

Lok Sabha clears land Bill

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ket value in urban areas. It also has provisions to deal with cases where compensation hasn't been paid in five years, and non-development of the acquired land for five years (to prevent a real estate arbitrage play). Finally, it also promises that landowners will not be asked to vacate the land they have sold till all payments for it has been made.

Once enacted into a law—the Bill will now have to be cleared by the Rajya Sabha and then approved by the President—the Bill will mean that acquisition of land for a project involving both a private company and a government entity will require the consent of 70% of the landowners whose land is being acquired. For private projects, the proportion is 80%.

Ramesh said the law would be an enabling one and that states were free to complement it with their own laws as long as the provisions of the original law aren't diluted.

The Bill was first introduced in 2011 and was given to a parliamentary standing committee and to a group of ministers for scrutiny. They suggested major changes in the original draft. Sonia Gandhi-led National Advisory Council (NAC) also gave key inputs to the landmark Bill. Gandhi is the president of the ruling Congress party.

Contours of the Bill

Land will be acquired for

- Infrastructure projects
- Industrial corridors
- Mining
- Investment and manufacturing zones
- Sports, healthcare, transport projects
- Space programme

Land will not be acquired

- By companies unless they prove any of the above uses

Land acquisition will need

- Approval of 80% of landowners for private projects
- Approval by 70% of landowners for public-private partnership (PPP) projects

Compensation

- The higher of the circle rate of land in the area, the average

of the top value of transactions in the area; or the rate at which a private company or a PPP project acquires land is taken.

- This number is multiplied by a factor that is 1 in urban areas and a maximum of 2 in rural areas
- The value of fixed assets on the land is added to this
- This resulting number is doubled

Relief and rehabilitation

- House
- One-time allowance
- Either a job; a payment of ₹5 lakh; or annual payments—adjusted for inflation—of ₹2,000 a month for 20 years

The process

- All land acquisitions will need to be done after a social impact assessment that will be

approved by a committee

- The acquisition will then be evaluated by the state government, which will also issue a notification
- The state will vet land records, listen to those opposed to the acquisition, carry out a rehabilitation study, and issue a final notification on the acquisition
- The compensation process will follow
- Time expected for the whole process is around four years

Land use

- Land use can't be changed after acquisition
- Land that has been acquired but not used for five years will be transferred to a land bank or returned to the original owners
- If the land is sold within five years, 40% of the gains made have to be shared with the original owners
- All sales of land require the state's approval

The Bill was supported by the main opposition Bharatiya Janata Party.

The impact

The law will apply to government acquisitions of land "for its own use, hold and control, including for public sector undertakings and for public pur-

pose" and "strategic purposes relating to naval, military, air force, and armed forces of the Union, including central paramilitary forces or any work vital to national security or defence of India or state police, safety of the people".

The law will also be applicable in cases of infrastructure projects set up or owned by the government or a farmers' cooperative or by an institution set up by law. In addition, it will apply to land acquired for industrial corridors, mining activities, national investment and manufacturing zones, water-harvesting projects, government aided and administered educational and research schemes or institutions, sports, healthcare, tourism, transportation projects, space programmes, and any infrastructure facility notified by the government.

The government, however, will not buy land for private hospitals, educational institutions or hotels.

When any land, acquired under this law remains unutilized for a period of five years from the date of taking over the possession, the same will return to the original owner or a legal heir or to a land bank set up by the state for this purpose. "The states have been allowed to keep the option open whether they want to return the land to the farmers or put it in the land bank," Ramesh said.

Industry unhappy

The proposed legislation may make the ruling coalition more popular among farmers, but industry lobbies have already given it a thumbs down.

Confederation of Indian Industry president S. Gopalakrishnan voiced "serious concerns" over some provisions of the Bill. "Cost of land acquisition is likely to increase by 3-3.5 times, making industrial projects unviable and raising costs in the overall Indian economy. The resettlement and rehabilitation cost is also likely to go up by about three times compared to the prevailing practice. The Bill compensates different categories of affected families at par, not aligned to their losses," he said in a statement.

An entrepreneur said the Bill was loaded in favour of farmers.

"The Bill, in its current form, does not do justice to government's responsibility to carry all the stakeholders together. This draft may be conveying the impression of welfare of farmers or landowners at the surface; it is going to harm their prospects in future as industry and real estate sector will avoid investing in areas which has a history of land acquisition disputes," said Ajay Aggarwal, managing director of Microtek Infrastructure Pvt. Ltd.

However, finance minister P. Chidambaram said the proposed law would make people use land wisely. "The cost of land acquisition has to be factored into the project cost. People will now realize that land is a scarce commodity and it has to be economically used," he said.

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