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On land, a new way

States must institutionalise land reconstitution. They could learn how to do it from Gujarat



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IN GUJARAT, a large amount of private land is regularly appropriated for a variety of public needs. It is appropriated without using the Land Acquisition Act, without “acquiring” it, without evicting people, without using much force, without costly delays and without burdening the exchequer. Consider these examples.

In 2002, Ahmedabad’s development plan proposed appropriating about 4.5 square kilometres of privately owned farmland for a 76-km-long ring road. The market value of the land was over Rs 1,000 crore. No one believed the ring road could be built. The development authority had no money and the debilitating politics that land acquisition so near the city would engender could be imagined. And yet, by 2006, it was possible to drive all around the city on the ring road. The Land Acquisition Act was used for only 16 km of the road, where it traversed an agricultural zone. Along this patch, farmers were dispossessed of their land and had to be compensated. The appropriation was costly, forceful and resented. Along the remaining 60 km, no one lost all their land, persuasion sufficed and no compensation was paid.

In 2008, the government of Gujarat wanted to build an education enclave midway between Ahmedabad and Gandhinagar, where it owned some land. However, the land was insufficient and the connecting road was inadequate. More land would have to be appropriated. Once again, many people were sceptical. The surrounding farmland was costly and farmers were well-politicised. Yet, two years later, 60 additional hectares had been appropriated and a wide connecting road had been built. In addition, a road grid had also been established in the surrounding area. Not a single farmer had been evicted and the appropriation was virtually costless. Today, the enclave and its surroundings are developing systematically.

In 2010, Ahmedabad’s development authority decided to “urbanise” 12 sq km of agricultural land in the western periphery. Many top politicians and industrialists already owned “farm houses” in the area. To ensure planned development, the authority proposed appropriating 35 per cent of all land holdings for building streets, infrastructure, social amenities and low-income housing as well as for sale, to raise the finances for development works. Within two years, a statutory plan was in place and land appropriation and infrastructure development were underway. Today, the authority owns Rs 3,600 crore worth of land there.

Gujarat has successfully been appropriating land for urban and industrial development for many decades, without “acquiring” it. The mechanism it uses is internationally known as “land pooling” or “land reconstitution”. Locally, it is the “T.P. Scheme Mechanism”. Originally enshrined in the Bombay Town Planning Act, 1915, today it is specified in the Gujarat Town Planning and Urban Development Act, 1976, and in the Special Investment Regions Act, 2009. It is a refined version of “*chakbandi*”, a mechanism for reconstituting agricultural plots. Japan has been using land reconstitution since at least the 1890s.

To intuitively understand the difference between land acquisition and reconstitution, imagine that you want to make a path through the middle of a room packed with people. Imagine that two strings parallel to one another and as far apart as the width of the path are stretched across the room. Now, you have two options. You can force all the people between the strings to leave the room and accept compensation for leaving. Or, you can tell everyone in the room to squeeze up to form a path without anyone having to leave the room. If you pick the first option, you have chosen the acquisition mechanism. You will have to use considerable force to get people to leave the room and you will have to pay compensation. When finished, you will have to face many aggrieved people, resentful of you and all those who did not have to leave the room. If you pick the second option, you have chosen land reconstitution. You will have “reconstituted” everyone’s original space or territory. Many people will grumble, but you will not have to use as much force and will need virtually no money. At the end,

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when the benefits of the path become obvious, everyone will thank you for having persuaded people to squeeze up. The better option is obvious.

Other features of land reconstitution include a mechanism for compensating losers and charging winners to balance the unequal distribution of costs and benefits. This more easily enables tackling political challenges engendered by planning. Land reconstitution also enables appropriating increments in land value to pay for development. It is comprehensive, respects property rights and sees the state as a facilitator.

However, the most important point to keep in mind is that at the heart of land acquisition is a lack of fairness. Land acquisition expects individuals to sacrifice their long-term interest to create public benefits. Such expectations are justifiable during emergencies. But when matters are not urgent and benefits are unclear or appear to be distant, it is just wishful thinking. Instead, in their quest to create public benefits, authorities should use a fairer mechanism that enables them to systematically and transparently negotiate with private interest.

This is what Gujarat has understood. Many people think that land reconstitution works because Gujaratis are naturally pragmatic and cooperative. This is putting the cart before the horse. Gujaratis are pragmatic and cooperative when their government makes them fair, rational and pragmatic propositions. Even in Gujarat, when land acquisition is used, much contention and conflict ensues.

Land acquisition cannot be dispensed with. It will remain necessary for use where land reconstitution cannot work for technical, institutional or economic reasons. Therefore, an effective Land Acquisition Act is necessary. However, regardless of the way the amended Land Acquisition Act turns out, remember that the unfairness at the heart of land acquisition cannot be removed by anyone.

Hence, it makes a lot of sense for states to institutionalise land reconstitution, learn how to use it, popularise it, expand its use and minimise the dependence on land acquisition.

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