

What plagues Land Acquisition?

Land acquisition has once again begun to plague the Indian government and the private sector. Protests pertaining to land issues have been rampant in the past and continue to be so. An important addition to the present bill is Rehabilitation and Resettlement, which was conspicuously missing from the Land Acquisition Act of 1894. Now that the present bill makes provisions for rehabilitation and resettlement, the pains of relocation for the farmers will ease somewhat. However, the most important aspect of the resettlement and rehabilitation clause lies in its execution, which so far has been shoddily handled. Even after acquisition of land parcels, farmers have not been paid their full compensation, let alone helping them with resettlement and rehabilitation and have been left to fend for themselves.

What is most disappointing to note in the present land bill is that it completely fails to address the core problem or the issue behind these protests. It's easily discernable that the top most concern for those selling land is that they are not offered the true price for their land. People owning a plot with significant locational advantages, or those who own very fertile land or those who have neither locational advantages nor fertility will all fetch the same price for a similar land holding size as per the current land bill. This provides the ideal recipe for social unrest as the price offered clearly cannot represent the fair price where one land owner is ripped off the locational and other advantages and is at the same level as another land owner who owns a wasteland or land with no benefits.

The pricing mechanism in the present bill remains the same except the inclusion of a multiplier, i.e. now a seller will be given a multiplier times the existing rates. For acquisition purposes, the land owner selling his land will be given additional pecuniary benefits depending on whether the land is irrigated, whether there are fruit bearing trees on the land parcel, etc. The multiplier and the additional benefits, however, are left at the discretion of the land acquisition officials and hence leads to further arbitrariness in fixing the prices. Clearly, this leaves enough space for not only manipulation in the prices but will also aid black money transactions. Further, this can significantly drive up the prices in some cases, after addition of the multiplier and other benefits, which may be far above the representative fair price. This explains the industry's apprehensions regarding the bill. On the other extreme, an ignorant land seller or one belonging to the scheduled tribe or caste, may be taken advantage of and be ill equipped to negotiate a fair price. Hence, the error in pricing will only get amplified as a result of inclusion of the multiplier resulting in either overvaluation or undervaluation.

Asymmetry in information can also arise and lead to an unfair price when the buyer of a land parcel is privy to some information that can potentially increase the value, which the seller is unaware of. For instance, a farmer selling land which is acquired for an infrastructure project maybe unaware of the future use of his land parcel and hence the buyer of such a parcel will get away with paying a lower sum.

Hence the need for a comprehensive valuation model is needed more in rural and semi urban India for reducing pricing conflicts in face of growing industrialisation. The process of digitisation of land records is a commendable step and a very welcome move and should be leveraged to make the present system more transparent. For computerisation of land records, the encoding system is on similar lines to the NSSO sample surveys and covers a considerable breadth of factors such as location, crops, irrigation, soil type, land use.

Contributed by Ananya Roy

