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FAST FACT

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WILL NEW LAND LAW HURT REALTY SECTOR?

The land acquisition bill has not been received well by the industry and other stakeholders, who feel it will hurt the realty sector and urban development, apart from putting paid to the dreams of affordable housing for middle-class segments. **A K TIWARY** writes

QUICK BITES

The new land policy cleared by Union Cabinet could lead to a big gap between demand and supply. Paying compensation four times the highest amount of registered sale in the area in last three years is only going to increase the cost of setting up the industrial establishments, infrastructural projects and townships, believe real estate firms. If the bill is passed in its proposed form, it will badly hurt the realty sector and urban development, apart from, practically, ending the dreams of affordable housing for the middle class segment.

The new bill, meant to replace the 117-year-old Land Acquisition Bill of 1894, which has been introduced in Parliament, will mean private companies will have to give relief and rehabilitation packages to displaced people even if they directly buy land from landowners, for all transactions over 50 acres in urban areas and 100 acres in rural areas.

There is still confusion and dissatisfaction over acceptance of new land bill by real estate firms. The Confederation of Indian Industry (CII) has already expressed concern over the appreciation value set in the Land Acquisition Bill and said that the proposed value would make land cost economically unviale for industries.

Navin M Raheja, the chairman and managing director of the Raheja Group and chairman of Assocham, says: "Acquisition of



■ APART FROM REAL ESTATE FIRMS, THE COST OF PRODUCTION OF INDUSTRIAL UNITS WILL ALSO GO UP DUE TO HIGH CAPITAL COST OF SETTING UP FACTORIES. THE FINANCING OF THESE ACTIVITIES WILL BE TOUGH, TOO, AS THERE ARE NO NORMS FOR FINANCING THE LAND COST

■ AS FAR AS THE FARMERS ARE CONCERNED, IT IS THE BEST TIME FOR THEM TO ENCASH UPON THIS OPPORTUNITY, ESPECIALLY IN THE NCR'S NOIDA-GREATER NOIDA, GURGAON, AND FARIDABAD AREAS. HAVING GAINED GREAT VISIBILITY AFTER THE CURRENT LAND ROW, THE FARMERS OF NOIDA AND GREATER NOIDA ARE TRYING TO ENCASH UPON THE GOVERNMENT'S PRO-FARMER MOOD AND OBTAIN THE BEST POSSIBLE

land with consent of landowners is a welcome step. But paying compensation four times the best of the registered sale in the area in last three years is only going to increase the cost of setting up the industrial establishments, infrastructural projects and townships. This could also lead to a big gap between demand and supply. There must be an open debate of all the stakeholders like the industry, the government, the landowners and also the media to device a path which is transparent and pragmatic."

"States should be required to put up land for development on e-portals (land offers for development projects) through a website or any other mechanism accessible by everyone, where the landowners can collectively offer their land for sale with the price demanded, so that the industry and the government are free to negotiate with farmers," Raheja said.

Pankaj Bajaj, the president of CREDAI (NCR) opposed the proposed relief and rehabilitation package, and said: "The new bill will badly hurt the realty sector and urban development, apart from practically ending the dreams of affordable housing for middle-class segments, as provision of the Land Acquisition Bill make homes for the common man much more costly. Relief and rehabilitation package for private companies should be done away with. Acquiring private pockets in a housing project should be defined as public purposes."

Rakesh Yadav, the managing director of the Antriksh Group, says: "Apart from real estate firms, the cost of production of industrial units will also go up due to high capital cost of setting up factories. The financing of these activities will be tough, too, as there are no norms for financ-

ing the land cost."

Mohit Arora, the director of Supertech Group, says: "In most cities like the metros, Tier 2 & 3 cities, government-acquired land for infrastructure and industrial development, the burden and cost of social and industrial development will be considerably enhanced through this bill. As a result, the infrastructure and industrial development will become slow and expensive."

Prasant Solomon, joint managing director of Chintels India Ltd (which has the largest land bank of 400 acres in Dwarka-Gurgaon Expressway), says: "This policy will also adversely affect the real estate development as additional burden of land cost will make housing expensive. In fact, land in the open market too would become expensive."

Impact of new bill

As far as the farmers are concerned, it is the best time for them to encash upon this opportunity, especially in the NCR's Noida-Greater Noida, Gurgaon, and Faridabad areas. Having gained great visibility after the current land row, the farmers of Noida and Greater Noida are trying to encash in upon the government's pro-farmer mood and obtain the best possible compensation for their lands, which have been acquired by the authorities concerned.

After the clearance from the Union Cabinet, farmers everywhere are holding panchayats (village-level meetings) and demanding compensation as per the new land bill. "New bill recommends enhanced compensation, four times its market value in rural areas and two times its market value in urban areas the existing compensation package. It also recommends an attractive re-

habilitation and resettlement package for displaced people. Why then should we not take advantage of the new law," said Vilram Kasana, a farmer leader.

Ram Gopal Gupta, a former senior city planner and policy maker at DDA, says: "To deal with land-related issues, the government is in the process of formulating a new law. Land acquisition and rehabilitation and resettlement (R & R) need to be seen necessarily as the two sides of the same coin. A R & R must always, in each instance, necessarily follow land acquisition. Not combining the two, R & R and land acquisition within one law, risks neglect of R & R. This has indeed been the experience thus far."

Land policy in the NCR

Under the new policy (being implemented in UP and Haryana), the authorities concerned like Noida-Greater Noida and Yamuna Expressway Industrial Development Authority (YEIDA or YEA) in Noida-Greater Noida, Haryana Urban Development Authority (HUDA) in Gurgaon and Faridabad have to face extra burden. In these circumstances, the development authorities will be forced to hike the existing rates. It is expected that the district administration is also planning to revise the circle rates (as projected 25-30% hike in the existing rate). According to the new acquisition policy, which is being implemented in UP and Haryana, both are already facing an extra burden.

Anil Sharma, the chairman and managing director of the Amrapali Group and vice-president of CREDAI (NCR), says: "The new land acquisition policy of both the neighbouring states (UP and Haryana) has already been framed to safeguard the interests

of farmers. This is a historic moment and effort should be made to get it implemented at the national level, instead of the proposed new land acquisition bill (cleared by the Union Cabinet)."

Land acquisition policy of Uttar Pradesh

Builders and developers can directly acquire land from the farmers. These acquisitions can only happen with the agreement of 70% of the farmers in a given area. In case of disagreement, the project would be reviewed. In the affected villages where land has been acquired, the developer would have to provide basic facilities like a kisan bhavan, model schools, community centres, etc.

Those farmers, who don't want to claim the compensation in cash, will have an option. Sixteen per cent (plus 7% for pustaani land) of the total area of the acquired land will be given to them free of cost, 50% for residential use and 50% for non-residential use (like industrial, institutional, commercial or mixed use). Such land will also be transferable.

The landowner will also have the option of retaining a part of the 16% developed land given to him and obtain cash compensation for the remaining land on the basis of mutual agreement. In addition, benefits like annuity and rehabilitation subsidies will also be given to landowners. As annuity every person, whose land has been acquired will be given an annuity at the rate of Rs 23,000 per acre per year, in addition to the compensation amount. The amount of annuity will be increased by Rs 800 per acre every year. The landowner, who does not want to take the annuity, will be given Rs 2,76,000 per acre in lump sum as a rehabilitation subsidy.

Land acquisition policy of Haryana

Builders and developers can directly purchase land from farmers. For this, builders and developers have to get a no-objection certificate (NoC) from HUDA. Like in UP, the Haryana state government, too, will not interfere in the deals being negotiated with the owners of the land on the price. The landowners will now be paid an annuity of Rs 21,000 per acre per year, which will be increased at the rate of Rs 750 every year for a period of 33 years. The annuity for acquisition of land for private companies will be Rs 42,000 per acre per annum with an annual increase at the rate of Rs 1,500 every year. Regarding allotment of residential plots against acquisition of built-up residential structures, where any government department resorted to acquisition of self-occupied residential houses for unavoidable reasons, the owners would be entitled to assured allotment of residential plots.

In the new policy of Haryana, there is also a provision for benefits of minimum floor rate (MFR). For this, the state has now been divided into five zonal brackets. Under the new policy, for land situated within the notified limits of Gurgaon Municipal Corporation, the new MFR has been fixed at Rs 72 lakh per acre, including Rs 8 lakh as no-litigation incentive. In this way, a farmer in Gurgaon will now get up to Rs 72 lakh for an acre of his land. For land situated within the notified limits of Faridabad and Panchkula Municipal Corporations, areas forming part of the development plans of Gurgaon-Manesar Urban Complex (excluding the areas falling within the limits of Gurgaon Municipal Corporation), Sohna, and Sonapat-Kundli Urban Complex, the MFR has been fixed at Rs 54 lakh per acre, including Rs 6 lakh as no-litigation incentive.

Highlights of the new Union land bill

■ The states are free to frame their own laws and if they so desire, are free to improve upon the provisions stipulated under the proposed bill. It allows flexibility to the state government on whether or not to intervene on behalf of private players in land acquisitions.

■ The urgency clause can only be invoked in national defenses and for security purposes; R&R needs in the event of emergencies or natural calamities.

■ Now, farmers will get only four times the market price in the rural areas while in urban areas it will be double the market price.

■ In any case, the R&R package will be applicable only when the private parties acquire 100 acres or more land in the rural areas and 50 acres or more in urban areas.

■ The promised R&R for those subsisting on the acquired land will now be applicable only to those who have been eking out a livelihood for at least three years on that piece of land. Earlier, all those sustaining themselves on the acquired piece of land were made eligible for compensation.

■ While the purpose of acquisition can't be changed, the bill, however, now allows transfer of land with the approval of the state government; if the transfer is made without any development of the land, the farmers will have to be paid 20% of the appreciated value.

■ The bill specifies timelines for the payment of compensation. The price of land has to be paid within three months of the award, and the other monetary compensations within six months and the infrastructure entitlements under the R&R package within 18 months. Penalties will be levied on violation.

COMPENSATION FOR THEIR LANDS, WHICH HAVE BEEN ACQUIRED BY THE AUTHORITIES CONCERNED

