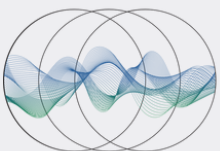


DISCUSSION PAPER

Revisiting Land Acquisition in Punjab

Development and Livelihoods

*Colloquium
January 2025*



PANJ

Policy Advisory and
Network for Joint Progress

AUTHOR CREDENTIALS

This discussion paper summarises the speaker addresses delivered during the colloquium hosted by PANJ Foundation on *Land Acquisition in Punjab: Development and Livelihoods* on 17 January 2025 at Panjab University, Chandigarh. Our esteemed speakers included:

- Mr Suresh Kumar, Former Chief Principal Secretary, Government of Punjab
- Mr M.S. Aujla, Former Director, Town Planning, Government of Punjab
- Prof (Dr) B.S. Ghuman, Former Vice Chancellor, Punjabi University
- Prof (Dr) Navreet Kaur, Professor, Department of Public Administration, Panjab University
- Mr Ajaypal Singh Brar, President, Misl Satluj
- Adv Pritam Singh Saini, Senior Additional Advocate General, Haryana

Land complexity and rights related to land have been critical issues discussed before the Constituent Assembly of India. A key contention during these discussions was balancing the individual's right to property with the rights of the state. Initially, the Right to Property was enshrined as a Fundamental Right in the Constitution. However, it was subsequently downgraded to a Legal Right through the 44th Constitutional Amendment in 1978. A review of the Constituent Assembly debates reveals that the framers of the Constitution did not extensively deliberate on the concept of ownership of property, as to who owns the land and how to regulate its use.

Land use planning did not appear as the top priority in the government's purview at the time of debates in the Constituent Assembly. During the drafting of the Constitution, the Constituent Assembly also debated the definition of "public purpose". Unfortunately, this definition has been manipulated over time to serve vested interests, often at the expense of fairness and transparency. Hence, two critical questions arise - what is public purpose and who defines public purpose.

The Constituent Assembly had discussed the Right to Fair Compensation during its deliberations. A significant aspect, often overlooked by contemporary administrators, pertains to the cost of emotional detachment caused by eviction. Post-Partition, a pressing issue was the adequate rehabilitation of migrants from Pakistan. To address this, Prime Minister Jawaharlal Nehru devised a specific plan to demarcate areas where people from particular regions could live together. This approach aimed to ensure emotional rehabilitation for displaced communities. Land holds deep emotional and cultural significance for individuals and communities, and this emotional attachment must be factored into compensation mechanisms. The Constituent Assembly

acknowledged the relevance of this aspect when developing the concept of the Right to Property.

LEGAL LANDSCAPE ON LAND ACQUISITION

In India, land acquisition operates under a dual governance framework. While 'land' is a state subject, the process of acquisition falls under the concurrent list. This means that both the state and union governments can legislate on the matter.

India's legislative framework on land acquisition has evolved significantly since the Land Acquisition Act of 1894, which laid the foundational principles for acquiring land for public purposes. Later, the 44th Constitutional Amendment of 1978 reclassified the right to property as a legal right under Article 300A, stipulating that no individual shall be deprived of their property except through legal authority. Notably, the 1984 amendments brought in pivotal reforms, such as enhancing the solatium rate (compensation rate) from 15% to 30% and raising the interest rate on compensation from 6% to 15%. These amendments however were not without their own challenges. These changes aimed to provide equitable compensation to landowners but simultaneously exposed systemic inefficiencies, particularly in timely disbursements and the accurate determination of market value.

Currently, the legal standpoint on the issue in terms of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (LARR) Act, 2013 is an airtight law. The 2013 law covers all the necessary provisions from rehabilitation to compensation to social impact assessment. The LARR Act marked a significant departure from earlier frameworks, embedding principles of

consent, transparency, and social equity. The key features include mandatory consent thresholds—80% for private projects and 70% for public-private partnerships—social and environmental impact assessments, and enhanced compensation for farmers and agricultural landowners.

However, the gap exists in the implementation or the enforcement of the law, rather than the structure of the law itself. The increased financial burden of land acquisition under the LARR Act has prompted agencies to resort to direct negotiations with landowners, bypassing statutory procedures. Moreover, vast tracts of acquired land remain unutilised, raising questions about efficiency and the equitable use of resources. Building on this, the Supreme Court in 2024 delineated seven essential steps for ensuring fairness in land acquisition processes, including the issuance of prior notice to affected stakeholders and the timely disbursement of compensation

UNDERSTANDING THE ISSUE FROM PUNJAB'S LENS

Punjab has long been a leader in development. The state has contributed significantly to India's food security and economic growth. Land development has played a key role in this process. However, the process of land acquisition has increasingly become a contentious issue. On one hand, land is a crucial element for infrastructure, housing, and industries. But on the other hand, it is necessary to ensure just and equal process for land development in the interest of landowners and communities. This is especially concerning in Punjab's case where over 10% of Punjab's geographical area has been involved in land acquisition-related litigation.

Bolstering this is the fact that Punjab today faces an urgent crisis of agricultural degradation. It is

pertinent to be noted that most often agricultural land comes under the purview of acquisition. Given the sensitive nature of agricultural land, the acquisition process needs to be airtight.

Since 2006, the conversion of agricultural land for urban use has been steadily increasing. As a result, development has shifted towards nearby rural areas, where speculative property trading is on the rise, creating opportunities for land sharks. This has led to urban sprawl and the premature conversion of agricultural land for urban expansion.

Recognising the value of agricultural land, Punjab introduced a policy specifying uses for which village common land could not be acquired. Despite such measures, fair compensation for land acquisition remained a critical issue and definition of public purpose ambiguous.

CHALLENGES CONCERNING EXISTING MODEL OF LAND ACQUISITION

The process of land acquisition is infected by its slow speed, lack of compensation, and adequate calculation of compensation. Data on land related conflict adds to the gravity of this issue. These conflicts are distributed across land for infrastructural projects, power projects, mining projects, forest land, and change in land use pattern.

Livelihoods and Displacement

Data analysis indicates that a land related conflict that reaches the Supreme Court takes nearly two decades for a judgement. Contrast this number against the fact that most often farmers are at the helm of conflict related to land acquisition. To add more gravitas to the issue, the average income of an Indian farmer per NSSO

data is Rs 10, 289. Imagine a farmer having to borne the entire expenses of his household and also pay for years of expensive litigation. Moreover, analysis further shows that the origin for most cases related to land acquisition is misuse of the acquisition process, lack of statutory authority, and misuse of power.

Land acquisition related conflicts often relate to displacement. The World Commission on Dams noted an inverse relationship between the magnitude of displacement and the ability to resettle affected people adequately and properly. The larger the displacement, the smaller the success with resettlement. The concept of displacement underlies the fact that it is forced by other factors. Land acquisition leads to various kinds of displacement: physical displacement (communities are pushed out of their known dwellings), economic displacement (individuals lose existing means of livelihoods), or cultural displacement (communities lose their everyday way of living and have to adapt to other means and cultures). Addressing heritage concerns, the current trend of valuing everything solely in economic/monetary terms poses a significant risk. If heritage continues to be undervalued and neglected, its eventual destruction would lead to an irreparable loss, leaving society in a deeply unfortunate and culturally impoverished state.

Unfortunately, there does not exist one particular number noting the number of people displaced during land acquisition related projects. But corroboration across different sources suggests that this number could range between 10-40 million. It is important to recognise that mere monetary compensation cannot equate to the emotional significance of an individual for their land and heritage. Asking someone to relocate or make significant life changes solely on the basis of financial terms disregards the deep personal and emotional attachments they may have,

making such decisions are far more complex than they appear.

Legal challenges

To one's surprise, the LARR 2013 in itself seems to have failed. Gujarat, Rajasthan, Maharashtra, Jharkhand and Telangana have enacted new laws using Article 254(2) of the constitution by seeking presidential assent. States have also reduced compensations. Section 10 of the LARR Act was designed to safeguard food security by restricting the acquisition of multi-crop fertile land. However, this provision is often bypassed for linear projects like railways and highways. Punjab, being an agriculturally rich state, faces significant losses of fertile land to such projects.

Moreover, the primary issue that persists is in the form of prolonged delays in compensation payments, often culminating in extended litigation. For instance, land acquired for the Sutlej-Yamuna Link (SYL) canal in 1977 still awaits compensation disbursement. Similarly, cases such as the 1990 land acquisition for a thermal plant in Ropar highlights delays despite judicial determinations in different phases of judicial process. A notable example is the acquisition of land in Mohali in 1992, where the initial compensation offered by the government was revised multiple times—by the Reference Court, the High Court, and eventually the Division Bench—culminating in an award of Rs 1.75 lakh per acre from Rs 60 thousand per acre initially. However, the execution of these awards was significantly delayed and therefore, the importance of streamlining compensation mechanisms post-determination is highlighted.

Another legislation, the Requisitioning and Acquisition of Immovable Property Act, 1952, governs land acquisition for military purposes. This legislation played a critical role in regions such as Pathankot, necessitating a nuanced

approach to balance national security considerations with the property rights of individuals.

Urban sprawl

In the past, the growth of cities was more organic. Elected representatives guiding expansion after carefully assessing the city's strengths, weaknesses, opportunities, and threats (SWOT analysis). However, this approach has now been replaced by a trend of building roads primarily to ease traffic congestion.

Previously, cities expanded outward in a structured manner from their core, but now, much of the growth is happening inward, moving from the peripheries toward the city.

A case in point is Mohali. When the regional plan for the Greater Mohali Region was drafted in 2008, it was designed to accommodate a projected population of 4.5 million over 50 years (2008–2058). The plan initially proposed six urban nodes, with phased urbanisation to ensure controlled development. However, in practice, the entire area has been opened up for urbanisation without any phasing, leading to unplanned and haphazard growth.

Economic implications

Beyond governance, land acquisition has significant economic implications. Rising compensation costs are inflating land prices, making it harder for industries to expand. Tenant farmers, who cultivate leased land, face rising rents without receiving any direct benefits from compensation. Additionally, there's a mismatch between rising compensation and land productivity. Higher payouts don't always translate into better use of the land acquired. This creates economic distortions, affecting both industrial and agricultural growth.

Among the total population of the state, roughly 50% of the land is under tenancy, while the other 50% is actively used for farming. However, only 24% of this actively farmed land is managed by farmers who are engaged in agriculture primarily because they lack alternative livelihood options. This limitation stems from insufficient access to education and skills, leaving them with no other viable work opportunities. Even individuals with higher education often avoid venturing into businesses due to a lack of financial discipline and knowledge. Those from landlord families, in particular, face challenges in managing liquidity and setting financial boundaries, as they often lack the expertise in money management.

KEY PROPOSALS

- **Proposal to create a land development authority:** This authority can be on similar lines of development authority, but focuses solely on land management. The ambit of this authority could include managing and protecting agricultural land, selecting suitable sites for acquisition, and avoiding premature acquisition. It may also provide a digital platform for land valuation that can ensure consistency and minimise manipulation. All this to ensure that there exists a balance between agricultural growth and development in general.
- **Giving preference to grade C agricultural land in the process of acquisition:** Agricultural land is classified into different types including grade A, B, and C. This classification is mostly based on the fertility and quality of the land. One strand of views on land acquisition argues that the acquisition process should focus on acquiring grade C, which is the least fertile land. Only

agriculturally infeasible land should be used for public projects to minimise displacement and preserve agricultural heritage.

- **Assess socio-ecological implications of highway designs:** A significant portion of recent highway construction in Punjab relies on earth-filled embankments rather than elevated pillar-based structures. This design choice is primarily driven by cost considerations, as elevated highways increase construction expenses for the responsible department by nearly threefold. However, this approach has notable socio-ecological implications, particularly concerning surface erosion in adjacent agricultural land. The altered land contours disrupt natural drainage patterns, exacerbating soil degradation and reducing long-term agricultural productivity in surrounding areas.
- **Allow for greater vertical growth:** Development should focus on vertical growth, emphasising sustainable and efficient use of resources. Growing upwards allows for the same chunk of land to be utilised to a greater capacity. Destruction should not be disguised as development, as true progress lies in creating sustainable solutions that will preserve both the environmental and cultural heritage.
- **Pushing for post-compensation assessment and equity:** Creating and maintaining livelihoods in today's world is challenging without adequate financial literacy and the ability to handle resources effectively. Provide financial literacy training to help landowners use their compensation effectively. Also promote and legalise the sharing of

compensation benefits with tenant farmers through mechanisms like rental subsidies.

- **Identifying and encouraging the development of *land-friendly* industries:** Three types of Industries are friendly to land (based on the experience of China and European nations). The first one is Footloose Industries, which need limited space, use lightweight material and produce lightweight goods and services. Last category is high tech agriculture based industry to be located in rural areas and organised on a cooperative model of development. These industries require low transportation cost, employ skilled manpower, and have higher value addition. Another category is advanced tech and knowledge driven industries. Some examples include precision farming industry, vertical farming, agro-robotics and food processing tech industry, seed tech industry and livestock industry.
- **Creating room for sustainable village growth:** At present, Punjab has a medium-paced urbanisation. Around 40% of the population resides in urban regions. By 2035, Punjab's urban population will be 50%, which will lead to more land requirement. Strategies to make urbanisation less land intensive can be encouraged. First, providing infrastructure and livelihoods similar to the level of urban areas within rural areas. Government of India's model under the Shyama Prasad Mukherji Rurban Mission can be replicated for this proposal. This mission aimed to create clusters of villages that are economically, socially, and physically sustainable.

- **Follow a planned approach for road construction:** The government should follow a cautious approach for linked roads. Punjab ranks among the top six states in India for land acquisition disputes, with the majority of cases centered on fair compensation. In the case of national highway construction, sufficient compensation should be given to avoid unnecessary litigation. In addition, stakeholder consultations will help reduce the court cases related to land acquisition.

A Call for an Alternative Model

Land is a finite resource with multiple competing uses. In the early stages of development, the allocation of land for agricultural and non-agricultural purposes is rarely a concern. However, as economies advance, land-use trade-offs become more intense, especially when agriculture evolves into a commercialised sector akin to industry. If agricultural returns begin to match those of industrial enterprises, land conflicts become even more pronounced.

According to Ricardian theory, ‘marginal land’—land that yields no profit—should be the starting point for land use debates. However, in Punjab, even such land is scarce, making the case for land conservation even more urgent. The trade-off extends beyond economic considerations, as Punjab plays a critical role in ensuring national food security. Moreover, increased awareness among farmers and their growing organisational strength have added layers of complexity to land acquisition challenges in the state. Given the rising legal disputes and the extensive use of land for agriculture, Punjab must adopt a land-conserving approach to development.

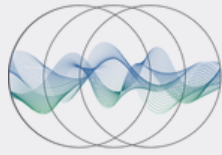
Ambiguous and inconsistent land-use policies have often hindered large-scale public infrastructure projects in Punjab. Therefore, it is

imperative to establish policies that are clear, non-negotiable, and developed through comprehensive stakeholder consultations. Compensation and land-use decisions must be transparent and fixed, ensuring that communities displaced by land acquisition have sustainable livelihood options. Preserving Punjab’s agricultural legacy is not merely a matter of legal frameworks; it is about fostering trust, ensuring equitable development, and securing long-term prosperity for future generations.

The prevailing narrative of development has largely equated progress with infrastructure expansion. This narrow perspective has influenced land acquisition policies in a way that disincentivizes the farming community. An alternative approach challenges this conventional view, arguing that development must be understood as a multidimensional process encompassing technological advancements, human development, sustainability, and economic resilience. Reducing development to GDP figures and growth statistics overlooks these critical dimensions.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act (LARR), 2013, offers a progressive framework by defining fair compensation and public purpose. However, it falls short in addressing the emotional cost of land dispossession. The government must recognise the deep cultural and personal connections people have with their land and ensure that resettlement policies prioritise sustainable livelihoods. Development should not merely be about economic gains but about fostering inclusive, sustainable growth that respects both people and place.

PANJ Foundation is a research think-tank based out of Punjab, India. Established in February 2024, it is registered as a not-for-profit under Section 8 of the Companies Act. PANJ operates as an independent research think-tank, providing research-based inputs and consultations to ensure socio-economic growth of Punjab. PANJ works as a collaborative front for initiating institutional and policy reform in the state of Punjab. We use our connection and familiarity with the lands of Punjab to inform reforms that ensure greatest benefits for its citizens. Through research, we aim at informing policy and institutional reform recommendations.



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