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## New pain feared as old order changeth



**REAL VIEW: LAND ACQUISITION BILL**

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The century-old land acquisition laws are well on their way out with the Lok Sabha okaying 'The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2012' on Thursday. But the move has evoked mixed response from the stakeholders in the realty sector.

The government has termed it as a measure to ensure "just and fair" compensation to families whose land is acquired for different industrial or realty projects. "We believe that the Land Bill strikes a fair balance and renders a long-denied justice to those who are being deprived of

it," commented the Finance Minister. But the developers' lobby and India Inc are taking it with a pinch of salt.

Expressing apprehension that the new provisions will jack up the cost of acquiring land by 3.5 times Industry chamber CII said this would make industrial projects unviable. CII President S Gopalakrishnan commented that in view of India's eroding global competitiveness, a more facilitative land acquisition process would have helped long-term growth and better investor sentiments.

Calling it a beneficial step for the land owners Mayank Saxena, Managing Director, Land Services, Jones Lang LaSalle India, said, "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

"It will bring more certainty on a critical issue impeding infrastructure development. The government may need to bear the cost of land acquisition since user charges may not be able to bear the cost in all cases. This balance between cost to tax-payers and users remains critical in design of PPPs," says Manish Aggarwal, Executive Director, Infrastructure, Pricewater Cooper, India. CREDAI-NCR President Dr. Anil Kumar Sharma, too, expressed disappointment over the finer details of the Bill. "In current form, the Bill makes the process of land acquisition time consuming with an intentional or unintentional incentive for the farmers to delay the process as the longer the delay the higher the compensation (in the form of market rate prevalent at the time of final acquisition).

All land acquisitions have to strike a balance between the interest of the farmers and the need of industry to get large parcels of contiguous land. The provisions in current form of Bill do not address the need of the Industry, especially large scale projects."

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### Highlights

- Payment of compensations up to four times the market value in rural areas and two times the market value in urban areas.
- In cases where PPP projects are involved or acquisition is taking place for private companies, the Bill requires the consent of no less than 70 per cent and 80 per cent, respectively (in both cases) of those whose land is sought to be acquired.
- In case land remains unutilised after acquisition states to return the land either to the owner or to the State Land Bank.
- No income tax and stamp duty shall be charged on any amount that accrues to an individual as a result of the provisions of the new law.
- Where acquired land is sold to a third party for a higher price than 40 per cent of the appreciated land value (or profit) will be shared with the original owners.
- No one shall be dispossessed until and unless all payments are made and alternative sites for the resettlement and rehabilitation have been prepared.

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Conveying similar sentiments Ajay Aggarwal, MD, Microtek Infrastructure Pvt. Ltd., said, "The Bill does not do justice to the government's responsibility to carry all the stakeholders together. It is conveying the impression of welfare of farmers or land-owners on the surface, but it is going to harm their prospects in future as industry and real estate sector will avoid investing in areas that have a history of land acquisition disputes. The state being sole arbiter of property in country, it can not avoid its responsibility."

However, the new provisions will put an end to the controversies over forcible land acquisitions like in Noida Extension a couple of

years ago. As Sharma commented, "With this bill, at last housing, private industry and public projects will be able to move ahead with fresh supply of acquired land which is essential for large scale projects".

Sumit Bharana, Director, Era Landmarks, says. "The two major elements for any fair transaction i.e. right to fair compensation for land owners and transparency had become a matter of concern as these were missing in the previous law. At least, the process of acquiring land would be less cumbersome now".

Only time will tell how this new mathematics of land acquisition will change the equation for the country's realty sector and the land owners.