

INTERVIEW: **CHANDRAJIT BANERJEE**

DIRECTOR - GENERAL, CONFEDERATION OF INDIAN INDUSTRY

Bill will push acquisition costs, affect industrial projects

India Inc has expressed grave concerns over the Land Acquisition Bill, which was passed by the Lok Sabha on Thursday. The industry's major concern is that provisions of the Bill would increase both the cost and time for acquiring land. This would be mainly because of the rehabilitation and resettlement norms, which would apply even in cases where land is acquired through the owner's consent. The retrospective applicability of the Bill is also a major worry. In an interview to FE, CII director-general Chandrajit Banerjee articulated the industry's concerns and how it affects them. Edited excerpts:

Do you think the land Bill would raise the cost of acquiring land? If yes, by how much?

As per the provisions stipulated in the Bill, our estimates predict that cost of land acquisition in the country is likely

to increase by 3-3.5 times, which could severely affect the viability of industrial projects across the board and erode the competitiveness of the Indian manufacturing sector.

Apart from the cost, do you think the time taken to acquire land would also go up?

The process of obtaining consent, accompanied by social impact analysis (SIA) and environmental impact analysis (EIA) makes the entire land acquisition process lengthy. Provisions such as consent of at least 80% of affected families for private companies and 70% for public-private-partnership (PPP) projects defined under 'public purpose' would only make this a long-drawn-out process. We had suggested that the provision of "consent" should be reduced to 60% of land owners, uniformly and equally applicable to all cases, irrespective of its end use.



How do you view the R&R provisions? Would they help the industry in acquiring land or would it make the entire process much more cumbersome?

As per our estimates, the R&R costs are likely to go up by about 3 times compared to the prevailing practice as per the proposed package as it treats different categories of affected families at par and not aligned to their losses. We had suggested that instead of using the broad term "affected families", category of families needed to be clearly de-

fined and according to their losses, suitable compensation package should have been laid down, keeping in mind that families need to be much better off than prior to land acquisition.

The Bill says that if the acquired land remains unutilised for five years, it should be returned to the owners. Is it a fair provision?

We feel that this provision would not be appropriate for industries that grow in phases. Instead, the industry could be asked to submit a land-use plan and the provision for return of unutilised land should be aligned to it, to be decided by a committee under the chairmanship of the chief secretary of the concerned state on a case-to-case basis.

The Bill has also introduced the concept of leasing of lands by the owners to the industry rather than selling them. Is this a step in the right direction?

A lease option might reduce the initial outlays, but on the other hand there are inherent uncertainties regarding renewals, particularly for short-time periods. Further, leased lands may impact mergers and acquisitions.

What are industry's concerns on the retrospective applicability clause in the Bill?

In cases of land acquisition where award has not been made, the process would lapse upon enactment of the new Bill and the entire acquisition process would have to start afresh. We had suggested that in order to avoid lengthy delays and consequent cost overruns, in cases of land acquisition where the notification under section 11 of LA Act 1894 has already been issued and the process of award commenced, such land acquisition cases should be continued and not started afresh.