

Impact of Mumbai- Pune Expressway on land values and economy of adjoining small towns & rural areas:

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The Mumbai Pune Expressway (MPE) spanning a length of 93 kms and connecting the commercial and cultural capitals of Mumbai and Pune was completed in 2000 – 2001, in order to cater to the heavy traffic between these two cities. Prior to this, this connection was provided by the National Highway 4 (NH-4) and NH- 4B, which meandered through the intervening country and climbed over the Ghats of the Sahyadri Mountain Ranges before it reached Pune. This trip took about 4 – 5 hours, and with increasing traffic volumes, the accident rates along this road increased, finally resulting in the construction of the current Mumbai Pune Expressway.

The Government of Maharashtra entrusted the work of the construction of the Mumbai - Pune Expressway to MSRDC in March 1997 on Build - Operate & Transfer (BOT) basis with permission to collect toll for 30 years

For the purpose of this study, visits were made to the towns of Lonavala, Khandala, Khopoli and Talegaon Dhabade. Discussions were held with the respective Chief Officers of these towns, as well as, where possible, a few responsible local people, shop owners and hoteliers, to understand how they saw the impact of the Mumbai- Pune Expressway on their town.

Lonavala:

This town is situated at a distance of about 1.5 kms from the new MPE. The old NH 4 passed right through the heart of this town, and Lonavala was a popular halting place for tourists, as it is at an altitude of 625 m above MSL, and has very pleasant weather all year round, with heavy rainfall during the monsoons. This is a very popular tourist place during the summer and also the monsoons, the main attraction being the rainfall. Lonavala also is very famous for its “Chiki”- an inexpensive local sweet made of peanuts in a jaggery base, which is highly sought for its taste as well as its nutritional value.

With the construction of the MPE, which bypasses Lonavala, there has been a sharp shift in the nature of traffic as well as in the economy of Lonavala. The removal of the noisy through traffic brought a lot of relief in terms of less congestion, noise and pollution. Where earlier people from Mumbai or Pune came to Lonavala for a weekend stay, because of the long and rather difficult drive, today it is just an hour and a half’s drive from either of these cities. People therefore come for the day, returning to their home city at the end of the day. This is because the room rents of hotels were- and still are – quite steep. The result is that there has been a sharp drop in the hotel industry for traffic from Mumbai or Pune, whereas the restaurant business has boomed. People drive over to Lonavala for lunch, or fix lunch meetings at Lonavala. Several new restaurants have

therefore opened in Lonavala since the MPE was commissioned. (1) At the same time, the demand for the local products, especially their Chikis, has increased, with the result that shops expanded, several new Chiki manufacturers entered Lonavala, and product innovation took place – they now make a range with dry fruits like almonds, cashew nuts as well as pistachio nuts, in a base of dates, which has a large demand overseas. The dry fruit Chikis are priced at about 4 times that of the original peanut ones. (3)

With regard to the land, Lonavala has become a popular place for the affluent to invest in a second home: these people come to stay during the rains or holidays. The demand for and hence the cost of land has therefore appreciated in Lonavala. This increase has been sharper over the past 2 years, due to rumors of the construction of the airport near Panvel as well as the Special Economic Zone. Land costs of Rs. 1,00,000/ per Guntha (1000 sq. ft) in 2005/6 are now going at Rs. 5,00,000/- per Guntha (1)

Values of rural land in the talukas have also appreciated due the presence of the MPE. The land use is changing, with farming uses changing to residential and industrial uses, in order to meet the demand for these. Lands valued at Rs.10,000 /- per unit are now being sold at Rs.1,00,000/ per unit in the taluka areas. Again, these prices have further spurted in the last 2 years because of the possibility of the airport and the Special Economic Zone coming up in the vicinity. (4)

Khandala

There has been little to no impact on Khandala, which is a part of Lonavala Municipality. The land uses have not changed, nor has there been any change in ownership (1). This town is largely populated by the affluent sections of society, who commute to Mumbai or Pune for business. Residential homes are individual bungalows set in large single holdings. Khandala also has several sanitariums where patients stay for extended periods to recuperate. There are also several private and public sector corporations Guest Houses.

Talegaon:

Talegaon Dhabade (Talegaon) is a town located about 1.5 to 2 kms from the MPE. Talegaon also experienced tremendous relief from traffic congestion, when the MPE was constructed. However, with the through traffic bypassing Talegaon, a large number of related business that depended on the automobile traffic such as garages, automobile spare stores, small restaurants, and other similar service industries also closed down, and the town experienced a slower economy. Land values slumped, and several small businesses closed. (5)

Over the last year, however, the NH 4 passing through Talegaon was upgraded to a 4 lane divided highway of excellent riding quality. This has improved accessibility to Pune and Pimpri- Chinchwad. (5) (The twin towns of Pimpri and Chinchwad are located very close to Pune. This is a major industrial hub. The industrial estates in the city were established by the MIDC. The city is home to the Indian operations of major automobile companies like Premier Limited, Bajaj Auto, Tata Motors (formerly Telco), Kinetic Engineering,

Force Motors (formerly Bajaj Tempo) and Daimler Chrysler. The city is also home to India's premier antibiotics research institute Hindustan Antibiotics Limited. In addition to this, several heavy industries such as Forbes-Marshall, ThyssenKrupp and Alfa Laval & Sandvik Asia have their manufacturing units in the city.)

The Chakan MIDC as well as the Hingewadi IT Parks are also only 20 kms from Talegaon. Outside the Municipal limits, the MIDC is developing plots for industrial purposes. Over the last 2 years, Talegaon has had several higher educational establishments introduced, such as schools, engineering colleges, medical colleges, and a polytechnic institute. The 2001 Census showed that the population had increased by 72%, whereas the decadal increase is only about 40% - the additional 32% increase is attributed to the industrial development taking place in the region.

With improved access to these job opportunities, the demand for residential uses in more affordable towns such as Talegaon has pushed the land values up. Distances to Pune and Pimpri – Chinchwad are only about 35 kms with the new NH 4, and commuting times are only about an hour because of the excellent quality of this highway. Improved train services are also responsible for making Talegaon an attractive place to live and commute from. Land values of Rs. 10- 15 lakhs per acre 3 years ago are therefore now about Rs. 1 Crore (1,00,00,000/-). These lands were only about Rs. 1- 2 lakhs 10 years ago. Land is seen as a good investment here, and this is artificially raising the prices. (5)

With the MPE as well as the new highway, IT parks are coming up around Talegaon, and rural lands values are also on the increase. Rural lands abutting the MPE, although they don't have direct access, also have appreciated. Beyond the Municipal limits, 10 years ago, the rates per acre were about Rs. 25- 50,000; today, these lands are priced at Rs. 50 – 60 lakhs per acre.

Rural land owners are also choosing to give their lands on lease rather than make an outright sale, as they can then get a regular income. These lands are leased for floriculture or green houses; many enter into a partnership with the industrial enterprise. Area under agricultural use is reducing: the soil is hard murrum, and is not suited for farming, and the main activity was animal husbandry, poultry farming, etc. Now, floriculture under controlled conditions is becoming very popular, and is adding substantially to the income of the local population. This change has been directly attributed to the presence of the Mumbai – Pune Expressway. (5)

A brief discussion with a builder in Talegaon – Mr. Shailesh Shah of Flora City, gave me the following information: Cost of open land in 2000 was Rs. 50 per sq. ft., and is now Rs. 600 per sq foot. Built up area was Rs. 300 per sq. ft and is now Rs. 2000 per sq. ft.

Panvel

The MPE starts from Panvel, and so there has been no impact of the MPE on land values or land uses. The greatest benefit was having the nuisance of the through traffic removed from the City limits. The Taluka lands, however, to the East side of Panvel, have

appreciated in value. Free hold land prices have gone up 5 times since 2000, and over 100% in the last 1 ½ years, with the proposed airport and SEZ in their vicinity.

Improved access by train, however, has brought changes in Panvel. The Harbour line of the Mumbai Suburban Train System to Panvel was commissioned in 2000, about the same time as the MPE was completed. Mumbai's housing shortage is being met in Panvel, while the improved accessibility is bringing people to the more affordable educational and medical facilities at Panvel. People come from as far as Kalyan and Dombivili to Panvel for educational purposes.

The Taluka land uses are changing: agricultural activity is giving way to container yards, transporter offices, clearing house offices and other port - related uses. There is tremendous demand for residential uses also. (7, 8, 9, 10)

Khopoli

The MPE bypassed Khopoli completely, with the result that about 5000 families were rendered income-less. These families ran garages, spare parts, tyre repairing shops and other auto related businesses. Khopoli was the start of the Ghat section on the drive to Pune, and almost every vehicle stopped here for a thorough check- up before beginning the climb into the Ghats. While this was being done, the drivers and passengers rested at small *tea tapris* (road-side tea stalls), or motels/ hotels; all of them went out of business when the MPE came into the scene. Petrol pumps lost business. A large motel constructed at Shilephata by the MTDC also closed down.

Several industrial units also closed: Khopoli Pepco Paper Mills, Hico Chemical Company, Velabrita Steel Company, to name a few. This affected the smaller branches of co-operative banks also, who had to close.

Land values in Khopoli slumped. The local economy experienced a downslide.

While the town of Khopoli only lost a lot due to the MPE, the taluka lands benefited. Rural lands valued at Rs. 3- 4 lakhs per acre before the expressway came, are now valued at Rs. 25 – 30 lakhs per acre.

With the upgradation of the NH 4, things are slowly beginning to look up for Khopoli. Moreover, Khopoli now has a railway connection also. This town is now midway between Pune and Mumbai, and is attracting residential uses, turning it into a satellite town for both these cities. This change has been seen over the last year only.

Conclusions:

1. There has been appreciable increase in the values of the rural lands abutting the highway, despite the fact that there is no direct access to them. This is because these lands are being acquired for industrial uses, who are capitalizing on the proximity to the MPE.

2. These changes in land uses are creating a demand for housing in the smaller towns along the Expressway, with resultant increases in the land values in these towns.
3. Lands are therefore changing ownership, at substantially higher rates, and are also being seen as an investment in several areas along the MPE.
4. Rural land uses are changing, and new approaches to increased income are being adopted.
5. Land in these regions is hard murrum, unsuited for cultivation – yet these lands are currently fetching prices as high as Rs. 1,00,00,000/- per acre , up from Rs. 1-2 lakhs 10 years ago, and Rs. 10- 15 lakhs 3 years ago.
6. There is a shift in the nature of the local economies, with more industrial uses coming in.
7. Improved transportation, whether road or rail, has a direct impact on prices of land, with prices going up sharply in anticipation of improved facilities
8. Smaller towns in the region are developing into satellite towns of the larger cities, in order to meet the demand for more affordable housing: there is a substantial increase in the commuter traffic between these towns and neighbouring cities.
9. ***No attempt has been made so far to capture the increases in land values along the Mumbai Pune Expressway. No such attempt has been made anywhere in India.***

Sources:

1. Mr. Sunil Lahane, Chief Officer, Lonavala Municipal Council
2. Mrs. A.A. Kshirsagar, Sub- Registrar, Lonavala
3. Chiki Shop owners in Lonavala
4. Hotel and restaurant owners in Lonavala
5. Mr. Devdasi Tekale, Chief Officer, Talegaon- Dhabade Municipal Council
6. Mr. Shailesh Shah of Flora City, Talegaon Dhabade - Builder
7. Mr.S.K. Desai, Chief Officer, Panvel Municipal Council
8. Mr. Prakash Patil, Administrative Officer, Panvel Municipal Council
9. Mr. Katekar, Engineer, Panvel Municipal Council
10. Mr. Arun Bhise, Citizens Unity Forum, Panvel
11. Mr. Dattatray S. Masurkar, President, Khopoli Municipal Council
12. Dr. Sudhakar Jagtap, Chief Officer, Khopoli Municipal Council