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STUDY

“Land Acquisition Scenario in India”

October 2009

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Delays in land acquisition for industrial projects likely to endanger investments worth USD 100 billion in near term: Assocham

One year after the Singur agitation led Tata Motors to pull the globally prestigious Nano car project out of West Bengal due to land acquisition problems, delays in land acquisition procedures for industrial projects are still threatening to endanger investments worth USD 100 billion all over the country in near term, according to an Assocham Eco Pulse Study.

However, a complete dichotomy between the public and the private side remains largely evident as on the same day, at one hand the National Highways Authority of India (NHAI) aims to halve the time taken for land buys from approximately 24 months to 11 months while on the other, Arcelor Mittal, the world's largest steel maker is close to pulling out of USD 20 billion to build two large steel plants in Jharkhand and Orissa due to delays in persuading farmers and others to sell the land.

The Assocham Eco Pulse (AEP) Study titled “**Land Acquisition Scenario in India**” while suggesting a five point strategy stated that the land acquisition related problems have dented the image of number of Indian States as cordial industrial destinations to take up projects efficiently. This is a serious concern which demands immediate solution to bolster economic recovery.

The Study reiterated that according to an assessment report released by the Indian Steel Ministry, 22 major steel projects in the country worth USD 82 billion are being held up because of procedural delays in obtaining environmental impact assessment clearance, delays in land acquisition mainly due to public protests, and the global economic downturn.

Endangering the 150 million tonnes capacity addition target of the Steel industry by 2015, some of the major domestic and international players affected by the delays

include ArcelorMittal, Essar Steel, Jindal Steel & Power Limited, Posco and Tata Steel Limited, said the Assocham Study.

The government needs to ensure efficiency in 3 'R's, i.e., Remuneration, Rehabilitation and Resettlement to accomplish the policy objective of fair value based on integrated approach for land acquisition, said Mr. Sajjan Jindal, President, Assocham.

The escalating cost of compensation is also forcing up the cost of projects, thereby affecting their viability. The Chamber chief referred to a recent Study done by the government showing at least 70 per cent of 190 delayed infrastructure projects have been stalled on account of problems over land acquisitions, especially the compensation to be paid to landowners.

In most cases, the conflicts over transfer of land have arisen following differences between the Union and State governments on the amount of compensation that has to be paid to landowners.

As per an Assocham Eco Pulse Study on delayed projects "18 strangled projects of India Inc to the tune of Rs.244,815.5 crore (Rs.2.45 trillion) remained on papers, in the form of memorandum of understanding (MoU) and agreements over the past three-four years".

However, a smooth implementation of these projects could have created job opportunities for at least 164,000 people directly and 270,000 people indirectly.

Taking stock of the prevailing conditions, Assocham has outlined the following five point Agenda for Integrated Land Acquisition policy involving consensus of all the parties involved in the process:

1. A broad based national political will to ensure smooth and timely introduction of the contentious land acquisition amendment Bill.

2. A National Land Bank for land development and development of waste land for industrial projects to resolve the land acquisition related issues.
3. Remunerative compensation for the acquired land to farmers and other land owners based on market price along with equity ownership in projects.
4. State level forums to assess the economic, environmental, social and cultural viability of rehabilitation and resettlement programmes.
5. Rehabilitation related programmes for the displaced land owners to be seen as a fundamental responsibility of the land acquiring company in question.