



**The Challenges before “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR)”:  
A study of Indian Land Reforms**

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**Abstract**

Issue is land reforms is directly associated with rural development. It aims to improve poor people access towards means of social welfare. In India, land reforms are in direct relationship with the growth and social progress. It is an irony that most of the development schemes focus on accessible population and leave large rural population that is in need of land reforms and waiting for their rescue. The paper questions various policies and measures since independence in the implementation of land reforms as the reasons behind poverty and less than expected contribution from the rural sector. It is most importantly a reason for huge migrating population putting pressure on cities. The aim of this paper is to analyze the need for land reforms as a source to eradicate poverty and the utility of “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR)” to do distributive justice for better utilization of resources.

**Keywords:** Agriculture Development, Land Ownership and Tenure, Land Reform, Land Use, Irrigation, Agriculture and Environment, Poverty Alleviation

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**Introduction**

Political constraints and social class divisions remain dominant issues when it comes to land reforms in India, instead of the economic needs of the poor people. Land reforms comes under the state subject in the Constitution of India and each state is bound by different compulsions related to the availability of land, cropping pattern, productivity, landless labor, population below poverty line and social divisions.

The aim of this paper is to analyze the need for land reforms as a source to eradicate poverty and the utility of “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR)” to do distributive justice for better utilization of resources.



## Literature Review

Development of a nation depends on the ability to apply reforms. Issue of land reform addresses both social and economic aspects of the nation. Extensive research work is available justifying the need for land reforms. Chaddha, Sen and Sharma (2004) in their work describe the state of Indian farmers and sufficiently forward their plight. Historical evidence of the land reforms in the various states are also available, Hansted & Jennifer (2003) covered reforms in West Bengal; Sawhney (2003) worked on Punjab reforms that can be listed to highlight the success story of Punjab Agriculture Development, Parida (2010) provided insight in the Bhoodan movement in Orissa and Anishia Jayadev and Huong (2015) covered land reforms in the state of Kerala. Deshpande (2003) in his work, questions land policy issues that prevail before the application of LARR 2013 and is helpful in defining how far present Act can address the issue. Rawal (2008) article in EPW raised the issue of ownership holdings of land in rural India. Walter (2008) in his work focused on tribal land problems in North-east, especially how tribal land is facing encroachment and how social and demographic changes are creating conflicts. Estimates given under "Press Note on Poverty" by Planning Commission of India (2013) is proof enough to state that poverty is deep and widespread in India; it needs proper planning and execution for expected relief. Annual reports are another source of information especially from Ministry of Rural Development which justify reforms under the draft on National Land Reform Policy (2013). In 'Yojana' (2011) Ramesh J. draft on LARR provides details on the subject, whereas Indian Ministry of Law and Justice provides the technical information in its publication. Beside research publications and government reports, external agencies such as Norwegian Refugee Council monitoring internal displacement of population in countries for various reasons forwarded its report on the situation about indigenous people displacement in North-east of India and listed awaited land reforms as one of the factors for the crisis. Enough evidence is there that demands land reforms for poverty ridden rural population. Their plight for fair compensation and transparency in acquisition of their land, providing them timely rehabilitation and resettlement must be considered and should be given priority over other issues. The research analyzes the LARR Act and its ability to do distributive justice across the country and the expectations from the Act.

### **The challenges before land reforms (Expectation from "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR)")**

For a long time, the farmers have been suffering under various governing establishments. The development of zamindari, mahalwari, jagirdari and rayotwari systems was to give benefits to the ruling class. Even after independence, states are unable to implement reforms either due to lack of resources or because of complex system of agriculture and divisions that exist in the society.

Indian Government has realized the need to end such systems. In between enactment of law and its enforcement, people are able to find loopholes and the problem persists in a different form. Any action taken by the government results in change in the means of exploitation. Poverty figures that prevail in the agriculture class for decades are an impeccable proof or evidence that land reforms are not able to fulfil the aimed objectives.

The difficulties in land reforms begin with the enactment of different ceiling measures over the land by different states and that is because of the differences in the resources they have, like

geographical area, rural and urban structures, landless labor population, and natural resources at hand. The discrepancies in land records only make the situation worse as it results in emergence of benami (where ownership details are missing) properties, and lastly government empty coffers mean improper compensatory payments for landowners under reforms.

The aim of land reforms is to address issues like distribution of land acquired by government, existing government land, surplus land, land under tribal control, and land under village community and land existing under the category of forest land. States are having different systems of land ownership and many of them don't have any form of legal acceptance. Ownership systems under the community or tribal population occupying land, or where land holdings are distributed after each cropping season between the community members is a challenge for land reforms.

The right of tribal and rural population over the natural resources has also not been addressed by the legitimate bodies. The existence of landless labor population and their sufferings is the outcome of inadequate land reforms.

Another area where land reforms need to be addressed is agriculture tenancy, because state legislations are neither able to provide adequate benefits for land owners nor they are able to distribute land in favour of landless labor, thus many land owners take illegal ways to safeguard their interest, which results in deprivation of benefits to poor landless farmers.

### **Consequences of inadequate land reforms (Characteristics of the population whom "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" must address)**

In 2011 census survey, 25.7% of population was living below poverty line and 2,166.6 Lakh rural people were a part of it, although there is a decrease in rural population percentage from 72.2% in 2001 to 68.8%. However, agriculture sector is responsible for employing 67.9% of rural population which was 78.4 % in the year 1993-94. Recently rural ministry states that 41.5% rural population is less than 19 years of age, while 32.4% is between 20-39 years of working age. It is an irony that the migration rate in India is 26.1%, in which 61% is from rural to urban areas because of employment reason only, and about 55.4% of migrating population is illiterate.

Another reason for migration is the decrease in cultivator's number and increase in the agriculture labor as shown in the Table 4.1.

**Table 4.1 : Number of Cultivators and Agriculture Labor**

	2001	2011
Cultivators	124,719,747 (40.2%)	114,969,498 (33%)
Agriculture labor	102,431,218 (33%)	136,994,451 (39.3%)

*Source: Ministry of Rural Development, India*

Despite decrease in cultivator numbers net sown area increased from 118.8 million hectare (mha) in 1951 to 140 mha at present, it is 42.6% of the total geographical area. Decrease in cultivators is also due to lack of irrigation facilities as most of the agricultural land depend on rains for irrigation and only 53.7 mha area is sown more than once in a year. Similarly, over the

years there has been a reduction in size of average operational holdings, which was 2.3 ha in 1971 and it reduced to 1.2 ha in 2011.

**Table 4.2 : Agricultural benefits from different size of landholdings**

Landholdings	Size of landholdings	Percentage	Income – Consumption= Agricultural Benefits /Loss (Rs.)
Marginal	Less 1 ha	67%	-823
Small	1.01 -2 Ha	17.9%	-655
Semi-medium	2.01- 4 ha	10%	-96
Medium	4.01-10 ha	4.3	1055
Large	More than 10 ha	0.7%	3249

*Source: Ministry of Rural Development, India*

Majority of farmers own marginal holdings (67%) followed by small landholdings (17.9%). All India figures also prove that farming is only profitable for medium to large scale farmers, as the cost of cultivation is highest for the marginal farmers (Rs. 6945) and lowest for the medium to large farmers (Rs. 5252).

Agriculture sector is contributing Rs. 11,924 billion at current price which is 26.6% of the Net State Domestic Product and it gives employment to 67.9% of rural population. Despite this the number of farmers who committed suicide increased from 10,720 in 1995 to 18,241 in the year 2004 after that there had been a decline and, in the year 2012 the Government of India declared figure of 13754 farmers who committed suicide.

The LARR Act also aims to address the plight of 110 million tribal people, as the forest is the home to them and, are fighting with the Government over the rights for forest produce. There is an increase in forest area from 40.5 mha in 1950-51 to 69.2 mha at present which is 21.1% of the total geographical area, but still tribal population is subject to displacement due to rapid industrialization and mining activities in the forest covers. In order to improve their living standards, Government while retaining its right to exploit natural resources the tribal population should be offered alternative means of living along with adequate compensation before displacing them from their ancestral land.

It is an irony that in Indian courts thousands of land dispute cases are pending. Meanwhile, agricultural rural land is engulfed by the cities and replaced by residential and commercial projects. Properties are in demand as Indian middle class is hungry for good investment and land developers are out to poach simple farmers, especially the marginal ones who readily agree to sell their land for a minimal payment due to their ignorance and monetary compulsions and the land sharks make huge profit later. Stories like farmers made millions especially in UP, Punjab and Haryana states are marginal in numbers while the cruel fate of displacement without adequate compensation is the agony that the majority is facing.

## Land Reforms and Impact of Social Movements

Various social movements in India are able to generate change at the grass root level where government action fails to deliver, the most important one being the Bhoodan Movement which originated in the early fifties under Acharaya Vinoba Bhave, and it was able to raise 47, 63,676 acres of land. Lately, it fell prey to the land mafia and a substantial part remain undistributed. On the similar line the Government supported Gramdan (Donation of village) was started with limited success.

These movements are able to create awareness about the sufferings of poor agricultural landless population and rich landlords exploiting heaps of profit from them. Social movements pressurized rich and affluent class to consider other ways to protect their wealth and improve their image. So, they have started to utilize social movements to become saviour of new India by donating their lands and transferring it to their near and dears' ones before the Government drafted new land ceiling law.

## Present Demand for Land for Land Reforms

Strong middle classes in India are hungry for better means of living and it is visible in their demand for housing projects and rising land prices. The decrease in agriculture land and development of industrial and residential complex in place of it is engulfing rural areas nearer to cities. The growth cycle that turns village into town, town into city and city into metropolitan city is inevitable, but to keep huge population of poor people without any means of livelihood and take away their only means of subsistence (agriculture land) without adequate compensation amounts to injustice.

Today the need for applying a suitable compensation law has more relevance as the benefits of increasing land prices are taken away from the agricultural farmers due to nexus between developers and corrupt government officials as they manipulate the progress in their favour. Rural population of 2166.58 lakhs that lives below poverty line reveals the situation glaring and needs corrective measures as majority of population comprises marginal farmers, landless labour, unskilled labour and others seasonal or temporary workers and tribal population who depend on forest produce.

Even in the urban population 531.25 lakhs people live below the poverty line and majority of them are from rural areas, who have migrated in search of their livelihood in to the cities and are now forced to live in slums and survive on odd jobs. It is unfortunate that poverty ridden population lives and dies in poverty and leave behind the same misfortune for their next generation.

## Conclusion

"The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" came into force on 1<sup>st</sup> Jan. 2014. It brings hope for the suffering population but the challenges before the Act are the huge migrated landless labour force, thousands of land disputes in court cases, loss making marginal and agriculture farming, debt ridden farmers, issue of agriculture tenancy and rural development. The Act is for compensation and brings transparency when the land is acquired, population is rehabilitated and requires resettlement, and experts are pinning their hopes that its implementation will address all issues and solve all above listed problems, as they believe the root of every problem is the injustice done to the farmers and displaced population in the form of insufficient reimbursement and mismanaged rehabilitation and their resettlement.

In 2015, the Act was amended and it diluted the safety measures for five special categories namely defence sector, infrastructure development in rural areas, affordable housing schemes, industrial strips and projects in the infrastructure sector including Public Private partnership (PPP) where government owns the land. After one year of implementation of the Act, the amendment opened the gate for exploitation as all big projects of land acquisition is under these five categories.

Five categories are exempted under LARR Act, 2013; for them it is no longer mandatory to take 80% land title-holders consent for any projects and 70% land titleholders for any PPP projects. Also, Social Impact Assessment is exempted for these five categories. As the Act is relatively new and limited data for rehabilitation and resettlement is available till date (time limit is 42 months to complete the process of an acquisition but condition for government approval at various stages is the main reason for delay in various projects). For this reason, it is difficult to compare what is promised under the act and what is given to the displaced population. Ministries like Indian Railways, Road Transport and Highways, Defence, Mining and others have incorporated the LARR 2015 and their projects are following all the provisions (Table A2 Examples of LARR), similarly Corporations like NTPC circulated the LARR 2015 guidelines. Overall, public and private sectors are observing the regulations. It is now proven that the Act has promised a lot and contains many safeguards to stop decades of exploitations. It is however to be seen that how far government rehabilitation and resettlement promises and safeguards work and how many amendments government does in favour of suffering population or in favour of the agents of industrial development.

**TableA1: Problems, Benefits and Impact of Land Reform Acts in India**

<b>Land Acquisition Act 1894</b>	<b>Problems:</b> Lack of Transparency, Supreme Authority with Government Official (Collector), Inadequate Compensation, Lack Rehabilitation and Resettlement provisions	Impact of the Act: Corruption, exploitation of farmers and increase in poverty.
<b>Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013</b>	<b>The benefits of the Act:</b> Compulsory Requirement of Social Impact Assessment, Consent of Landowners, Collector position change from supreme authority to an implementer, Compensation two to four times from market rate, minimum conditions set for rehabilitation and resettlement	Impact of the Act: Transparency in the acquisition of land, decrease in corruption, relief for agriculture land owners, Project received green signal only after SIA and consent is a compulsory part, sufficient compensation provision and rehabilitation and resettlement conditions must be fulfilled.
<b>Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (Second Amendment) 2015</b>	<b>Major Changes observed:</b> Five types of projects are exempted from Social Impact Assessment and Consent Criteria. Reduce time frame for acquisition and diluted the stand on Government official accountability	Impact of the Act: Grant exemption for SIA and consent criteria for five types of projects in order to expedite Government infrastructure, defense and development related projects, dilution of Government official accountability in alignment of Supreme Court Judgment.

**Table A2: Examples of LARR 2013**

<b>Project Title</b>	<b>Status of Land Acquired</b>	<b>Details</b>
Sambalpur-Titlagahr Subproject (Orissa)	4.45 acre under Land Acquisition Act 1894, rest out of total 78.78 acres under LARR 2013, later revised to 142.781 acres	SIA under the revised area identified 1327 Household in total, Payment is under process
The Railway Sector Investment Program (RSIP)	840 km of Railway Double Track and electrifying 640 km of route in four states (Maharashtra, Orissa, Andhra Pradesh and Chhattisgarh)	From the affected population of 1538, 374 persons are compensated with Rs. 2,65,470,850.5
Rajasthan State Highways Improvement Program (RSHIP)	Aims to improve 20000 Km of state highways	Land acquisition under Tranche 1 is 193.910 Ha, where 164.800 Ha is from private holders

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### Author's Profile

**Masood Ahmed** is working in Jazan University, Jazan, Kingdom of Saudi Arabia. He has nearly 18 years of Research, International Consultancy and Teaching experience in the field of Economics. His major activities consist of economic research studies that include economic & social analysis to assess project viability. His interest in development work especially in poverty related aspect is visible in his writings, which have been accepted at various national and international conferences. Also he has presented his views at various platforms of National and International importance (IIM Bangalore, NIRD Hyderabad, World Bank (Washington D.C. etc). His experience as economic consultant for Asian Development Bank Project for their Chattisgarh Irrigation Development Project (CIDP) and for World Bank in under MP government at the ground level provide him insight with the knowledge of working as per international standard as well as working within the Indian Government norms and he is well versed with the operational policies and procedures of funding and regulatory agencies.

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