

Houses To Cost More If Parliament Passes Land Bill

Land prices will go up leading to rise in housing price if the Land Acquisition Bill is passed

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Land prices are set to go up leading to rise in housing price if the Land Acquisition Bill is passed by Parliament, real estate developers and property consultants have said.

"It is not a good development for the industry. This will definitely increase land cost and housing prices," Confederation of Real Estate Developers' Associations of India (Credai) National President Lalit Kumar Jain told PTI when asked about his comments on Cabinet's nod to the bill.

If the Bill gets Parliament's nod, developers will also hesitate to go for big projects, he added.

The Land Acquisition Bill was cleared by the Union Cabinet yesterday, making the consent of 80 per cent of owners mandatory for private projects.

In the case of public-private-partnership (PPP) projects, the bill makes mandatory obtaining of consent of 70 per cent of the land owners. Besides consent, the bill proposes higher compensation and rehabilitation package to land owners.

Expressing similar sentiments, National Real Estate Development Council (Naredco) President Navin M Raheja said the bill is not an industry friendly one.

"While farmers' compensation issue is taken care of, the government should have looked at the overall growth of the country. Unfortunately, that is not the case here," he added.

Mumbai-based Hiranandani Constructions Managing Director Niranjani Hiranandani said with higher compensation to farmers, resistance in acquiring land will reduce in future.

On prices, he said: "Definitely land prices will shoot up. Now whether we will get land for affordable housing, is a big question mark."

Hiranandani said the companies are already acquiring land for private projects with almost 100 per cent consent of the owners, mainly farmers.

The country's largest realty firm DLF said the reaction and how it will affect the consumers, have to be seen after the Bill comes into effect.

"There has to be a debate in Parliament for this bill before the final approval. We will see how the situation unfolds in coming days as that will be crucial for any future decision," DLF Group Executive Director Rajeev Talwar said.

He said the company acquires land with full consent of the owners, so it does not see any problem on the same.

Leading consultant Jones Lang LaSalle India Chairman and Country Head Anuj Puri said demand of housing projects will be affected in future with passage of the bill in Parliament.

"Cost of land will go up and developers will pass on the additional burden to consumers. Definitely, it will affect the demand if prices go up beyond the capacity of a home buyer," he added.

Consent Of 80% Of People Mandatory

The controversial Land Acquisition Bill was cleared by the Union Cabinet on 13 December, making mandatory the consent of 80 per cent of people whose land is taken for private projects.

In the case of Public-Private Partnership projects, the bill makes mandatory obtaining of consent of 70 per cent of the people whose land will be acquired.

The bill was given the go-ahead at the Cabinet presided by Prime Minister Manmohan Singh.

The bill was finalised by the Rural Development Ministry incorporating the suggestion of UPA Chairperson Sonia Gandhi who had asked the government to take the consent from 80 per cent land owners for purchase of land for the purpose of setting up industries and PPP projects.

Sources had said that Gandhi was not in favour of the Group of Ministers' proposal that the consent of two-thirds of "land losers" (from whom land would be purchased) was enough for acquiring land for industries and PPP projects.

The GoM had suggested that the consent clause be kept at 67 per cent for PPP projects and private projects.

The government had constituted the GoM after some ministers voiced strong reservations against certain provisions of the bill at the Cabinet meeting.

Minister of State for Rural Development Lalchand Kataria had on Wednesday told the Rajya Sabha that the government intends to introduce the official amendments to the Land Acquisition and Rehabilitation and Resettlement Bill, 2011 in the Lok Sabha in the winter session.

Kataria had also told the reporters that the bill has a provision for return of the unutilised land.

Land Acquisition Act, 1894 had no provision for return of the unutilised land.