

Housing prices to go up after land acquisition bill approval

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Land prices will escalate 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 Niranjan 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.