

**FICCI CALLS FOR DIRECT PURCHASE OF LAND BY
INDUSTRY
DOES NOT FAVOUR NAC'S SUGGESTIONS ON ACQUISITION OF
LAND BY GOVERNMENT FOR INDUSTRY
ADVOCATES HARYANA'S MODEL OF COMPENSATION**

31 May 2011, NEW DELHI: FICCI today said that it does not support the National Advisory Council's (NAC) proposal to disallow private companies to buy land directly from land owners if more than 400 families are to be displaced. Last week, NAC had proposed that private companies should not be allowed to buy directly from land owners if more than 400 families are to be displaced and in such a case Government would purchase the land on behalf of industry. FICCI feels that the proposal would be counterproductive at this stage of development in the country and would further provide room for bias in acquiring land. It would also result in sub-optimal allocation of land resources in the country.

FICCI suggested that industry should be allowed to function in the market based system for acquisition of land and pay the market determined price to land holders which would enable land owners to sell the land voluntarily. This will prevent any forced displacement also, noted FICCI.

Further, with regard to apprehensions regarding exploitation of poor landowners by the industry, FICCI said that this could be addressed by clearly stated and stricter State regulations for any transaction between industry and landowners. In this context, FICCI suggested that the Government can consider adopting the Haryana model of compensation which provides for payment of annuity in the form of royalty for a period of 33 years for the land owners whose land is acquired. The provision contained in the draft bills pending in the Parliament on land acquisition that requires the industry to acquire 70% land at market rate is a welcome proposal. This will greatly reduce the burden on the Government and reduce uncertainty as only the remaining 30% would need to be acquired by the State. The Government could also consider making some local employment mandatory within the project that is established on the acquired land.

FICCI appreciated the National Advisory Council's efforts to bring out transparent and well defined system of land acquisition in the country. It is important that land acquisition rules do not result in any distrust and social conflicts in the society, but at the same time they should not make the process of acquisition cumbersome and uncertain for the industry. Currently, Indian manufacturing sector is growing at the rate of over 8% and we are targeting to increase its growth rate to 12-14% in the coming years. Also, Government is looking at increasing its contribution in the country's GDP from the current 15% to 25% in next 10 to 15 years. Therefore, land would be needed to put up manufacturing capacities that are necessary to generate the required employment as an increasing number of people shift from agriculture to the manufacturing sector. It is important that we have a

transparent, efficient and market based system of land acquisition for the industry which will enable faster implementation of manufacturing and infrastructure projects.

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