

# Start insuring land title

## Important follow-up to Chandigarh pilot project

**G**iven that a large share of civil suits in the country relate to land/property, the fact that Chandigarh's pilot project for conclusive land titling systems (CLTS) has been a success is good news. Though most property sales are registered with the authorities in different parts of the country, this doesn't really guarantee title, it is merely registering the sale deed. If person A buys a property registered in person B's name after checking the records in the municipal authority and B loses a court case on the property, the government is not going to compensate A, even though the purchase was based on the data in the government records. In the case of the properties registered under Chandigarh's CLTS, however, the government will stand guarantee for the title—since some laws will need to be changed to allow this, CLTS is likely to be a few months away. As part of the pilot, every property has been given an Aadhaar-type number and the ownership certificate has, apart from the owner's name and the property coordinates/details, even details of loans taken against the property.

The Chandigarh experiment, however, is restricted to just a few areas in the city where the government knows the title is clean—in the case of Delhi, for instance, DDA flats will have clean title since, once the government buys the land, the title becomes relatively clean. The real success, then, will happen when CLTS is applicable all over the country. This is what the Digital India Land Records Modernization Programme (DILRMP), launched in August 2008, was supposed to do—'to facilitate moving eventually towards guaranteed conclusive titles to immovable properties in the country'—but the progress under it has been uneven; 85% of land records have been computerised, 64% of property records have been computerised and 42% of land and property records have been integrated.

Since the absence of clear title inhibits purchase of property, several decades ago, Prof DC Wadhwa had proposed a Torrens system where the government guaranteed the title—his argument was the increase in property sales that would result would more than make up for the losses the government would suffer due to claims based on fraudulent titles that would have to be honoured. Since that project went nowhere, while various states are trying to put together CLTS projects—Andhra, Telangana, Maharashtra, Karnataka and Gujarat have begun work according to a report in this newspaper—it would be a good idea to try and introduce title insurance. Professional insurers would then take a call on the likelihood of title-fraud in each city/state and sell insurance for guaranteeing title—users would pay insurance for peace of mind. Since insurance premium would be high in states which had poor property records and more likelihood of fraud, this would put pressure on them to work on fixing records—only what is measurable can be acted upon. Though the weakness of the scheme is that its success depends on individual state governments, if the Centre can help accelerate the process, it will be a big reform since, once land title is no longer under question, it would boost investment considerably.