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Land Acquisition Bill: Many developers disappointed

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Article

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After the clearance of the Food Security Bill, the Lok Sabha on 29th August 2013 gave its nod to adopt the Land Acquisition Bill. The 'yes' from the government may have brought some cheer to a select listed [real estate](#) companies that are already sitting on huge parcels of land, but have largely disappointed developers sitting on the other side. [MagicBricks.com](#) Bureau finds out the rules of the 'Bill' and its impact on the developers who are not listed and do not have land parcels in their kitty.

Ajay Aggarwal, MD, Microtek Infrastructure Pvt Ltd: "The Bill in the current form does not do justice to the government's responsibility to carry all the stake holders together. This draft may be conveying the impression of welfare of farmers or land-owners at the surface but it is going to harm their prospects in future as industry and [real estate](#) sector will avoid investing in areas which has history of land acquisition disputes. The best way for the government will be to address concerns of industry as well, as it is highly tilted in favor of land-owners."

"The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2012" lay down the approval limit of at least 70 per cent for acquiring land for Public Private Partnership (PPP) projects. Besides, developers will now have to get the consent of up to 80 per cent of people whose land is acquired for private projects.

The Bill also proposes compensation to those dependent on the land for livelihood, where acquired land is sold to a third party for a higher price. The 40 per cent of the appreciated land value (or profit) will be shared with the original owners. This would be exempt from tax and stamp duty.

Impact

"For developers, the cost of land is going to increase significantly, impacting their project costs and therefore margins. Land valuations are already high and by further increasing them, land acquisition becomes even more difficult. Anyone without an existing land bank will now be looking at vastly increased entry costs," says Mayank Saksena, MD- Land Services, Jones Lang LaSalle India.

Sumit Bharana, director, Era Landmarks, says, "Acquiring land for industrial purposes from farmers was a hectic task. At least, the process would be less cumbersome now. However, he feels, "a stable move towards the land acquisition can sustain a clear balance on the operations of all developers, stakeholders, farmers and which in the long term can promote industrialization with inclusive growth is the need of the hour."

Source: [Magicbricks.com](#) Bureau

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