertaking’** refers to a Government Company. “Government Company” is defined under Section 2 (45) of the Companies Act, 2013 as Any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

**‘Revenue share’** shall mean the percentage of the projects revenues which the lessee/ JD partner is required to pay to BSCDCL in accordance with the schedule of payment as consideration for the rights and interest granted by BSCDCL to lessee/ JD partner in relation to plot/ property.

**‘Reserve Price’** means price of land and other proportions determined by BSCDCL after taking into consideration the cost of land and interest, cost of maintenance and overheads, development cost, cost of construction administrative cost and interest, incremental contribution and development charge.

**‘Sale’** means transfer of ownership in exchange for a price paid or promised or part paid, and part promised.

**‘State Government’** means Government of Madhya Pradesh;

**‘Statutory bodies’** are established by acts which Parliament and State Legislatures can pass. These bodies are entities shaped by an Act of Parliament or state legislatures and set up by the government to consider the data and make judgments in some arena of activity.

**‘Transfer of Property’** means to confer the right to use of immovable property for certain period to one or more persons by the BDCSCL under the conditions as may be determined at the premium land lease rent or as free hold.

**‘Tahbazari’** is Import fee for permission to do certain acts such as sale of goods or services. Tahbazari is charge for a privilege to sell goods and services within certain limits of a local body for such imposition; there are no contracts, no agreements and no rents.

## 1 INTRODUCTION

### 1.1 Govt. of India Smart City Mission

Government of India plans to implement Smart City Program for next 5 years (FY 2015-16 to FY 2019-20) to transform 100 Indian Cities to Smart Cities. The objective is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and apply 'smart solutions'. The focus is on sustainable and inclusive development and the idea is to look at compact areas, create a replicable model which will act like a light house to other aspiring cities. The Smart City Mission is broadly divided into two approaches: “*Area Based Development & Pan City*”.

The “Area-Based Development” is the key element of the proposal. An area-based proposal will identify an area of the city that has been selected through desk research, analysis, meetings with public representatives, prominent citizens, and citizen engagement, as the appropriate site for either of three types of development: retrofitting (approximately 500 acres), redevelopment (approximately 50 acres) or Greenfield development (approximately 250 acres). This area will be developed into a 'smart' area, which incorporates all the Essential Features/Elements prescribed in the Mission Guidelines and any additional features that are deemed to be necessary and appropriate.

The “Pan-City Solution” is an additional feature to be provided. Pan-city development envisages application of selected Smart Solutions to the existing city-wide infrastructure. Application of Smart Solutions will involve the use of technology, information and data to make infrastructure and services better. Since Smart City is taking a compact area approach, it is necessary that all the city residents feel there is something in it for them also. Therefore, the additional requirement of some (at least one) city-wide smart solution has been put in the scheme to make it inclusive.

### 1.2 Bhopal Smart City Mission

Under the Smart City Challenge, in 2015, in first round of competition, Bhopal was one of the 20 cities selected.

Under the purview of this mission, Bhopal has incorporated a special purpose vehicle (SPV) – Bhopal Smart City Development Corporation Limited (BSCDCL) (the “Authority”) to plan, design, implement, coordinate and monitor the smart city projects in Bhopal. BSCDCL is a company incorporated under Indian Companies Act 2013 with equal shareholding from Madhya Pradesh Urban Development Company Limited (MPUDCL) on behalf of Government of Madhya Pradesh (GoMP) and Bhopal



Municipal Corporation (BMC). BSCDCL has received funds from GoI and GoMP for the development of smart city in Bhopal.

Bhopal's Pan City proposal comprises of a bouquet of solutions which will be built on existing ICT infrastructure with minimum administrative bottlenecks. Focus is on integrated and streamlined city operations with ease of governance for administration, ease of access for citizens and ease of business for industry. The BSCDCL has initiated and successfully completed various projects under the Smart City Mission's Pan City initiative.

Under the Area Based Development proposal of Bhopal, Taty Tope Nagar area had been selected for redevelopment. More than 90% of land in this area is owned by government. The project is designed to unlock the value of underutilized government land in the heart of the city. It will radically transform the area into an eco-friendly and financially sustainable model. It will incorporate all smart city features within a new urban landscape, ensuring relationship of people to place and buildings to space. It is strategically located between two primary transport axes (BRTS & proposed Metro) and embodies Transit Oriented Development (ToD) principles to provide a compact, walk able and sustainable spatial morphology. This will lead to a ripple effect in catalyzing the future economic and social development of Bhopal.

## 2 AREA BASED DEVELOPMENT

### 2.1 About the Project

Bhopal's Area Based Development (ABD) proposal includes redevelopment of 342 acre of North & South TT Nagar. The area would be a state of art Smart city in the heart of Bhopal with all modern features in a sustainable manner and would generate more job opportunities.

Bhopal Smart City in TT Nagar has been envisioned as 24/7 activity based, thriving and energetic place where people will live work and play. It will offer swift mobility through various modes of public transport. This will give people great convenience to commute with reduced time and convenient access to amenities & facilities achieved through land use coordination of carefully balanced areas of residences, office, amenities and entertainment area focused on Education, Research, Entrepreneurship and Tourism.

ABD Area is planned as Mixed-Use Compact Development within the heart of Bhopal city which is further part of the urban fabric of the city. It is strategically located between two primary arteries of city (BRTS & proposed Metro) and embodies ToD planning principles to provide a compact, walkable and sustainable spatial morphology. This will lead to a ripple effect in catalyzing the future economic and social development of adjacent areas near the project site and make a benchmark for Bhopal to replicate in other parts of city. Therefore, state-of-the-art connectivity, infrastructure and transportation access have been integrated into the design of the city.

ABD Master Plan reflects an urbane planning approach integrating the planned program of Smart City Mission into the existing context of both the site and the city. The ABD development in Bhopal is expected to become a contemporary smart city model development in India, advancing the ideas of sustainability and ecology. The project redevelops the area as high-quality, high-density mixed-use district of residential, commercial and open space facilities that optimize land and real estate values.

BSCDCL intends to develop & implement the Project with private sector participations to leverage upon private infrastructure financing and implementing the latest ICT based smart solutions for social & physical urban infrastructure. To kick-in the investment cycle, the SPV has taken-up government housing along with the augmentation of trunk infrastructure in the project area on suitable implementable model. BSCDCL has envisaged the project development process through multi-stepladder approach. BSCDCL is developing trunk level external and internal infrastructure components on suitable model by appointing private contractor(s). The trunk level infrastructure shall include development of roads with utility tunnels, Power & Water supply, Automated Solid Waste

Management, Street Light and Safety and Surveillance through ICT solutions for the entire project area.

## **2.2 Project Site Appreciation**

### **2.2.1 Regional Settings**

Bhopal city is located in central India, in the state of Madhya Pradesh. The Bhopal district comprised of two sub-districts, namely, Berasia and Huzur. The city falls under Huzur sub-district of the Bhopal district of Madhya Pradesh. The city is located in transitional areas between northern temperate zone and torrid zone with line of cancer passing through Sanchi, located 42km away, in the north-east direction from the city.

The city is situated on a hilly terrain of Malwa Plateau. The development taking place in city is considerably influenced by socio-economic linkages which are continuously transforming and evolving in secondary and tertiary system around Bhopal. The regional growth centres that are dependent and influence Bhopal are Hoshangabad, Berasia, Vidisha, Sehore, Raisen and Narsingarh. According to census 2011, amongst the surrounding town and growth centres, Vidisha is categorised as Class-1 town, Sehore and Hoshangabad as Class-2 towns and others as class-3 towns.

The city is one of the fast-growing economies of central India, with increasing employment opportunity predominantly in-service sector. In recent years, there was decline in industrial employment due to closure of small and medium scale industries due to over-reliance on Bharat Heavy Electrical Limited (BHEL) and Mandideep Industrial area. The fast-growing sectors of city include housing, real estate, banking and education. According to the economic development policy of Madhya Pradesh, the city is envisioned to be developed as an educational hub. On a broader note Indore is referred to as commercial capital of the state, which is at a distance of 200 kms, and Bhopal as an administrative & educational node of the state.

The regional connectivity is provided by Jaipur-Jabalpur National highway (NH-12) and Kanpur-Dewas National highway (NH-86) which links the city with surrounding metropolitan cities, supported by state highways. Amongst the surrounding growth centers Vidisha and Sehore is connected to Bhopal city by NH-86 and Hoshangabad, Itarsi and Narsingarh are connected by NH-12. Also, the city is connected by broad gauge railway line and regular air services to cities like Nagpur, Delhi, Chennai and Mumbai. The Raja Bhoj Airport connects Bhopal to Delhi, Mumbai, Pune, Jaipur, Bengaluru, Hyderabad, Surat, Udaipur & Shirdi.

## 2.2.2 Location & Connectivity

The Project area includes North and South TT Nagar starting after New Market in the north and extending till Mata Mandir Chowk in the south and parts of Tulsī Nagar on the right of New Market road from Main Road 1 in the north to Main Road 2 in the south. The Site is next to existing BRT corridor passing through New Market from Roshanpura Square in to MP Nagar on the east. The Site is in between existing prominent business zones i.e, South TT Nagar & New Market area, which is located between two major commercial nodes adding to the site potential to create commercial arc by connecting two nodes. Arc will act as catalyst for initial investment in Real Estate. The project area is well connected in terms of Rail and Road. The project area is located at a distance of 6 km from Bhopal railway station and 4.7 km from Habibganj railway station and connected to airport via New Market road and VIP road which is located at distance of 14 km providing excellent connectivity.

## 2.2.3 Analysis of the Project Area

### 2.2.3.1 Strengths

- I. **Project Location and Surroundings:** The project is located in the heart of the city, within close vicinity of the established retail market of the city, which acts as an attractive destination for home buyers as well as office spaces.
- II. **Site Accessibility:** The project is located in the prime area and is served by two arterial roads which are Link Road No.1 and No.2 which provide good inter as well as intra-regional connectivity.
- III. **Unlocking Government Land:** The project land belongs to government and is available for transaction in the open market which shall be done either by selling the land in free hold, “Bhu-Swamitva” or by lease.
- IV. **Infrastructure Development by State Government:** The state of art infrastructure and ICT integrated services as envisioned in Smart city mission will create sustainable, modern and technologically sound environment in the project area.
- V. **Sustainable Development:** Since the development is structured under the framework of Transit Oriented Policy, thus, focus on mixed use and densification will lead to safe, livable, vibrant and pedestrian friendly development.
- VI. **Metro Rail Project:** The Upcoming metro rail projects serving the project area will improve the overall connectivity of the project area with different parts of the city.
- VII. **Climate Smart Cities:** Cities are responsible for the climate-sensitive development of their urban areas. While they are a significant contributor to climate change, they are also particularly vulnerable to its consequences. By taking appropriate measures, cities can make

a significant contribution to mitigating climate change and increase their resilience to climate-related shocks. To facilitate cities in understanding these challenges and where cities stands and may improve, Ministry of Housing and Urban Affairs has launched “Climate Smart Cities Assessment Framework” with 30 diverse indicators across five categories namely; (i) Energy and Green Buildings, (ii) Urban Planning, Green Cover & Biodiversity, (iii) Mobility and Air Quality, (iv) Waste Management and (v) Water Resource Management. The “Climate Smart Cities Assessment Framework” is a step to adopt, implement and disseminating the best practices adopted by our cities and further to set standards in comparison to the international efforts towards the green, sustainable and urban resilient habitats. Bhopal shall also adopt itself as climate friendly city as per the assessment framework.

- VIII. **Livability Index:** In 2018 the first-ever exercise undertaken by the ministry to rank the country's major cities on the basis of four parameters of ease of living - governance, social, economic and physical infrastructure. The assessment standards are closely linked to the Sustainable Development Goals (SDGs), which will provide a strong impetus to India's effort for systematic tracking progress of SDGs in the urban areas. The evaluation of cities has been done on a 100-point scale across 78 indicators - institutional and social pillars carried 25 points each, 5 points were given for economic pillar and 45 points for the physical pillar. Bhopal was among the top 10 cities in Livability Index out of 111 cities evaluated in India.

### 2.2.3.2 Opportunity

- I. **Walk-to-Work:** The opportunity to develop first integrated township in heart of city which will establish public realm and will act as a unique selling proposal of the project.
- II. **Incentive FAR:** The advantage of higher FAR offered on the demarcated plots under the project acts as a good opportunity for the developers to invest in the ABD project.
- III. **The New city center:** Due to its location, the area has potential to be developed as a New city center with opportunity for retail, commercial & mixed-use development.
- IV. **Investment returns:** The accessibility attributes of the subject property supported by metro rail project will increase the real estate prices in the influence area, thus creating an opportunity for investors and developers to invest in the city.

### 3 LAND MONETISATION POLICY – OBJECTIVE & APPLICABILITY

#### 3.1 Objective of the Policy

The ABD project is a single large-scale project proposed in the heart of Bhopal city and envisaged to be developed on a self-financing model. The project is designed to be a benchmark of development simultaneously to revive the local economy providing employment opportunities to masses in the coming years. Further, the employment created will induce huge residential and commercial demand in the market. This demand will provide growth impetus to city's real estate market and as a result, large supply of various types of spaces is anticipated in the coming years. With enormous investment of state government in the project, the market will gain confidence and will see supply rise and price escalation in the near future.

Value capture through property monetisation is key to generate enough funds for sustainable development of project. The land monetisation policy will facilitate the Monetisation of land /property, through value capture financing approach. Hence, the need for a special land monetisation policy for ABD which can suggest unique provisions for land monetisation along with detailed processes, which are in line with market expectations and ensure maximum value capture through asset monetisation.

The project involves the densification of government quarters, displacement of approximately 1000 informal commercial establishments (informal shops), approximately 400 slum units, few religious structures and private residential housing. Hence Land Monetisation Policy also includes the rehabilitation & resettlement (R&R) strategy for the project displaced people.

#### 3.2 Application/Applicability of the Policy

Bhopal's Area Based Development (ABD) proposal includes redevelopment of 342 acre of North & South TT Nagar. The Land Monetization Policy shall apply to matters pertaining to sale / lease / license of all the land/immovable properties within 342 acres of ABD Area as marked in **ANNEXURE I**. However, this policy shall be applicable to all the future area-based development projects and Town Planning schemes that may be taken up by BSCDCL.

## 4 REHABILITATION & RESETTLEMENT STRATEGY

### 4.1 Objectives

The objectives of the rehabilitation and resettlement strategy are:

- To improve the existing facilities of the project area in a transparent and coordinated manner.
- Planning and facilitating the displacement of existing activities shall be designed in such a way that it harmonizes with upcoming development works.
- To appropriately identify, address and mitigate the adverse impacts of construction and development work on the habitants of the project area.
- The relocation activities to be done within the project area without disturbing the livelihood of the local operators.

### 4.2 Rehabilitation Strategy for Existing Government Houses

#### 4.2.1 Existing Condition

The ABD area is predominantly occupied by approximately 3100 F, G, H & I type govt. houses, which are in dilapidated condition and needs to be vacated to clear the project site for further development.

#### 4.2.2 Rehabilitation Strategy

The 342 acre of ABD land was transferred to BSCDCL by State Government vide Order No. **F-10-08/2017/18-2 dated 09.05.2017** with the condition that similar no. of government houses shall be constructed. Fulfilling this condition BSCDCL has awarded projects for construction of 2828 F, G, H, & I type govt. houses in three phases within ABD project area. These houses have higher carpet area and shall be inclusive of all the smart city infrastructure features. Remaining 551 F, G, & H type houses have been purchased from BDA. Combining the above, a total of 3359 F, G, H & I type unit shall be made available to accommodate the existing housing which would further help coping the shortage of houses for state government employees.

### 4.3 Rehabilitation Strategy for Existing Commercial Establishments

#### 4.3.1 Existing Condition

The major commercial activities exist along the Bhadbhada Road (Rangmahal Square to Jawahar Chowk) with major informal shops around Jawahar Chowk and surrounding the existing Dussera Maidan. Some of the shops along Dussera Maidan have been leased out by BMC. There are around 1000 informal commercial activities established within the ABD project boundary. Also, there are

weekly vegetable market thronging along the Model School and TT Nagar Stadium. Apart from these there are prominent commercial establishments in Platinum Plaza.

#### **4.3.2 Rehabilitation Strategy**

Since the Smart City envisions a sustainable and inclusive development approach, it is important that livelihood of the local people shall be taken care of. The development of the ABD area was done considering the livelihood aspects of the informal commercial establishment. The Haat Bazar project was designed to accommodate some of these informal commercial establishments. The traditional themed modern Haat Bazar shall accommodate total of around 586 shops. These include a separate vegetable market.

The existing informal shops can be categorized into three type based on the documents they have and can be prioritized accordingly. The shops which already have 'Patta' / lease Document shall be given foremost priority since there shops are properly documented. The next priority shall be given to the shops established by BMC and paying rent for the shops. The remaining shops owners who don't have any documents and only pay 'Tahbazaari' / rent to BMC shall be considered last.

The allotment of shops to Patta / lease category establishments shall be given on lease by lottery system and the remaining shops shall be relocated outside ABD area to a designated hawker's zone developed by BMC.

The price of each retail unit at Haat Bazar shall be considered by summing up the following:

Land Cost as per the Collector Guideline + Project Cost + Development Charge as decided by BSCDCL+ Supervision Charges. An annual lease rent of minimum 1% of allotment rate plus an escalation, shall be charged on such leases as ground rent towards maintenance charges.

Further the guidelines mentioned in section 6.5.4 for monetisation for constructed premises shall be referred for the monetisation process.

#### **4.4 Rehabilitation Strategy for Slums within ABD Area**

##### **4.4.1 Existing Situation**

There are approximately 400 slum units scattered in clusters within the project area. Apart from these, there are transit houses existing within ABD area. These transit houses were constructed to relocate the slum dwellers from the already laid BRTS corridor.



#### **4.4.2 Rehabilitation Strategy**

All the slums and transit houses within the project area shall be listed down. BSCDCL shall construct transit houses at locations designated by Collector-Bhopal or Commissioner-BMC. Subsequently, these dwellers shall be rehabilitated by BMC under PMAY(U) / HFA.

#### **4.5 Rehabilitation Strategy for Religious Structure**

##### **4.5.1 Existing Situation**

There are several religious structures such as temples, gurudwara, mosque and church within the ABD area. These religious structures are spread all over the ABD area. Apart from some prominent religious temples like Mata Mandir, Jain temples & Kali Badi, there are several small religious structures spread across the project area.

##### **4.5.2 Rehabilitation Strategy**

Leaving some of the prominent religious building as decided by Board Members of BSCDCL, other religious structures shall be relocated as per recommendation of the state govt. and as per the direction of Supreme Court/High Court for relocation and rehabilitation of religious structures.

#### **4.6 Rehabilitation Strategy for Private Residential Housing**

##### **4.6.1 Existing Situation**

Within the 342 acres of ABD project area there are few private houses. These are flats at Platinum Plaza, CI Homes and an entire stretch along the Bhadbhada Road from Rangmahal Square to Jawahar Chowk which are also known as MLA quarters.

##### **4.6.2 Rehabilitation Strategy**

The resettlement and rehabilitation of private residential units shall be as per the State Govt. guidelines.

## **5 EXISTING LAND MONETISATION & OTHER RELATED POLICIES IN MADHYA PRADESH**

### **5.1 Madhya Pradesh Municipal Corporation Act, 1956**

Under this act the Municipal Corporation of MP shall have power to acquire and hold property, both movable and immovable, within or without the limits of the city and, subject to the provisions of this Act and the rules and byelaws made there under, to transfer any property held by itself and to contract and to do all other things necessary for the purpose of this Act.

### **5.2 Madhya Pradesh Nagar Tatha Gram Nivesh Adhinyam, 1973**

Also known as M. P. Town & Country Planning Act, 1973 is an act to make provision for planning and development and use of land; to make better provision for the preparation of development plans and zoning plans with a view to ensuring town planning schemes are made in a proper manner and their execution is made effective, to constitute Town and Country Planning Authority for Proper implementation of town and country development plan, to provide for the development and administration of special areas through Special Area Development Authority to make provision for the compulsory acquisition of land required for the purpose of the development plans and for purposes connected with the matters aforesaid.

### **5.3 Madhya Pradesh Bhumi Vikas Niyam, 2012**

The Development control regulation in the state known as Madhya Pradesh Bumi Vikas Niyam was notified on 1<sup>st</sup> June 2012. It specifies the regulation and guidelines for development activities in the urban areas of the state.

### **5.4 Madhya Pradesh Vikas Pradhikaran Ki Sampatti Ka Prabandhan & Vyay Niyam, 2018**

Rule under this is formulated and applicable for sale/purchase/rent/lease of all the land/immovable properties belonging to Development Authorities of Madhya Pradesh.

### **5.5 Madhya Pradesh Nagar Palika ke Achal Sampatti ka Autaran Niyam, 2016**

Rules under this are formulated for sale/purchase/rent/lease of all the land/immovable properties belonging to Municipal Corporations of Madhya Pradesh.

## **5.6 Madhya Pradesh Rajasv Pustak Paripatra**

Rajasv Pustak Paripatra or Revenue Book Circular is the book of rules and guidelines for sale/purchase/rent/lease of all the land/immovable properties belonging to MP State Revenue Department.

## **5.7 Bhopal Development Plan, 2005**

The proposals of BDP 2005 lay emphasis on future city structure; the process of plan implementation through active public participation. The organic growth pattern has been honored, incorporating the committed isolated development in the northern part of the city. For implementation of plan proposals, it is preferred that large chunks of land are developed with necessary physical and social infrastructure in priority areas, to ensure desired land supply. The proposals of BDP 2005 are in form of the modification of the earlier adopted plan i.e. 1975-1991 master plan. It deals with identification of the city in regional context, conceptualizing of parameters of the city development and delineation of a logical frame work for the plan proposals. It also gives details of the development regulations in comprehensive manner and options of plan implementation process, emerging out of local aspirations and past experiences.

## **5.8 Madhya Pradesh Transit Oriented Development Policy (Draft) 2018**

This policy applies to whole of urban areas in Madhya Pradesh as a guiding tool for preparation/revision of statutory development plans, formulation/amendments of Bhumi Vikas Rules, formulation of development control regulations and regulating urban development in Madhya Pradesh. This policy is specifically meant for promotion and control of development around Transit Stations and Transit Corridors in all cities in Madhya Pradesh, which have their comprehensive mobility plan prepared and which have been approved.

## 6 LAND MONETISATION METHODOLOGY

### 6.1 Manner of Monetisation

The decision for monetisation of plot shall be governed by BSCDCL in accordance with these guidelines. BSCDCL may dispose land and other properties within ABD project area by sale or lease or license or any other suitable transaction model, to be granted against a consideration in the form of premium or rent or both in accordance with these guidelines. The reserve price of each plot shall be decided by the BSCDCL board as per the general guidelines mentioned in section 6.6.

BSCDCL may monetise the available land within the ABD area or any other area covered under this policy as defined in section 3.2 by any of the following methods:

- Holding Public Auction or e-auction.
- Inviting open tenders by public advertisement in prominent daily newspapers or Inviting limited tenders from specific group of companies as decided by board.
- Making or accepting offers from State Government, Government of India, Semi-Government, Local Authority, Statutory body, Public sector Undertaking and any other Public Institution as per the decision of BSCDCL.
- The land can also be offered through direct allotment for the development of an IT park under the guidelines of Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy, 2016.
- Allotment of constructed premises such as apartments /shops by way of “drawal of lots” or e-lottery at specified rates for project displaced people or by publishing a scheme through advertisement in newspapers.
- Joint development.

All agencies whether public or private shall adhere to the guidelines as prescribed in the ABD Land Monetisation Policy guidelines.

### 6.2 Land Monetisation Strategy

Taking into consideration the size of the market and its ability to absorb the incremental supply BSCDCL shall prepare a phasing strategy prioritizing the assets for monetisation. This would help non-cannibalization of demand between BSCDCL’s assets. BSCDCL can bundle / unbundle or may impose certain conditions e.g. time frame of development, usage, façade control, maintenance guidelines, etc. in accordance with the overall strategy. Accordingly, BSCDCL can identify the property to be disposed and undertake the pre-marketing activity in consultation with the subject expert or transaction advisor. BSCDCL shall confirm the reserve price as per the general guidelines mentioned

in section 6.6 and in accordance with subject expert or transaction advisor's assessment of the demand and come up with suitable marketing strategy for each land parcel.

The monetisation strategy should consider the following:

- Timing - identifying a desired monetisation time and an estimate of lead times required.
- Pricing the market - taking valuation and expert advice to establish the likely achievable realisation value.
- Determining whether either of the above (timing and price) could be improved by undertaking any infrastructure augmentation or regulatory pre-approval to the subject property.
- Identifying the most appropriate monetisation process (auction, tender, direct allotment, JD, etc.), which will result into the maximum value realisation to BSCDCL.
- Transaction structure – identifying the most suitable transaction structure for each land parcel depending on the usage. Usually as a general market practice, a sale structure is preferred for residential land use, a long-term lease or sale is preferred for commercial land use.
- Identifying marketing and advertising avenues.
- Ensuring that the Project Team understands the monetisation strategy and maintains the momentum to complete the process.

### **6.3 Capacity Building for Transaction Management**

BSCDCL may develop the internal capability to undertake the transaction management for the monetisation of the land /property. The following departments may be constituted in BSCDCL in order to undertake the transaction process and property management:

- Planning
- Marketing
- Estate department
- Asset's Management
- Legal

**Delegation of duties: The Chief Executive officer (CEO)** is responsible for overseeing and managing the general conduct of the day-to-day operations of the Company subject to the supervision and control of the Executive Directors. Hence the board may delegate the following powers to CEO for monetisation of land /property:

- To execute the contracts or arrangements for and on behalf of the board in all matters related to monetisation of land / property.

- To do all acts, deeds and as may be necessary for completion of transaction or incidental for the project including signing of all the relevant documents.
- To constitute a committee for overseeing each transaction, preparation of transaction related document and bid process management.
- Sub-delegation of powers as may be necessary to the appointed committee member.
- To negotiate and finalise the commercial terms with investors for the monetisation process.
- To manage day to day affairs related to execution of the project undertaken by BSCDCL.

**Transaction advisor:** BSCDCL may also take the services of a reputed firm as transaction advisors for the monetisation process. The transaction advisor shall advise BSCDCL on following aspects:

- Advising on the suitable monetisation strategy for each land / property along with the phasing plan.
- Preparation of reports for ABD area pertaining to, but not limited to, Financial Projections, Project Phasing, Business Model, etc.
- Transaction structuring & financial negotiations with clients on basis of a mutually decided business plan number.
- Provide commercial, financial and legal services in support of project preparation and transactions, which includes conducting project feasibility studies, Value for Money analysis, assessment of joint development option, Conduct financial analysis and modelling, and project structuring.
- Marketing the structured projects to potential investors and preparation of marketing strategy and collaterals.
- Preparation of documents for bid process management such as Expression of interest (EOI), Information memorandums, Notice inviting bids (NIB), Request for proposal (RFP), request for quotation (RFQ), Instruction to bidders (ITB), Letter of intent (LOI), term sheet, definitive agreement, sale deed, Lease deed, rent agreement, etc.
- Bid process management

#### **6.4 Qualifying criteria**

- Any person competent to contract under the Indian Contract Act shall be eligible to apply under the scheme
- When a company desires to apply, it shall do so under the hand of the managing director, or a director authorised by the board of directors.

- When a partnership firm desires to apply, the application must be signed by all the partners and enclosed with the true certified copy of the deed of partnership. However, the proposed partnership firm will also be allowed to participate in the process, provided that they should submit the attested copy of the registration certificate or proof of registration thereof before execution of agreement to sale/ lease.
- When a consortium desires to apply, it shall do so authorise a lead member and a memorandum of understanding along with the Authorisation letter to be enclosed .
- When a Joint Venture (JV) desires to apply, it shall do so by providing the share holding pattern in the JV, the entity with the highest share will be considered as the lead member and a memorandum of understanding along with the Authorisation letter to be enclosed.
- When a trust desires to apply, the application shall be signed by one of the trustees under the authority of the trustee without which the tender will be held invalid. The authorisation shall be enclosed with the tender.
- When a Society desires to apply, the application shall be signed by one of the members under the authority of the Society along with the memorandum of association. The authorisation shall be enclosed with the tender.
- Tenders received from a proposed Company registered under the Companies act 2013, proposed Trust registered under Indian Trusts Act 1882 or MP Public Trust Act 1951, Societies registered under Societies Registration Act 1860 or MP Society Registrickaran Adhinyam 1973, Partnership firm registered under the Indian Partnership Act 1932, MP Partnership (Registration of Firms) Rules 1951, will be treated to have been received from the applicant individually, or the applicant joint who has signed the offer as the case may be.

## **6.5 Monetisation process and marketing**

While evaluating options to monetise any land, BSCDCL shall decide on the most appropriate monetisation route together with associated marketing costs and associated lead times. Selecting the most appropriate method of monetisation is vital to achieving a successful value for asset. BSCDCL will reserve the right to accept or reject the offer.

### **6.5.1 Monetisation of plots by public auction**

When preparing for a monetisation by auction, preparation must be meticulous, and conditions of sale should be published with the auction prospectus. It is vital that the auction is sufficiently advertised, and that the property has sufficient exposure to the market. It is important that the auction prospectus is accurate, as a sale following incorrect auction particulars or misstatements may lead to a rescission or price abatement if the purchaser litigates.

**Process followed under this sub-function**

- To identify the plot to be monetised in accordance with the phasing strategy for monetisation.
- To undertake site visits and come up with a suitable marketing proposal
- To confirm the reserve price with the board in accordance with reserve price guidelines in section 6.6.
- To prepare the draft scheme booklet / draft advertisement and initiate proposal for approval to the BSCDCL
- Preparation of bid documents
- To release Notice inviting bids (Advertisement to be given in minimum two newspapers having wide circulation where property is located. The Reserve Price should be mentioned in the NIB)
- To Register the participants and collection of EMD (EMD shall be minimum 1% of the Reserve price for land sale transactions, to be submitted in form of bank guarantee /FDR)
- To conduct the auction (the auction starts from Reserve Price after fall of third Hammer and bid is accepted). 10% of the bid amount to be deposited as booking amount, within 10 working days of auction after adjusting EMD. (The booking amount may vary depending on the transaction size and structure and can be decided on case to case basis, however it should be clearly mentioned in the bidding documents). In case, if there is a default in payment of booking amount within the maximum permissible period, the allotment of plot stands cancelled and the EMD deposited stands forfeited in full.
- To seek approval of successful bidder from BSCDCL board.
- To issue allotment letter containing the terms & condition and payment schedule in accordance with payment structure for sale transactions described in section 6.6.
- To receive payments and its confirmation from accounts department
- To execute agreement to sale / lease and hand over the possession of land

Public auction is a quick, certain and fair route to sale and demonstrates serious intent to sale. Auction process is preferable for properties where there is sufficient interest in the market. Value realization can be highest due to open competition. However, potential purchasers may not like to participate in an open auction process.

**6.5.2 Monetisation of plots by tender process**

The process of tender is same as process of auction, however in tender process sealed bids are invited, which are opened together. The authority and the highest bidder then immediately enters into a contract under which the purchaser usually pays a 10% deposit. The land is usually sold to the highest



bid above the reserve, although consideration should still be given to lower bids. If the highest bid only marginally fails to clear the reserve price, then advice should be sought as to whether it should be accepted. Bidders' creditworthiness and sources of finance should be checked prior to accepting any bids.

**Process followed under this sub-function:**

- To identify the plot to be monetised in accordance with the phasing strategy for monetisation.
- To undertake site visits and come up with a suitable marketing proposal
- To confirm the reserve price with the board in accordance with reserve price guidelines in section 6.6.
- To prepare the draft scheme booklet / draft advertisement and initiate proposal for approval to the BSCDCL board
- Preparation of bid documents
- To release Notice inviting bids (NIB shall be published in minimum two newspapers having wide circulation where property is located)
- Opening of tender applications / offer received and approval / consent for the highest bidder
- To receive EMD and issue allotment letter containing the terms & condition and payment schedule (EMD shall be minimum 1% of the Reserve price for land sale / lease transactions, to be submitted in form of bank guarantee / FDR)
- To receive payments and its confirmation from accounts department
- To execute agreement to sale / lease and hand over the possession of land

In case the bids received are less than the reserved price or in case no bids are received, fresh bids may be invited for the second and if necessary, for the third time. However, before a fresh bid is invited, there should be a reassessment of reserve price and bid conditions in order to make the bid viable for investors. BSCDCL shall ensure that there is a time period of minimum three months between the first invitation of bid and the next invitation of bid with reassessed bid conditions and reserve price.

Public accountability is self-evident in a tender process as it clearly demonstrates that the sale process has been fair, with the highest compliant bid winning. It also provides certainty on timing and costs and promotes sale to a wide market. Sale above the estimated reserve price may be achieved in this process. A limited tender approach can also be followed, which provides more flexibility over the terms of the offer. Gives investor the opportunity to share in future uplift in development value

through revenue share or area share and allows the parties to clarify and negotiate final terms of the sale.

### **6.5.3 Monetisation of plots without tender process (direct allotment)**

In the specific cases open market competition may not achieve the best consideration and the land can be disposed without tender process through direct allotment route.

Occasions may arise where the BSCDCL wishes to support or encourage a specific use or development at a particular land parcel, to deliver key objectives of the ABD master plan. In these instances, sales may be negotiated to particular purchasers. However, in such cases the purchaser can only be any State Government agency, Government of India, Semi-Government, Local Authority, Statutory body, Public sector Undertaking and Public Institution as per the decision of BSCDCL. The land can also be offered through direct allotment for the development of an IT park under the guidelines of Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy, 2016.

In case of direct allotment process the general guidelines mentioned in section 6.6 should be followed.

#### **Process followed under this sub-function:**

- To identify plots / obtain demarcation plan on receipt of request
- To confirm the reserve price with the board in accordance with reserve price guidelines in section 6.6.
- To prepare and initiate proposal for approval to the BSCDCL board
- To issue letter of intent to the applicant for payment of EMD amount in form of bank guarantee/ FDR
- To issue allotment letters / receive payments
- To receive payments and its confirmation from accounts department
- To execute agreement to sale/ lease and hand over the possession of plot

### **6.5.4 Monetisation of constructed premises**

The BSCDCL primarily involves in the activities of development of government housing along with the augmentation of trunk infrastructure in the project area on suitable implementable model. However, BSCDCL also intends to create an environment friendly, model urban settlement with full-fledged physical and social infrastructure to meet residential and commercial need of the population at present and years to come. In order to cater to the population demand, BSCDCL shall launch schemes for sale of plots under various uses such as residential, commercial, mix use, IT Park, Public & semi-

public use, etc. Additionally, the BSCDCL can identify plots for construction of particular housing / commercial schemes for the project affected people or for selected beneficiaries.

The planning department identifies the land and the architect provides the plan/ architectural / elevation drawings as per the requirement. The engineering section then prepares estimation for construction of housing / commercial scheme to be taken up and submits it for the approval of the management. After the approval the engineering department commences the construction work. A competent external agency may also be appointed to undertake the planning, designing and construction work.

The marketing department on receipt of architectural designs, prepares a scheme for the sale /lease of these premises. The sale / lease prices of units should be decided, considering the land prices and development cost estimates of project. After seeking approval of the scheme from the board, the marketing department launches the scheme for sale / lease through advertisement.

- The allotment of constructed premises such as apartments/ shops is made by way of “drawal of lots” at specified rates, by publishing a scheme through advertisement in newspapers.
- The allotment of constructed premises such as commercial offices / shops is done by advertisement in newspapers by inviting public tenders.

BSCDCL may decide to undertake commercial development /shops for project affected commercial establishments / hawkers in accordance with the rehabilitation & resettlement strategy described in section 4. The BSCDCL may decide to allot commercial premise through drawal of lots. The reserve price for such development shall be decided by BSCDCL by taking into consideration the total development cost at no profit. An annual lease rent of minimum 1% of allotment rate plus an escalation, should be charged on such leases as ground rent towards maintenance charges.

**Process followed for allotment of tenements/ apartments / shops through drawal of lots:**

- To prepare the project and marketing drawings
- To undertake site visits and come up with a suitable marketing proposal
- To confirm the sale / lease price with the board in accordance with reserve price guidelines in section 6.6 or as per the rehabilitation & resettlement strategy (in case project is for the project affected people).
- To prepare the draft scheme booklet / draft advertisement and initiate proposal for approval to the BSCDCL
- Preparation of bid documents

- To release Notice inviting bids (Advertisement to be given in minimum two newspapers having wide circulation where property is located. The Reserve Price should be mentioned in the NIB)
- Acceptance of applications and scrutiny of applications as per the eligibility conditions mentioned in the scheme booklet (eligibility conditions for each scheme to be defined based on the scheme objectives at the inception of scheme)
- To conduct the drawal of lots
- To seek approval of successful applicants from BSCDCL
- To verify documents of successful applicants / issue letter of intent
- To issue allotment letter / receive payments and its confirmation from accounts department
- To execute agreement to sale / lease and hand over the possession

**Process followed for allotment of commercial offices / shops through public tender:**

- To prepare the project and marketing drawings
- To undertake site visits and come up with a suitable marketing proposal
- To confirm the sale / lease price with the board in accordance with reserve price guidelines in section 6.6
- To prepare the draft scheme booklet / draft advertisement and initiate proposal for approval to the BSCDCL
- Preparation of bid documents
- To release Notice inviting bids (NIB shall be published in minimum two newspapers having wide circulation where property is located)
- Opening of tender applications / offer received and approval / consent for the highest bidder
- To receive EMD and issue allotment letter containing the terms & condition and payment schedule (EMD shall be minimum 5% of the Reserve price for commercial offices / shops for sale / lease transactions, to be submitted in form of bank guarantee /FDR)
- To receive payments and its confirmation from accounts department
- To execute agreement to sale / lease and hand over the possession

**6.5.5 Joint development**

In some cases, BSCDCL may not realise the optimum land value of a site through an outright sale / lease. Special participation or profit-sharing arrangements may yield a better return. These cases need a greater degree of legal, marketing and monitoring expertise than straightforward sales, and it is essential that appropriate advice is obtained. BSCDCL can also use Joint development to bring in a partner organisation with suitable skills and expertise to take a monetisation forward. Where such an

arrangement is considered, it is important to check that the purchaser is backed by adequate financial resources and offers the best combination of financial status and proven track record of successful development, involving the resolution of planning and other project problems.

Joint development arrangement allows BSCDCL to benefit from growth in values if a development is highly successful. The main disadvantage is that negotiation to settle the terms of the arrangement can be complex and time consuming. Care must be taken to ensure that any reduced payment at the outset is more than offset by a realistic estimate of later profits, and that the developers' costs and sale terms are realistic and can be professionally checked to ensure that the predicted profit share is in practice likely to be achieved.

A key element is the agreement of a "base value" which is paid at the outset (or in stages at regular intervals, or as the development proceeds), together with a shared "development profit" (which is the difference between the development value and the development costs) to be shared between the parties in accordance with agreed terms.

Where BSCDCL believes that entering into a partnership arrangement with a private partner for any project within the ABD proposal may provide medium to long-term benefits over and above straightforward market-tested land, building and/or other asset sales, the matter may be considered, and approval shall be taken from board to form a joint development partnership.

Process followed for joint developments:

- Land identification by BSCDCL and defining the project objectives that BSCDCL wishes to achieve with the said project, which should be in line with the objectives of ABD master plan
- Preparation of technical guidelines/ specifications (land area, FAR, project beneficiaries, construction time, project cost, etc.)
- Confirmation on reserve price i.e. minimum revenue share percentage or number of built units to be handed over at possession (In no case the net present value of the estimated revenue share or value of the constructed units to be handed over to BSCDCL, should be less than the valuation of land to be undertaken at the project inception or circle rate as decided by the board)
- Preparation of bid documents and call for bid for partner selection (Bid parameter: highest revenue share / amount of constructed units to be handed over to BSCDCL)
- Selection of developer / JV partner (should be quality and cost-based selection, the relative weightage to be given to quality and cost-based parameters, can be decided by BSCDCL on a case to case basis)

- Signing of joint development agreement containing the detailed terms & conditions, post fulfilment of condition precedent as defined in RFP.
- Construction by private developer / partner
- Receipt of BSCDCL's share of revenue at regular intervals as agreed in JD agreement or handover of BSCDCL's share of units (commercial shops, office, apartments, etc.) at project completion

While selecting a partner for joint development and during the execution of the project, BSCDCL should be satisfied on following issues:

- The provision of detailed information and plans of the proposed development.
- The timescale for completion of the development.
- Detailed funding arrangements of developer and confirmation that these are in place.
- Evidence of end user commitment and the opportunity for BSCDCL to discuss that commitment directly with the end users in question.
- Developer's track record with similar developments.
- Any partnership record with other government authorities.
- Any wider/longer term regeneration benefits from the proposal. For example, employment or training opportunities during construction or from the proposed end user.
- Provision of any other off-site benefits or facilities.
- Capacity of the proposal for bringing other sites forward or opening up other development potential.
- Potential for leverage of private or other public funds and grants.
- Capacity of the proposal to remove or reduce other financial liabilities of BSCDCL.
- Construction progress monitoring to the satisfaction of BSCDCL technical team and in accordance with joint development agreement
- Guidelines for breach of agreement, smooth project handover, and post completion monitoring & maintenance to be clearly defined in the JD agreement
- Satisfaction of the BSCDCL's approved project objectives

## **6.6 General guidelines**

### **6.6.1 Valuation and sale / lease pricing**

BSCDCL shall obtain a third-party land valuation from a reputed property valuer before monetisation of each land parcel. BSCDCL should use the valuation as a reference for establishing the land lease /

sale price for a plot. The valuation should be done within six months period before the initiation of bid process i.e. publication of NIB.

The valuation shall be undertaken in accordance with the established valuation manuals and standards such as the International Valuation Standards (IVS) considering the adjustments towards local context. The valuer shall be a Registered Valuer as per The Companies (Registered Valuers And Valuation) Rules, 2017, or Valuer registered under Section 34AB of Wealth Tax Act 1957, or A person / Offices acting as a Valuer under various Revenue and Administrative Laws of India, or a Valuer accredited by a professional body promoting and enforcing the highest international standards such as RICS / ASA.

### **6.6.2 Reserve price**

The reserve price for land sale /lease shall be decided prior to the initiation of any land monetisation process. The reserve price can be decided by following the two benchmarks, one the circle rates of the land and second by conducting the third-party valuation. The appropriate reserve price to be decided by board on a case to case basis for each land parcel considering these two benchmarks. In case of any deferred payment structure, the net present value of future cash flows should be higher than the reserve price.

### **6.6.3 Payment structure for sale transactions**

Following guideline shall be followed for defining the payment structure for land monetisation scheme on outright sale:

- The mode of Payment will be Demand Draft/ Pay Order drawn in favour of BSCDCL.
- The allottee have to deposit minimum 25% of the tendered amount within 60 days from the date of issue of allotment letter. In case of failure to deposit this amount within time, the allotment will stand cancelled and the entire earnest money deposited shall be forfeited in favour of BSCDCL.
- The remaining 75% of the amount shall have to be paid by allottee in three to five equal annual instalments over a period of 3 to 5 years. The period of deferred payment may be decided before initiation of a bid process depending on the size of transaction i.e. if transaction size is bigger, longer duration can be proposed. An interest rate of 11.5% per annum shall be charged on such deferred payments. The interest rate to be reviewed at the time of each transaction, on the basis of the prevailing State Bank of India' MCLR rate + 4% as a benchmark.
- In case of default in depositing the instalments or any payment, interest @15% per annum shall be leviable for the defaulted period on the defaulted amount.

- Failure in payment of more than one yearly installments, the allotment offer will be considered as cancelled without any further notice. The EMD deposited stand forfeited in full. In addition to the EMD, 25% of the instalment/s of lease premium paid also stands forfeited.

The payment structure mentioned above can be modified on a case to case basis, prior to the initiation of a bid process with the approval of BSCDCL board.

In case of a differed payment model, the reserve price should be compared with the net present value of the consideration proposed by the winning bidder. In any case, the net present value should be higher than the reserve price. To assess the present value of different cash flows for deal structuring, BSCDCL shall use a discount rate provided by the finance; the discount rate shall be updated as and when in accordance with the shift in prevailing market conditions.

#### 6.6.4 Project feasibility

The project feasibility shall be conducted for the projects to be taken up by BSCDCL or projects to be taken up under joint development structure. The project feasibility will be determined by establishing key assumptions on revenue, operational expenditure and capital expenditure. Assumptions will be based on the prevailing market rates assessed at the time of conducting the project feasibility. For the project feasibility BSCDCL shall include:

- The cost of land (valuation)
- Use an investor return rate between 15% - 18% depending on asset class

A competent external agency / transaction advisor may also be appointed to undertake the project feasibility.

#### 6.6.5 General terms for lease transactions

BSCDCL shall negotiate commercial lease terms using the framework below:

- I. **Lease tenure:** The lease duration for land parcels shall be **60 years**. Upon the expiry of fixed period of lease, the power for renewal of the lease for a period of another 30 years for the same use for which the land was allotted in the original lease deed shall be with the board. For leasing of constructed premises (commercial office /shops) the lease tenure shall be for **30 years**. Upon the expiry of fixed period of lease, the power for renewal of the lease for a period of another 30 years shall be with the board. The lease tenure may be decided on a case to case basis with board's approval, considering the type of development and usage of premises (land lease, commercial development, housing development, PSP usage, IT park, etc.).



- II. **Lease renewal premium:** During the renewal, the premium amount will be determined on 0.5% premium on prevailing circle rate for residential plots / building, in case of commercial plots / buildings/ shops 1% of prevailing circle rate and for PSP use 0.25% of the prevailing circle rate.
- III. **Payment structure:** The preferred deal structure is a base rent plus an escalation rate built in for future cash flow growth. The annual lease rent of immovable property shall be minimum 1% of the value of premium received in the tender. The lease rentals for such premises shall be revised at every 3 years at an escalation rate of 10%. The escalation rate shall be reviewed at the time of each transaction on the basis of the prevailing CPI rates published by the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation. In addition, BSCDCL may explore a base rent plus a percentage of top line revenue share deal structure.
- IV. **Minimum lease rent:** The proposed lease rents (base rent plus escalation or percentage of top line revenue) along with the reversion value of the asset at the end of lease period, shall be discounted and compared with the reserve price of land. Thus, discounted net present value of future lease rents and reversion value should always be more than the reserve price. To assess the present value of different cash flows for deal structuring, BSCDCL shall use a discount rate provided by the finance; the discount rate shall be updated as and when in accordance with the shift in prevailing market conditions.  
For delay on payment of annual lease rent, an interest of 15% shall be recoverable for the delayed period. The authority may initiate the process of recovery of annual lease rent as arrears of land revenue if annual lease rent payable by the lessee remain unpaid for more than 3 months from the due date.
- V. **Moratorium period:** In case of land lease, BSCDCL shall grant a 1 to 2 years grace period for construction depending on the scope of project. Once a grace period for construction is established, land lessee shall continue payments on the land lease upon expiration of construction period or completion of project, whichever comes first.
- VI. **To build according to the building regulations** or municipal regulations or development control rules in force from time to time: At any time during the period of lease, the Lessee shall not erect any building or structure on any portion of the demised land except with the prior written permission of the BSCDCL and in accordance with the building regulations or Development Control Guidelines for ABD Area or the municipal regulations or any other regulations in force from time to time.
- VII. **Restrictions against assignment of leasehold rights of land:** The Lessee shall not sell, assign, mortgage, underlet or otherwise transfer wholly or partly the demised land or his interest

therein or part wholly or partly with the possession of the demised land or permit any person to use wholly or partly the demised land (hereinafter referred to as "transfer of the demised land") provided that nothing contained herein shall apply if the Lessee shall perform to the satisfaction of the BSCDCL the following conditions:

- Before transferring the demised land, the Lessee shall pay to BSCDCL the transfer charges as may be determined by the BSCDCL from time to time.
  - In the instruments by which the Lessee shall transfer the demised land, the Lessee shall impose upon the person to whom the demised land is so transferred, to perform and observe to the BSCDCL all the conditions and covenants of the lease granted to him.
- VIII. **Contract expiry:** Upon expiry of the land lease contract, both the land and property shall be transferred back as is to BSCDCL; BSCDCL shall offer original land lessee the first right to extend the lease of the land at the prevalent market price.
- IX. **Determination of lease and power of re-entry:** In case (a) the BSCDCL is satisfied that it is beyond the capacity of the lessee / JD partner to use the demised land in the prescribed manner, (b) the lessee fails or neglects to pay the premium or rent or commits a breach of any of the conditions of lease, (c) the lessee is adjudicated as insolvent, the BSCDCL shall be entitled to determine the lease and re-enter upon the demised land without making any compensation or allowance on account of the building or improvements built or carried out on the demised premise and without making any payment to the lessee for refund or repayment of lease premium or any premium paid by him.
- X. **Use of land and consumable FAR:** Every sale / Lease shall specify use and the FAR permitted to the demised premises, which shall not be changed/increased without the prior written permission of the BSCDCL and without the payment of prescribed additional premium and other charges.
- XI. **Display of sign board, neon sign, or other advertisements:** The allottee shall not during the continuance of the lease, affix or display or permit to be affixed or display on the demised premises any sign-board, Sky sign, neon sign or other advertisement painted, illuminated or otherwise, without the previous consent in writing of the BSCDCL, provided that no such consent shall be required in respect of sign-board or advertisement of a reasonable specified user of the land demised to the allottee.

## 6.7 Post Transaction Monitoring

Once land has been sold/ leased, the BSCDCL should make provision to monitor any sales contracts that include arrangements to share in any future uplift in the development value of the site. Noting,

- All future payments and dates when payments are due
- Any conditions that may trigger a future payment
- Any rights or easements granted to the department over the property sold, or to the purchaser that affect any retained land by the BSCDCL.

## **6.8 Maintenance fund**

Bhopal's Area Based Development (ABD) proposal includes redevelopment of 342 acre of North & South TT Nagar, where BSCDCL will not only be responsible for the development of ABD area as per smart city guidelines but also for the maintenance of that infrastructure. The ABD project development was envisaged to be a self-financing model, where the cost towards infrastructure development is expected to be recovered from land monetisation. However, for the maintenance of the ABD area, provisions need to be made for creations of income sources so that the BSCDCL can generate maintenance funds and take care of its financial needs without any grants. The maintenance fund can be generated in following way:

- **Maintenance fund:** In addition to the sale consideration for each land parcel, a maintenance fund should be charged from the allottee. This is a one-time payment to be made to BSCDCL, which will be a corpus fund for the maintenance of the ABD area. The maintenance fund should be fixed and increased time to time in consultation with board.
- **Lease rent:** In case of lease transactions, an annual lease rent of minimum 1% of the lease consideration should be charged from the lessee as ground rent towards maintenance charges.
- **Payment towards reassignment of leasehold rights:** BSCDCL should charge a transfer fee for the reassignment of leasehold rights of land / constructed premises in the ABD area. The fee should be fixed and increased time to time in consultation with board.
- **Development charges:** BSCDCL should be in position to grant NOC for giving building permission for any construction / modification in ABD area by charging a development levy. The provision will not only help BSCDCL in income generation but will also help BSCDCL in monitoring the adherence to the guidelines of ABD master plan. The fee should be fixed and increased time to time in consultation with BSCDCL board and BSCDCL.

## **6.9 Dispute resolution**

Two stages of dispute resolution shall be followed:

### 6.9.1 Two stages of dispute resolution

- In Case of any disputes, the matters shall be settled mutually. However, the decision of The Principal Secretary, Urban Development Department, Government of Madhya Pradesh shall be final and binding. In the event this procedure fails to resolve the dispute then;
- **Arbitration procedure** undertaken as provided by the Arbitration and Conciliation Act, 1996 & amended by the Arbitration & Conciliation (Amendment) Act, 2015 and any statutory modification or re-enactment thereof and in accordance with this Clause.

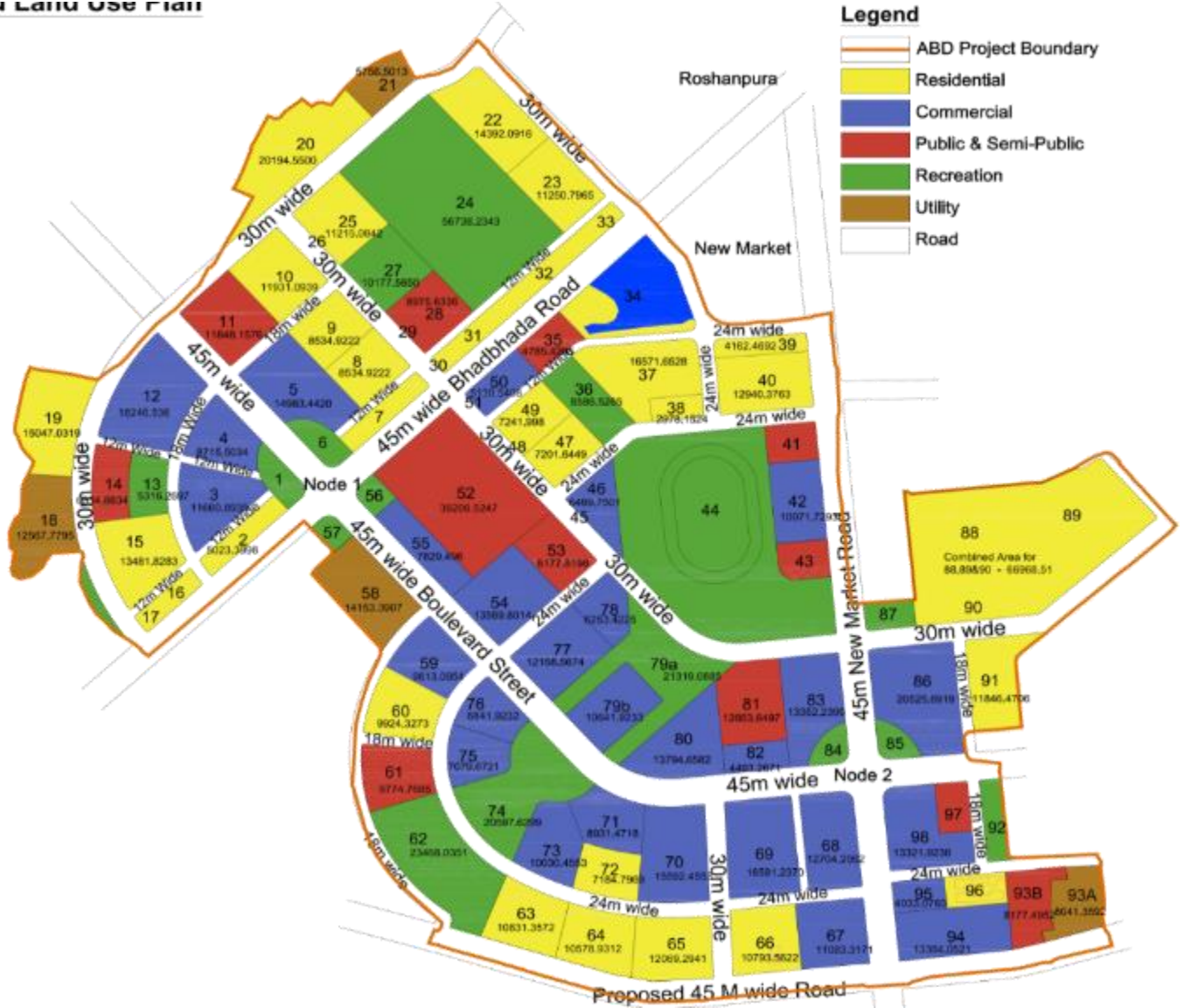
### 6.9.2 Arbitration

If the effort to resolve all or any of the disputes through Conciliation fails, then such disputes or differences, whatsoever arises between the parties, shall be referred to Arbitration in accordance with the following provisions.

- Only such dispute(s) or difference(s) in respect of which notice has been made, but could not be settled through mutual conciliation, together with counter claims or set off, shall be referred to arbitration. Other matters shall not be referred in arbitration.
- The Arbitration proceedings shall be assumed to have commenced from the day, a written and valid demand for Arbitration is received by the CEO, BSCDCL at Bhopal.
- The disputes so referred to arbitration shall be settled in accordance with the Arbitration and Conciliation Act, 1996 and as amended or re-enacted from time to time.

## ANNEXURE 1: PROPOSED LAND USE PLAN FOR ABD

**1 Land Use Plan**





**BHOPAL SMART CITY DEVELOPMENT CORPORATION LIMITED**

