

Overcoming land acquisition problem for development

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Farmers raise their sticks while shouting slogans as they gather near Parliament for a protest against the land acquisition —PTI

Land shortage causes slowdown in investment. The high cost of land inflates production cost of entire goods and services; therefore, India must revisit its land policies.

India constitutes 16 per cent of the world population, and its land share is barely 2.6 per cent. So as to overcome the shortage of land, India must adopt rational approach for land allocation. The country cannot live with agro-based economy, and hence it needs industries and modern infrastructure similar to other developed countries. Land shortage causes slowdown in investment. The high cost of land inflates production cost of entire goods and services; therefore, India must revisit its land policies.

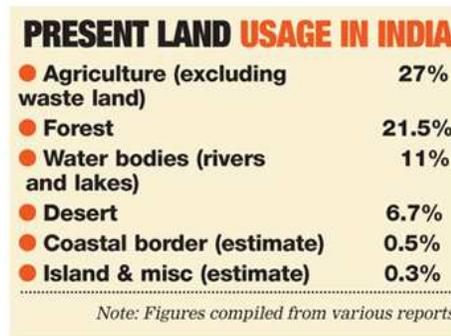
A large chunk of land is in private hands that too, in fragmented manner. Any large developmental project; whether infrastructure or industry faces a road blockade. Several projects are stuck due to the non-availability of land. Here comes the role of government to acquire land for project developers, may be private or public.

Sentimental attachment with the parental land poses a great challenge. Delay and inadequate payment of compensation in the past is the root cause for the dissent. Provocation by local activists and non-governmental organizations (NGOs) multiplies the problem. Entry of vote politics further aggravates the issue.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act 2013) was enacted in 2013. But the provisions were so tough that, no acquisition could be done for green-field projects.

Recently, the NDA government enacted few amendments through an ordinance, but the matter was highly politicized and the bill was opposed by entire Opposition. Truth remains, these amendments were not adequate for private projects. One must admit that India can't achieve desired level of growth and development in the absence of private sector participation. The question arises: how to resolve this complicated issue, which is a mixture of public sentiments and vote politics. The problem must be analyzed in a composite manner instead of relying upon the land acquisition act alone.

India must review land classification and usage policy. Total land in India is about 330 million hectares. Land requirement for next 25-30 years pertaining to infrastructure, industry and mines is estimated to be below 10 million hectares, which is about 3 per cent of the country's land. Reallocation of land usage can resolve the matter to a great extent and then quantum of land acquisition will reduce.



About 40 per cent (see the table) of forest land is having either NIL or nominal trees and about 50 per cent are with moderate forest. Actual dense and thick forest is barely 10 per cent. There is a need to release about 15 per cent of forest land (3 per cent of country land); which is not under thick and dense category. Particularly, the land on both sides of highways, rail track, adjacent to cities, metros, mineral bearing zones, small patches of forest land and not-so-dense jungles must be essentially de-reserved. Green cover may be compensated by developing dense forest in the remaining belts in aggressive manner. Such land may be transferred to land bank under government ownership.

India has a large quantum of desert, waste and marshy land. It must convert such land to usable and arable land through technology coupled with investments in a phased manner for these initiatives. Besides, the country has a long coastal belt and some portion of land may be reclaimed from sea near commercial hubs.

About 11 per cent land is with water bodies, with poor maintenance. Regular removal of silt will increase water storage capacity and also recharge ground water; that will also help arable land near water bodies. Agro productivity in India is below 50 per cent in comparison to several other countries, mainly due to inadequate irrigation infrastructures and old technology. There is need to explore for exchanging the rain-dependent single-crop area with land near to water bodies. An improvement in productivity will compensate the loss of agro land and food production by many folds. Agro fields near cities and metros must also be shifted, since it makes no prudence to use costlier land for agro purpose.

The environment ministry stipulates 33 per cent plantation for any industrial or infrastructure project, which inflates the requirement of land by 50 per cent. It should be reduced to 10 per cent and balance 20-25 per cent plantation may be done in such forest land, which is not dense.

There is a restriction on the purchase of tribal land for a private project. Such restriction debars tribal to enjoy benefits of modern economy and keep them permanently poor and

underdeveloped. Negotiated purchase should be allowed. All these changes will dramatically increase land availability and reduce the burden of land acquisition.

Thereafter, the Central government should frame flexible policy giving some discretion to state governments on such issues on which, consensus has eluded Parliament. However, such discretion may be permitted within Central policy guideline. The compensation package should be so designed that, both seller and purchaser are in a win-win situation. The difference between private and public projects must be dispensed with, which has created more conflicts. The difference should exist for the type of project with rigid or flexible location. For example, mines, rail line, road, transmission line, pipe line, irrigation projects cannot be shifted. But industry, power plant etc. can be shifted to nearby location with minimum acquisition.

There should be a provision of obtaining consent from minimum 51 per cent land owners for such projects which can be shifted to other locations. But it should be exempted for non-shiftable projects. Consent by 51 per cent may be defined in terms of land area and not by number of owners. Consent and compensation should be limited to land owners and not the dependents.

So as to facilitate the consent, negotiated purchase prior to acquisition must be encouraged and land purchased in such way should be treated as part of the consent. This will ease out acquisition process. Any development project will certainly benefit society and general public. Hence there is no prudence of making social impact assessment, as incorporated in the 2013 act. On the contrary socio-economic benefits of projects must be publicized by the government for awareness.

Compensation should be liberal up to 2-4 times of the market price in projects which have not obtained any prior consent. But in other projects with 51 per cent consent clause, the compensation package should not exceed 1.5 times of the market value. In such cases, market value will inflate due to negotiated purchases prior to acquisition. Any major difference of price will cause dissent among the owners who have sold land. The cost of structures on land must also be compensated on the principle of replacement cost by a designated agency.

India should acquire extra 10-15 per cent land, which may be partially developed as commercial plots. This may be re-allotted to the land losers in some ratio as a part of compensation. Price of such plots will escalate multi-fold after completing the project. This will also generate several jobs and income earning opportunities due to upcoming projects.

The government may also explore by way of exchanging the land in some ratio at alternate location from the nearby land bank. Compensation package should have multiple options with innovative ideas and selection of option should be left to the land loser and state government. But it should be within prescribed guidelines. Land loser may opt for compensation in cash, kind or a mix of both. One employment per family of land loser is a good option. The Central government should frame guidelines keeping flexible limits so that, states may decide on case to case basis.

By and large, the burden of acquisition should be reduced by changing the land classification and usage, and by promoting negotiated purchase, prior to acquisition. The compensation package should be rational, less complicated and combination of cash and kind. This should ensure better earning for the land losers. Both land loser and acquirer must be in a win-win situation. We must resolve land issue at the earliest, failing which development journey will come to grinding halt, which we can't afford.

The writer is the author of Turn Around India