

## Industry Opposes Proposed Land Acquisition Law

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- There is overwhelming need to surmount the trust deficit between the government, businesses and civil society, and between land sellers and buyers to overcome land-based conflict
- Both private sector and government projects will become difficult if proposed land acquisition bill is passed
- Industry leaders want many provisions in proposed legislation amended
- More information about the Summit is available at <http://www.weforum.org/india>

**Mumbai, India, 14 November 2011** – If a proposed law on acquisition of land is passed, it will be a setback to industrial, infrastructure and urbanization projects, business leaders said at the World Economic Forum's India Economic Forum today.

Representatives of industry criticized many provisions of the law, including its mandate on purchase price to be several times the current market rate, the provision that buyers are responsible for rehabilitation and resettlement of those displaced, including giving them a share of equity or jobs for 26 years. "We believe it is not fair. If there is forcible land acquisition, it should be difficult and expensive," Priya Hiranandani-Vandrevala, Founder and Chairman, Hirco Group, India, said, adding that it is unfair that the same provisions on pricing and rehabilitation should apply when land is sold voluntarily.

The Land Acquisition, Rehabilitation and Resettlement Bill 2011 applies if more than 50 acres of urban land or 100 acres of rural land is being acquired. Ajit Gulabchand, Chairman and Managing Director, Hindustan Construction Company, India, panned its proposal that the consent of 80% of those likely to be affected should be achieved before the purchase takes place, explaining that land ownership is so fragmented and titles so unclear that this provision can extend the process of land purchase indefinitely.

Ratnakar Yashwant Gaikwad, Chief Secretary, Government of Maharashtra, asserted that most projects are built on marginal, unirrigated and infertile lands, and the only way to create jobs to absorb the excess rural workforce is to expand the manufacturing sector. He added his voice to the proposed acquisition law's dissents, saying even government projects would be hindered.

Prashant Bangur, Executive President, Shree Cement, India, said the bill needs to inject an element of certainty and finality in land buyers' responsibilities, arguing that it is counterproductive to guarantee a job to the displaced for 26 years, as they would have no motivation to be productive.

Gulabchand demanded that the land acquisition bill should be transferred from the jurisdiction of the Ministry of Rural Development to the Ministry of Law. He also argued that the onus of rehabilitation should not be on the buyer but on the government. "If the bill in its present form is passed, there will be no development in the country for the next 100 years," he said.

The overarching theme that emerged was of a trust deficit – between land owners on the one hand and the private sector and the government on the other, and also between the government and the

private sector. Nisha Agrawal, Chief Executive Officer, Oxfam India, pointed out that land conflicts have increased in the last two decades, coinciding with the period of high economic growth. She averred that everyone on the panel agreed that economic growth, industrialization and urbanization are important, but industry members must agree to share the benefits of economic growth with a wider range of people.

The co-chairs of the Summit are: **Natarajan Chandrasekaran**, Chief Executive Officer and Managing Director, Tata Consultancy Services, India; **Adi B. Godrej**, Chairman, The Godrej Group, Godrej Industries, President-designate, Confederation of Indian Industry (CII), India; **Jeffrey Joerres**, Chairman and Chief Executive Officer, ManpowerGroup, USA; **Huguette Labelle**, Chair, Transparency International, Germany; **Tulsi R. Tanti**, Chairman and Managing Director, Suzlon Energy, India; and **Ben J. Verwaayen**, Chief Executive Officer, Alcatel-Lucent, France; Member of the Foundation Board of the World Economic Forum.

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