

Gujarat announces new land acquisition policy

Terming it a pro-farmer policy, state industries minister Saurabh Patel today announced the land acquisition policy developed by the Gujarat Industrial Development Corporation (GIDC). Patel claimed that the new policy, apart from making land-givers an active partner in the development process, will "show the rest of the country way towards land acquisition policies".

The new Participatory Policy for Development of New Estates, GIDC will henceforth make land owners partners and share with them the resources generated by GIDC from the estate. "The market price of the land will be determined by the Center for Environment Planning and Technology (CEPT) University, and this will not be based on the jantri prices," Patel said. The minister further added that 10 per cent of the differential amount between the land allotment price and the land (consent) price, recovered by GIDC from the sale of the land in the estate will be paid back to the land owner who gave consent.

On top of this, land owners will also be given developed commercial plot to the extent of one per cent of their land acquired at a token price of Re 1 per square meter. "This is how we plan to make the land-giver a part of the entire development process, so that he too can reap the benefits of future development on his land," Patel said. The policy also outlines that any landowner whose entire landholding in the village has been acquired shall be entitled to one time financial assistance equivalent to 750 days of minimum agricultural wages for loss of livelihood, which amounts to Rs 75,000. Similarly, any landowner who becomes a marginal farmer as a result of the land acquisition will be entitled to one time financial assistance equivalent to 500 days of minimum agricultural wages.

Patel highlighted that if the land owner family is interested in training, GIDC will sponsor one person between the age of 18 and 45 per family for an ITI training course up to two years. And GIDC will also endeavour to obtain employment to one member of each project affected family in the units that come up within or near the industrial estate. According to the new policy, GIDC will also share the proceeds of land sale with the village panchayat. Three per cent of the difference between the allotment price and price at which land is purchased will be deposited into a separate bank account for utilisation in public purposes. Patel said, "This fund will be utilised for the development of the adjoining area, like building schools, hospitals, internal roads, etc".

GIDC has also outlined broad guidelines for developing estates on privately purchased land on public-private partnership (PPP) mode. The industrial body would develop estates where entrepreneurs of a sector have bought land on their own through private purchases close to 100-200 hectares. In such a sector specific estate or cluster, GIDC will help to develop infrastructure. "A special purpose vehicle with 50:50 shareholding would be formed between GIDC and the association of entrepreneurs. GIDC will give loan up to 40 per cent of the land cost to the SPV at prevailing interest rates. The remaining cost of the land, i.e cost of land minus the loan, will be contributed as equity into the SPV," Patel explained to reporters here. The SPV would market the estate and allot land to its members or other entrepreneurs. GIDC will recover its equity investment and loan with interest through an escrow account to which the proceeds of the land would be credited. "At least 80 per cent of the proceeds of the land would go into the escrow account," Patel said. GIDC has so far acquired, developed and sold 26,000 hectares of land within the state, and has around 500 hectares unsold land till now, a senior government official informed. GIDC is now in the process of acquiring and developing 5,100 hectares of land for a new estate spanning areas around Sanand, Dahej, Bechraji and Aithor. Declining to comment on the potential land demand that can be generated at the upcoming Vibrant Gujarat Investors Summit in January 2011, Patel said, "The whole of the state has been identified for new GIDC, including even the backward areas. We want to generate as much employment as possible."