

National Alliance of People's Movements

LAND SCAM IN NTC: SALE OF JUPITER MILLS

10/04/07

One of the biggest tragedies faced by the people of Mumbai has been the closure of the textile mills of Central Mumbai. Notwithstanding the fact that business considerations required the mills to be modernised, yet the mill-owners did not modernise their mills, while they set their eye on the most expensive real estate in the world i.e. the mill lands. In the process, while the mills got shut down one after another, lakhs of people went into despair. The wives of the otherwise well-paid mill workers had to take to menial jobs such as washing utensils and sweeping floors in the houses of the rich people. Obviously, equity never demanded such a raw deal for the mill workers.

Amidst, such poverty and despair mill lands were sold. This process gave birth to many scams. One such scam, which is being presented here, is that of the sale of 11-acre Jupiter Mills sold by the NTC in July 2005. Since this sale has been through a process of fraud, therefore in public interest as also as per the law of contracts, this sale is required to be cancelled. A notice to this effect was served to the NTC by our legal counsel, former IPS officer and Advocate Shri Y.P. Singh on 16th October, 2007. A copy of this Notice alongwith all its enclosures is enclosed. However, nothing has been heard from their side till date.

The main ingredients of this fraud are as under:

Tender Bid called for 59,903 sq. m. (6.4 lakh sq. feet) FSI – aftersale FSI doubled:

When NTC issued tenders for sale of land it declared in the tender forms that FSI would be about 59,903 sq. m. (i.e. about 6.4 lakh sq. feet). Based on this FSI Indiabulls placed a bid of 276 crores for an FSI of this 6.4 lakh sq. feet. However, once the mill was taken over by Indiabulls, the FSI got doubled to 2.66 i.e. and the actually FSI which is being claimed in of more than 11 lakh sq. feet. The current market rate in Parel is about Rs. 30,000 per sq. feet. This rate is for the super built up area which is about 1.5 times the FSI.

As per D.C. Regulation only 446 parking could get free FSI instead free FSI given for 3500 cars – bonus gain to Indiabulls of Rs.600 cr. – NTC given nothing: When Indiabulls quoted for the Jupiter Mill, through the letter of the MCGM attached therewith, it was made clear that D.C. Regulations had to be followed. As per D.C. Regulation 36, a parking of 446 no. of cars could have been given free of FSI. However, in actuality, a parking of about 3,500 cars was sanctioned free of FSI. With one parking space selling for Rs. 20 lakh, the extra income will be more than Rs. 600 cr.

Knight Frank Valuation shows 1141% profit to Indiabulls in 2 yrs: As per study

made by Knight Frank, a reputed real estate consultant, published in Business Today Magazine of October 21 (Page 56 of the Legal Notice), the valuation reveals a profit of 1141% in just 2 years time in the purchase of Jupiter Mills done in July 2005. This valuation is quoted below:

ACQUISITION COST: Rs. 400 cr.

CURRENT VALUE OF PROPOSED DEVELOPMENT: 4,564 cr.

Land sold without prior permission from ULC:

As per section 26 of the Urban Land (Ceiling and Regulation) Act, 1976, for any sale of land permission of the Competent Authority, ULC was required. In this case, land was sold without permission. It is seen that the exemption accorded to NTC under section 19 of the Urban Land (Ceiling and Regulation) Act, 1976 is only for Chapter III and not for Chapter IV for which Section 26 applies.

Construction going on without ULC permission: The construction on this land is going on without any final permission given to that effect by the Urban Land (Ceiling and Regulation) Act, 1976. This has been done by the MCGM only on the basis of an undertaking which has been annexed with the legal notice. What will happen if the ULC follows the law and puts in a condition to make rooms for the poor? Will the huge structure be demolished?

Land in residential zone – ULC can give permission only to make residential flats: As per the Development Plan, this land is in Residential Zone. Before any NOC by the ULC is given for this 11-acre land, they will have to ensure that small houses for the poor people are built. In this case, not a single house has been built for the poor and nor has any provision been made for this. Therefore, stop work orders must be given by the BMC till the time NOC from ULC is obtained where as per the government GR houses for the poor people will be built.

Misleading affidavit submitted to the MCGM: In order to overcome the conditions related to ULC, Indiabulls gave a misleading affidavit before the Municipal Corporation of Greater Mumbai, that they did not own any other land/land with dwelling structure in Mumbai except Jupiter Mills. The true fact is that just next to this Mill Indiabulls has bought 7 acre Elphinstone Mills.

This level of corruption would not have been possible without the connivance with and among NTC, BMC, Urban Development and ULC.

THEREFORE, FOR THE SAKE OF ECONOMIC AND SOCIAL JUSTICE WE DEMAND:

- (A) SALE of Jupiter Mills land be cancelled and the entire plot put to re-auction.
- (B) THAT a CBI investigation be ordered on the sale of Land at Jupiter Mills and the same be investigated under an officer known to be very honest and bold.
- (C) THAT an Enquiry be instituted under the Commissions of Enquiry Act, 1952 on the

sale and redevelopment of the entire mill lands. In case FSI/parking obtained is more than the Rules or that quoted in the bid, then commensurate remedial action for demolition of illegal construction and/or auction of this extra benefit be taken.

(D) THAT all the extra sums obtained by the NTC as a sequel to the cancellation and re-auction of all the mill lands be used for the welfare of the mill workers.

(E) THAT the general rule of ULC exemption with all its conditions as applicable in the case residential zone lands be made applicable in the case of Mill Lands so that houses for the poor could be provided in Jupiter Mill land which is in the residential zone.

Medha Patkar
National Convenor, NAPM

Simpreet Singh
Member NAPM