

Making the Land Acquisition Bill Equitable, Sustainable & Acceptable!

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It is difficult to understand the compulsions of our Prime Minister Shri Narendra Modi who is advocating his land acquisition bill although it is not equitable, sustainable and acceptable. Mr. Prime Minister repeatedly refers to his humble background. Therefore it should be unbelievable that he does not understand the pathetic condition of an Indian farmer. India's entire agricultural sector is in a bad shape because the farmers have been always compelled to face the natural calamities on their own. The agents in the agriculture markets (mandies) ruthlessly loot them. Indian farmers are not united, do not know rationally what is good for them and cannot face a single season without rains on their own. During last sixty-eight years (after independence), none of our agriculture ministers could apply any vision to improve the condition of our farmers. (This political tragedy has impacted our farmers beyond one's imagination although 50% of our ministers have rich farmer's background.)

On this sad background, if we assess the draft of the 'Land Acquisition Bill' (LAB), we reasonably reach a conclusion that the LAB does not take care of the weakest stakeholder in the whole exercise. Needless to say, our farmer (who is mostly innocent on the front of commercial and strategic negotiations) is this cornered stakeholder. Worldwide it has been repeatedly proved that the members of the manufacturing and service sectors have always enjoyed excessive bonuses at the cost of agro sector. It is true that industrial growth and infrastructural development require land. Land acquisition should be reasonably fast and without any contingencies. No industry can grow by carrying the burden of contingencies. But with the same logic, a farmer too cannot be expected to face fatal contingencies, especially when he does not have the luxury of alternate professional skills and the maturity required for handling non-agricultural investment.

Farmers of India (and elsewhere) certainly require a fair LAB which is based on simple principles of equity, sustainability and a reasonable provision to combat any future uncertainty. While creating a win-win situation, we must keep in mind that a poor, unorganized and innocent farmer requires genuine protection against tangible and intangible hazards. The LAB presented by the Modi Government is not just unreasonable but also unkind to a farmer. It denies a farmer his basic right to take a decision about disposing off his land which is his only asset. It refuses to allow the farmer to go to a competent authority

to get appropriate justice in a case he genuinely feels that the transaction didn't provide him adequate compensation.

The purpose of this concise paper is to present a land acquisition bill which offers legitimate justice to all the stakeholders. Contents of this paper should be debated and discussed to arrive at a near perfect solution. (No solution can be defined as 100% perfect because the stakeholders carry varying perceptions and aspirations.) A note of caution should be mentioned here that the Indian LAB should not be hurriedly compared with the LAB of developed economies. These economies offer plenty of socio-economic protection, investment avenues and alternate professional skills to their farmers. (Rather, the farmers of these countries are disproportionately protected if we consider the rules of the game prescribed by the WTO.)

There are two major parts of the LAB, the process of acquisition of land and the compensation to be given to a farmer. There are three broad situations (or purposes) for which the acquisition is to be made. The first purpose is 'national infrastructure building' (as public goods). The national infrastructure here is totally owned, operated and monitored by the government on behalf of common public. The second is a partnership between the government and the private firms (PPP) to build, operate and own the public infrastructure. The third purpose is about private entrepreneurship and ownership. SEZ (Special Economic Zone) is its example. As the purposes differ, the rules of acquisition must also require reasonable differentiation.

The land acquisition should be approved by 70% of the farmers invited to offer their land for the first two purposes. Simultaneously an environment impact study should be completed within six months (maximum) by a committee comprising of two representatives of the farmers, one agro expert, one chartered or cost accountant or agro-economist and one representative of the government. Three or more of these committee members should give environmental clearance. This same method should be used for the third purpose with an alteration that 80% of the farmers should approve. If such acquired land is not utilised within three years, the farmers should have the right to acquire it back and refund the compensation within five years after deducting the compounded value of three years normal crops. The farmers should not be charged any interest for the use of the amount of compensation.

The second part of the LAB is more important because it deals with the amount of compensation payable to a farmer. I suggest two alternate formulae here for the computation of compensation.

Formula 1

Valuation of next 25 years normal crop output at an annual rate of inflation of 5% should be computed. This sum should be discounted at 4% per annum (which is normally payable on savings account deposit). The farmer should be allowed to invest 25% of this discounted sum in the preference shares of the entity owning / managing this project for five years at 9% dividend per annum. If he does not want to invest in these preference shares, a member of his family should be offered a suitable job in the entity or in a related entity. Additionally, the farmer should be given a sum equal to 30% / 40% / 50% of the appreciation in the value of the acquired land after five years respectively for the three purposes or situation mentioned above.

Formula 2

Valuation can be equal to four times of present market value of the land. Investment in preference shares or one job to be given to farmer's relative is also part of this formula. Additionally (as mentioned under the first formula), the farmer should be given a sum equal to 30% / 40% / 50% of the appreciation in the value of the acquired land after five years respectively for the three purposes or situations mentioned above.

Needless to say, the farmer should have the freedom to choose between these two formulae. The LAB must include a provision for natural justice. The farmer (or his representative) should be allowed to apply to an appropriate court for justice if he feels that the process and / or valuation is not done correctly. To avoid delays in decision making, special courts will have to be introduced. The decision of the court should be made available within three months.

The committee described earlier should also be responsible for valuation and relevant computation of compensation. The members of the committee should be replaced every three years by rotation. A separate institute should be built up which would provide guidance and support to the farmers whose land is acquired. Farmers will have to be guided about proper investment of the amount of compensation they receive. They may be given basic entrepreneurial training so that they would be able to get into some good business. This institute should have mobile training vans. One van and one training team may cover hundred small villages in a year. These mobile training teams should preferably comprise of local trainers who would have a lot of attachment with the local area.

An institution like the CAG should be entrusted with the responsibility of both, operational and financial audits on an annual basis. The findings of the audit should be available to public for debate and possible improvisation in the land acquisition policy and process. Any corruption in this entire exercise should be dealt with speed (e.g. within six months) and the culprits must be penalised. The culprits, if they are public servants or people's representatives, should not be allowed to resort to any protection under the so called protocols. If farmers survive and prosper, the country too shall survive and prosper!