Economics has sometimes been described as the science of satisfying the greatest amount of wants given the scarce resources available. Of all economic resources, land perhaps conforms most closely to the concept of scarcity (Lewis, 1979). Urban land is a scarce resource that without adequate control quickly rises in value to the point where its purchase is difficult. Problems relating to urban land values are associated with urbanization process. Increasing pressure of population in a limited land area is one of the explanations for the increasing deterioration in living standards and quality of the environment. An expanding urban economy attracts migrants and new enterprises that compete for scarce urban land in different ways. Consequently, this leads to many socio-economic problems such as urban poverty, homelessness, improper solid waste disposal and urban land crisis. Policy makers seldom attach adequate importance to land market problem, which is rapidly becoming a very serious issue in India and other developing countries.

Over the last one decade, there has been a phenomenal increase in land values over and above the inflation rate. Urban land values witnessed a spurt after the 1980’s. Many a reason is attributed for continuous rise in values at an exponential rate. Some of the factors are common across different urban centers while certain others are unique to a few metropolitan cities. In addition to the factors responsible for the rise in values, the
change in the land use pattern is also an important issue to reckon with as a corollary effect of price rise.

A noticeable change in the land use pattern especially in the suburban and fringe areas is that cultivable lands are being converted for human habitation, though it cannot be construed immediately that the total agricultural yield has come down. However, this phenomenon may have certain positive and negative effects in the course of time. It becomes important therefore, to take stock of the change in land use pattern, along with the magnitude of increase in land values in the backdrop of urbanization. The urban land policy is an important component in the process of public policy making. One of the key ideas resulting from the United Conference on Human Settlements, Vancouver (1976) that is embodied in the preamble to the recommendations for National Action on Land; which is stated as, “Land, because of its unique nature and the crucial role it plays in human settlement, cannot be treated as an ordinary assets controlled by individuals and subject to the pressures and inefficiencies of the market”. Escalating urban land values may be an inevitable side effect in the economic growth of the country.

Urban land economics has received much attention among economists, today. This has given recognition to land as one of the factors of production. It could be viewed in terms of an economic use of the resources of earth on the basis of physical, biological and economic factors besides the institutional factors that affect the condition and control the use of these resources. Economics deals with the utilization of land and man to man relations to natural resources pioneers have defined land economics as that division of
economics, theoretical and applied which is categorized with the land as an economic concept and with the economic relationships which grow out of land as property.

Mankind among all properties has estimated the property rights of land as valuable treasures. Land is being continued to hold greater attention of human beings till today. These inherent values affect man’s behavioural factors like, custom, habits, production, consumption and distribution, and the non-behavioural factors such as nature of inherited government, taxation, credit, consumption and monopoly which are related to socio-economic institutions that affect significantly the land use pattern and thereby consequently on land values. These are the factors, which are more influenced by urban land property. If a piece of land should not inherit these factors, the land may not yield property value in urban areas. There is a positive relation between land use and land values and many urban economists have empirically studied this relationship. The present study too pertains to the positive relation between land use and land values.

Urban functions of land usually occupy relatively much less space than agricultural activities. But while considering commercially in manufacturing and residential uses, this factor becomes important in view of its scarcity in the changing environment. The term land had different meanings to different people depending upon their outlook and of the circumstances.

Generally, the urban land use pattern derives its value from the use of the site for buildings and depends on its shape and size, that can be put to residential, industrial or to
many other public uses. The use determined is on the basis of physical characteristics of urban land that influence its economic behaviour and correspondingly each pattern of land use deserves specific land value (Ratcliff, 1949: 18 – 35). The urban land use patterns decide the land value. The land may be located at commercial and mixed residential or at primarily residential areas. These land uses are derived from the site of buildings and other improvements in the city. Thus, the urban land use is determined on the physical characteristics of any city in the world.

Urbanization shows that urban land is highly valuable in the sense of its ever-increasing demand for space. This standing room or extension, building stores, or office bank or park and yield tangible and intangible services to people. Further, it is highlighted that land is valuable in the sense of it original and indestructible powers.

Urbanization is one of the important factors for the increasing demand for land. Land is one of the natural resources of a nation and serves as the basis of human settlements. The rapid growth in population and the process of urbanization have resulted in an increasing demand for the land in urban settlements. Urban land use and land values are important for a sustainable environment system in urban areas. Land use is an instrument of urban planning regulation that may also facilitate macro environment regulation in broad sense.

A city grows not because of population increase or intrinsic geographic features but because the economics of land use that underpins the growth. The urban land plays a
vital role in determining the urban economic growth of any city. Hence, the government planners should pay due attention over the ever-increasing urban land values in cities.

The problem of shortage of land is accentuated by the rising land prices in almost all cities. The U.N. Conference (1976) has identified the sharply rising urban land problems that are being faced by the developing countries in the urbanization process.

The unrealistically high land values have, on the one hand, deprived the ordinary person, and particularly the poor section, of the ability to pay for the land, and have pushed up the cost of providing urban services to the people on the other.

The root cause for many of the urban economic problems particularly in metropolitan cities is land. The demand for urban land is increasing as the requirements of civilized life keep growing for housing, for educational institutions, for government offices, for commercial activities, for life's requirement as well as for socio-economic development. Hence, the cities are getting more and more congested with rising densities of population.

This phenomenon has resulted in a situation of the most desirable space being used by poorer social groups. The inability of the poor to find adequate shelter, the uncertainties of tenure, the proliferation of slums, the legal complexities of land rights, the transition of agricultural land use to urban land, all raise questions which are crucial

Such complex problems of the urban land market inevitably require Government's intervention. Such interventions are devised on the basis of a set of measures aimed at achieving the goals formulated by public authorities. These goals and measures are usually termed as urban land policy. The basic goal of an urban land policy is to achieve optimal utilization of land within the socio-economic objectives of the overall urban development policy. Any public policy must formulate objectives and describe the instruments through which those objectives are to be achieved. As diverse factors – geographical, social, economic, and legal – affect land use, land policies are expected to achieve a variety of objectives.

An appropriate supply of urban land for community as well as productive activities; Harmonious urban spatial patterns that minimize the use of resources relative to economic and social benefits; Greater equity in wealth and income, including access by low income families to adequate shelter; A spatial distribution of population and activities at regional and national levels consistent with general national priorities (World Bank, 1983).

Although extensive studies have been done on the subject of urbanization, urban lands have not been systematically examined. As the World Bank (1983) aptly puts it, “The subject is poor in accepted theory and in rich controversy”. Non-availability of
secondary data and difficulties in organisation field survey at multiple time points have restricted the scholars and organization to one point analysis.

The general trend in thinking as reflected in the enunciation of land policy in the first, second, third, fourth and five year plans as well as in the reports and recommendations of several committees appointed to consider Urban Land Policy on prior grounds without any study of land markets. Urban land market however has complex characteristics, which make such hard and fact conclusion very different. A systematic inquiry is essential to understand the existing situation of land market in urban areas.

The present study seeks to investigate the cause for fluctuations in land value and the factors influencing land market in Thuraiyur Urban Agglomeration. The study also attempts to show that the linking of land values with land policy is inevitable.

1.1 Need for the Study

The shortage of developed land in urban areas and the problems posed by increasing demand on its use by many competing activities require systematic planning and management of urban land within the framework of a well-defined urban policy. Such a policy should be based on a careful analysis of the various forces that influence the use of land by different activity systems in urban areas.

In India, the first attempt to study the urban land problem was made by the Committee on Urban Land Policy constituted by the Government of India. The Report of
this Committee (Government of India, 1965) contains a lucid analysis of the urban land problems and recommendations to overcome them. Due to lack of land value data, the Committee could not give a comprehensive statement about urban problems in Indian cities.

At the international level, the United Nations and the World Bank have made efforts to deal comprehensively with the subject. Urban Land Policy and Land Use Control Measures (UN, 1973) deal with particular reference to specific countries including Asian countries. The World Bank brought out many staff working papers on urban land policy issues and opportunities. These papers contain an analysis of the different issues relating to urban land, viz., value of the land, land registration and instruments through which Government intervention takes place but, we could find nothing regarding how to arrest the fabulous increasing land price in the Third World Countries. After 1980’s, The Planning Commission formulated, “The Task Force on Housing and Urban Development”. It also examined the issues in urban land policy in India with special reference to the experience of Development Authority.

The literature on the subject of urban land policy is limited mostly to studies on certain issues like land use, land acquisition and land ceiling. There is not a comprehensive analysis of the contents of policy statements laid down from time to time, the measures adopted to implement the policies and their effects on the urban land market in total perspective of the operation of urban land policy in the Indian context has not been made. Nevertheless, the present study is an attempt to evaluate the urban land
market operation in the residential areas, magnitude of urban land value and the conversion of agricultural lands in Thuraiyur Municipal Corporation (TMC).

1.2 Statement of the Problem

The present study attempts to evaluate the urban land value and its spatial variation in Thuraiyur municipal corporation, Tamil Nadu. It has been found in the study area also that the increase in urbanization demands more urban land to accommodate shops, educational institutions, lodges and hotels, offices, theaters and new residential areas. This growing demand for urban land space against its inelastic supply tends to influence the value of urban land. This leads to conversion of agriculture land into urban human habitation. The interaction of location factors like, proximity to market, distance from residence to place of work and the structural factors relating to the type of houses, designs of building, is apparently influencing the land values in the study area and hence an analysis of much specific problems becomes necessary.

The growth of urban agglomeration is influenced by economic and non-economic factors. There is a need to examine the extent to which the above factors have influenced land values in TMC, and there is a dearth of empirical study in this area. Urban land markets have complex characteristics, a systematic inquiry is essential to probe into certain issues connected to land values and land use pattern.

This study makes an attempt to examine the various factors that influence urban land value and the reasons for the prevalence of high land values and to analyze the
fluctuation in urban land values during the last decade. The land use patterns and land values do vary from time to time, as the land values are fluctuating year after year. The pattern of fluctuation in land values is not uniform throughout TMC. It varies from primary residential to mixed residential and to commercial area.

1.3 Objectives

The specific objectives are in order:

To find out the spatial variation effected in urban land values in Thuraiyur Municipal residential and commercial areas.

To analyze the socio-economic factors influencing urban land values in residential areas.

To study the land use pattern in urban area in the light of conversion of agricultural land for the purpose of urban human habitation.

1.4 Hypothesis

These objectives present specific questions to be answered by the study. The answers depend largely on the hypothesis to be empirically verified.

The land values in TMC shows a steady up trend in the past decade;

There is an acute need to distinguish between guideline value and market value in land uses, streets and households.

There is a few major determinants for increasing land values in study area; and Rising land value contributes to changes in the land use pattern; particularly the agricultural land being converted into urban human habitation.
1.5 Importance of the Study

The focus of this study is the operation of the urban land policy with reference to TMC. The introductory chapter describes the problems pertaining to urban land development and the need for Government intervention through appropriate policy measures. This study thereafter proceeds to highlight the theoretical concepts relevant to an understanding of urban land policy. The theories relating to urban land use, urban land values and also the spatial frame work for land use analyses have also been discussed.

This study also makes an attempt to critically analyze the effectiveness of the implementation of the Urban Land Policy of India, which restricts private rights over the use of land and to direct intervention in the land market. The specific issues pertaining to TMC are taken up for detailed study subsequently. First, an attempt is made to analyze the land values to gain an insight into the functioning of the land market in the TMC.

The concluding chapter gives a summary of the major findings and contains a discussion on the relevance of the issues raised in this study. The conclusions are intended to guide the formulation of urban land policy and to arrest the increasing land values in Indian cities.
1.6 Limitations of the Study

In this study, agricultural land value is not assessed which is the purview of the present study. In this study, secondary data analysis is the major focus as per the content and meaning of the present study is concerned. The primary data in represented only as a representative in terms of purposive sampling.

To save on the cost of registration both sellers and buyers agree to state a lower value than what is actually paid. This is the major drawback in the collection of information from real estate proprietors in the town.

The households were not aware of present trend market value.

1.7 Organization of Thesis

The thesis is divided into six chapters including the introduction chapter.

The first chapter consists of introductory aspects such as need for the study, statement of the problem, objectives, hypotheses, Importance of the Study, limitations and organization of the thesis. The second chapter deals with the review of literature. The third chapter brings out the methodology. The fourth chapter is devoted to the urbanization and land use pattern in TMC. The fifth chapter brings out the analysis and discussion. The chapter sixth records the consolidates the major findings with a summary and conclusions.
1.8 Conclusion

The research study begins with clear set of objectives, and taken into account the key variable like caste, religion and socio-economic factors – like availability of housing loan, rural migration to small medium city, availability of transport – in verifying their influence on land values in small medium city in Tamilnadu.

The present study does in finding out the differential impact of forces like rural-urban migration, topographical influence, and land use pattern in influencing growth in guideline value and market value of land when used a primary residential, mixed residential, commercial area. Chapter 1 helps an overall correction directed to the research.