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# The Land Acquisition Act 1894 & 2013: A Comparative Study

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## ABSTRACT

*The current study provides an in-depth comparative study of the Land Acquisition Act of 1894, and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, also known as LARR Act, 2013. The research is based on the shift of the laws of land acquisition in India, associated with the colonial heritage of arbitrariness and inappropriate compensation to the advanced, rights-based legislation. When the Act of 1894 came into operation, more than a century ago, it did not contain any protection to the landowners, displaced persons especially in aspects of adequate compensation, rehabilitation, and transparency. Rapid urbanisation and development of infrastructure have brought a lot of disharmony to the forefront due to misuse of the emergency provisions and lack of a consent mechanism, with major unrest being witnessed in areas such as Singur and Nandigram. Due to the increasing calls on equity, the LARR Act, 2013 was passed to cater to such historical injustices. The Act of 2013 came up with numerous radical provisions, such as the affirmative consent of the families that will be affected, the Social Impact Assessment, and the increased compensation mechanism where the land in the rural setting can be valued up to four times the market value. The act also offers such benefits as rehabilitation and resettlement not only to the title-holders but also to the informal settlers and dependants on livelihoods. This paper discusses how the reforms have transformed the land governance system that was based on coercion in land acquisition to participatory land governance that is in tandem with the values of constitutional and human dignity. It also explores the issue of implementation problems and state variance, have made the act subject to disparities in law and procedure. The Act also influences the Public Sector Undertakings (PSUs) and the effect of its adherence is also discussed and given an example of how it has changed the land acquisition process in the energy, transportation and hydrocarbon sector. Although a new standard on equitable development has been established under the LARR Act, 2013, the study has concluded that the continued institutional sponsorship and equal application are requirements to achieve its transformative power.*

**Keywords:** Land Acquisition, Compensation, Rehabilitation, Resettlement, Public Purpose, Governance

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## I. INTRODUCTION

*"The great and chief end, therefore, of men uniting into Commonwealths, and putting themselves under Government, is the Preservation of their Property."*

*John Locke<sup>4</sup>*

Agriculture basically holds the rank of the maximum land use area in a country like India; forestry comes in second. However, settlements, industries, and infrastructure are mere specks in themselves. This proportion, of course, is going to increase as India gradually advances toward modernization and urbanization. Most of the privately held land is used for agriculture, but permission can be obtained from revenue authorities usually upon paying some fee if a landowner wants to use this land for some other purpose. Public purposes could be infrastructural projects, urban development and industrial use; the government goes ahead and acquires land by way of compulsory acquisition, thereby compensating the owners under land acquisition laws, which can also be invoked for acquiring private sector industries.

In the year of 2007, political unrest occurred all over Singur and Nandhigram for the land acquisition of private industries in West Bengal. The farmers protested against land acquisition by the Tata Nano project which agitated farmers in Orissa considering companies like Tisco, Vedanta, and Posco. Complaints regarding project compensation and realization of land acquisition mostly towards poor tribal areas were not taken well. Misusing the urgency clause allowing the land to be seized before compensation awards would inflame discontent. This led to several projects being abandoned or relocated.

In response, UPA brought Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (LARR) Act, 2013. This Act provided for higher compensation, consent requirements for private projects, social impact assessments and restrictions on acquiring multi-cropped agricultural land.<sup>5</sup> NDA then moved amendments to the Act through the LARR (Second Amendment) Bill, 2015, proposed exemptions from consent and social impact assessments for certain projects. The Lok Sabha passed the bill while the Rajya Sabha did not take it up, and hence the LARR Act 2013 remains the current law.<sup>6</sup>

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<sup>4</sup> Hill, John Lawrence. "Liberalism before Mill." *The Prophet of Modern Constitutional Liberalism: John Stuart Mill and the Supreme Court*. Cambridge: Cambridge University Press, 2020. 27–37. Print.

<sup>5</sup> N. Shivani Subbaiah & Jason Sharat, *Critical Analysis of the Land Acquisition in India*, 2 INDIAN J. INTEGRATED RSCH. L. 1 (May-June 2022).

<sup>6</sup> Aditi Bharadwaj, *Study on Land Acquisition Laws in India*, 5 INDIAN J.L. & LEGAL RSCH. 1 (2023).

Under Article 254(2) of the Constitution, states can amend central laws in the concurrent list with presidential assent.<sup>7</sup> States like Andhra Pradesh, Gujarat, Maharashtra, and Telangana have introduced amendments to exempt land acquisition from consent and social impact assessment requirements, with others considering similar changes.<sup>8</sup>

## **II. BACKGROUND OF LAND ACQUISITION IN INDIA**

The Land Acquisition Act of 1894 was, perhaps, one of the finest statutes that regulated the process of land acquisition in India until it was repealed, and in that stand, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 was put into force. The Act provided for the acquiring of land for public purposes, which included not merely government use but also for purposes benefiting privately owned companies.<sup>9</sup> It cited some of the examples that could be construed as coming under the definition of public purpose, such as urban and rural planning, providing housing for the poor and landless, and implementing government-sponsored educational, housing, health, and slum clearance schemes. The legislation also provided for land acquisition by the government corporations and thus for the companies engaged in the activities or construction for the public purposes. Further, the law had provisions for the planned development of land through public funding according to government schemes or policies, thus demonstrating the far-ranging application of these provisions.<sup>10</sup>

The Land Acquisition Act, 1894, has been one of the most comprehensive acts but had certain limitations, especially in a country like India where land holds not just importance but very scarce. Compulsorily acquired agricultural land is a source of livelihood for the masses who live in rural areas, and loss of it meant a great, even profound loss. The meagre monetary compensations were often unworthy to neutralize such loss, and since they are rural landowners who single-handedly depend on farming as the only practice, the compensation did not have any alternative forms. Many were left actually penniless, as once the compensation was expended, alternative income could not be earned.<sup>11</sup> Mostly viewed as a prime problematic area in the Act was the subject of the compensation that the Act regards as

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<sup>7</sup> Chandrani Chatterjee, Constitutional Manifestation of Land Acquisition Act: Its Factual Issues and Proposed Remedies in India, 10 INDIAN J.L. & JUST. 106 (March 2019).

<sup>8</sup> Abhijeet Rawat & Udit Narayan, Land Acquisition Issues in India: Overview, Critique and Pragmatic Suggestions, 9 NUALS L.J. 56 (2015).

<sup>9</sup> Austin V. Zachariah, Irregularities of the Land Acquisition Act in India: An Analysis, 5 INT'L J.L. MGMT. & HUMAN. 611 (2022).

<sup>10</sup> *ibid.*

<sup>11</sup> Ayushi Raghuwanshi, Comparative Study of Land Acquisition Practice in India and the UK, 5 INT'L J.L. MGMT. & HUMAN. 2113 (2022).

invalid. The Act stated that the compensation should be determined on the 'market value of the land', but was soon prefixed with a phrase that also referred to sale deeds for determining such a market value. However, registered sale deeds were generally underquoted vis-a-vis the selling price. This is well proven; buyers and sellers have been found to collude by suitably underquoting prices just to evade harsh stamp duties. This deflation in average market values of land, including 30 percent solatium, ensures that such compensation models are still well below the actual market value, at least in house owners' eyes.

Thus, it brought to light the necessity of fair and transparent procedures of land acquisition and the need for laws governing this process. Of course, the LARR Act, 2013, emanated from these deficiencies; much of what the act prescribes was meant to cater for many of these concerns as well as to provide a fairer process for all stakeholders.<sup>12</sup>

The of 1894 lay down key provisions, governing land requisition for the government, duly observing the procedures and principles of equity. The parts, which in turn lay down the provisions, contain a variety of sections with Part II and Part VII being important given their procedural details and their applicability. Below are the important sections under these parts

- Notification Sec. 4(1)<sup>13</sup>: The government is to publish a preliminary notification to initiate the land acquisition process in its gazette and two local newspapers of wide circulation. Public notice with respect to the contents of this notification should be given in the locality to bring it to the notice of the affected parties. This will serve as a warning or caution from the government preventing the landowners from doing any improvement or authorized alteration of the notified question without the permission of the Collector, and, by the same time, enabling the authorized officers to enter and examine the notified land with or without the permission of the owners.

- Objection Filling (Section 5-A)<sup>14</sup>: Within 30 days of the notification, affected parties such as landowners and their interested parties shall file objections. These objections shall be filed with the Collector, who must give an opportunity to the complainants to be heard. On the basis of the opposition and subsequent inquiry, the Collector forwards a report to the government along with recommendations. It is for the government to decide whether the acquisition shall be carried on or not, thereby making the right to object an important

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<sup>12</sup> Paramvir Singh, Questioning the Public Policy of Land Acquisition Paradigm in India, 1 NAT'L L.U. DELHI STUD. L.J. 62 (2012).

<sup>13</sup> Land Acquisition Act, § 4 (1894) (India).

<sup>14</sup> Land Acquisition Act, § 5 A (1894) (India).

safeguard against arbitrary acquisition. The vital significance of this provision was emphasized in (*Nandeshwar Prasad v. U.P. Government*)<sup>15</sup>.

- Declaration (Section 6(1))<sup>16</sup>: Once the government arrives at a decision to acquire the land, a declaration is issued very much like a preliminary notification, which is also required to be published in various ways. This declaration must be made with the consultation and with the procedural rigor, at a distance not exceeding a year from the date of notification.

- Notice to Parties: Upon Declaration, the land is to be surveyed, laid out, and notified. The Collector will notify all interested parties, including landowners, regarding the government's intention to acquire the land and solicit claims for compensation.

- Enquiry and Award (Section 11)<sup>17</sup>: The Collector will inquire into the objections and determine the compensation. The award will be made specifying the area of land, the amount of compensation, and the manner in which it is to be shared among the stakeholders. The award has to be issued within two years from the date of declaration; otherwise, the acquisition stands lapsed as per Section 6. The award can be appealed against before a court by filing an application before the Collector, while normal civil suits are barred in respect of such claims.

- Compensation: Under the Act, compensation is based on the market value of the land, with interest of 12% per annum for any delays in compensation payments plus, in addition to the market value, a solatium at 30% of the market value. And the need for just compensation and adjustment thereof in case the justification for acquisition fails is emphasized in various judicial precedents such as *Balbir Singh v. Union of India & Ors.*<sup>18</sup>

### **III. OVERVIEW OF THE LAND ACQUISITION, REHABILITATION, AND RESETTLEMENT ACT, 2013**

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act, 2013) is a historic legislation endeavouring to redress the injustices perpetrated by the colonial land acquisition law of 1894. This earlier law mostly acted as a buffer to allow arbitrary acquisition of land hence denying landowners and stakeholders their right to fair compensation, rehabilitation, and transparent processes. The

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<sup>15</sup> 1964 AIR 1217

<sup>16</sup> Land Acquisition Act, § 6(1) (1894) (India).

<sup>17</sup> Land Acquisition Act, § 11 (1894) (India).

<sup>18</sup> 39(1989)DLT233

LARR Act was developed to address these injustices by reforming the laws to balance the development agenda with the rights of people.<sup>19</sup>

The objective of the Land Acquisition Act is to ensure altruistic compensation rates as well as maximum transparency in land acquisition while nevertheless taking care of rehabilitation and resettlement (R&R) requirements of the affected people.<sup>20</sup> It sets the framework for the site owners' rights and also the rights of various other dependent parties who might have been dependent on that land for their livelihood. Through provisions for consultation with affected families and participation by them in all processes, the Act incorporates a people-centric approach. The intention is to weigh development against the basic human rights of the individual, in recognition of the heavy social and economic implication displacement imposes on a person.

Under the LARR Act, one of the main features is the principle of "consent", which applies in certain types of land acquisitions. Furthermore it stresses the importance of just compensation and states that a landowner must be compensated at the rate of four times the market price in the countryside and twice the market price in urban areas.<sup>21</sup> In this way, the law ensures that the compensation offered is adequate to release the fair amount for those losing land for developmental purposes. In addition, the Act provides for solatium, which is an additional amount of compensation for the emotional and psychological sufferings endured by the people due to the process of displacement. The giving of solatium also indicates some sensitivity to the socioeconomic disruptions inflicted on the lives of individuals due to land acquisition.

However, the most important is funding for the complete rehabilitation and resettlement (R&R) provisions. The relieving aspect of the 2013 act is that it does not confine itself only to monetary compensation as the 1894 Act; It inserted provisions for the alternative or replacement housing, the means of livelihoods employment opportunities, education, and other amenities for the displaced families, unlike provisions that applied only to titleholders but also to the informal settlers for wider coverage.<sup>22</sup> The law also requires a Social Impact

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<sup>19</sup> Abhijeet Rawat & Udit Narayan, Land Acquisition Issues in India: Overview, Critique and Pragmatic Suggestions, 9 *NUALS L.J.* 56 (2015).

<sup>20</sup> Paramvir Singh, Questioning the Public Policy of Land Acquisition Paradigm in India, 1 *NAT'L L.U. DELHI STUD. L.J.* 62 (2012).

<sup>21</sup> Austin V. Zachariah, Irregularities of the Land Acquisition Act in India: An Analysis, 5 *INT'L J.L. MGMT. & HUMAN.* 611 (2022).

<sup>22</sup> Ayushi Raghuvanshi, Comparative Study of Land Acquisition Practice in India and the UK, 5 *INT'L J.L. MGMT. & HUMAN.* 2113 (2022).

Assessment (SIA) to assess the possible lands acquisition effects on the economically viable, socially just, and environmentally sustainable lands acquisition processes.

Transparency and accountability are at the heart of the LARR Act. It provides for elaborate reporting and mandatory public disclosures at every stage of the acquisition process and, even after the acquisition, establishes independent authorities to deal with grievances and disputes. In addition, it restricts the definition of emergency clauses, confining its invocation to genuine emergencies only. Though having been a progressive framework, the LARR Act has met with hurdles in its implementation. Critics claim that the stringent provisions of the Act, such as the consent and R&R measures, have delayed the development projects, Bureaucratic inefficiencies, delays in the conduct of SIAs, and disputes pertaining to compensation have become more stressors in the effectiveness of this Act; Some states also enacted their own laws that diluted the provisions of the Act so as to weaken its uniformity.<sup>23</sup> In an expanded view, the Act also has implications for governance. With the inclusion of public participation and the SIAs, the Act strengthens participatory democracy and sustainable development. It demonstrates the need for strong institutional frameworks to cope with the complexities associated with land acquisition in a fast-changing economy.<sup>24</sup> Its thrust on transparency and accountability gives different areas of governance credence in realizing that promoting individual rights shall hold the trump card in the game of national development.<sup>25</sup>

Thus, we see that the LARR Act of 2013 was indeed a watershed in the legislative history of the country. The Act fulfils the greater developmental purpose while providing for equity and social justice by incorporating the drawbacks present in the 1894 Act.<sup>26</sup> It stands for equitable compensation, transparency, and rehabilitation mechanisms and is a progressive way of governance. Thus, while there are still hurdles to overcome, it sets a new standard for land acquisition practices, laying down principles that lift such processes above mere questions of economic growth to issues of protecting human dignity and rights.

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<sup>23</sup> Waleed Nazir Latoo, Land Acquisition and National Security, 4 INT'L J.L. MGMT. & HUMAN. 199 (2021).

<sup>24</sup> BANDYOPADHYAY, JAYANTA, and TAPAS ROY. "Political Challenge of an Intensifying Conflict over Land." *Economic and Political Weekly*, vol. 47, no. 7, 2012, pp. 22–25. JSTOR, <http://www.jstor.org/stable/41419791>. Accessed 21 Mar. 2025.

<sup>25</sup> Sebastian Morris, and Ajay Pandey. "Towards Reform of Land Acquisition Framework in India." *Economic and Political Weekly*, vol. 42, no. 22, 2007, pp. 2083–90. JSTOR, <http://www.jstor.org/stable/4419665>. Accessed 21 Mar. 2025.

<sup>26</sup> DESAI, MIHIR. "Land Acquisition Law and the Proposed Changes." *Economic and Political Weekly*, vol. 46, no. 26/27, 2011, pp. 95–100. JSTOR, <http://www.jstor.org/stable/23018639>. Accessed 21 Mar. 2025.

#### IV. COMPARATIVE ANALYSIS OF KEY PROVISIONS: THE LAND ACQUISITION ACTS OF 1894 & 2013

The Land Acquisition Act of 1894 and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 Is an epitome of an evolving legal atmosphere in India the aforementioned name of land acquisition masquerading through the Acts passed at different times for land acquisition. Whereas the former is an expression of the colonial will full of examples of illegality subjected to criticism for exploitation, the latter professes fairness, transparency, and justice.

- Meaning of 'Public Purpose': The term was originally a very broad and vague sense under the 1894 Act, thus giving some room for the abuse of the rights of the people. It comprised purposes such as industrial development, infrastructure, and any other activities that the government thought were necessary. Thus, the public good argument was used to acquire lands even for private corporations.<sup>27</sup> The 2013 Act, however, greatly broadened and clarified the meaning of public purpose. It lists such purposes as defense, infrastructure projects, and public-private partnerships (PPPs) which, in turn, spread the benefits of acquisition over a larger section of society. Furthermore, by requiring that justification for acquisitions align with the welfare of the affected communities, it prevents arbitrary dispossession.

- Requirements of Consent: According to The Land Acquisition Act of 1894, consent from landowners or the affected persons was never required. It enabled the government to acquire land on its own, often trampling on the rights and voice of the people that are displaced. On the contrary, the 2013 Act requires the consent of a minimum of 80% of the affected families in case of private projects and 70% in the case of PPP projects.<sup>28</sup> This provision gives the landowners a strengthened voice, making them stakeholders in the process. The aspect of consent brings out the change from coercive processes to participatory governance.

- The Compensation Mechanism: Through the 1894 Act, compensation was based on the market value of the land, often ignoring the future potential of the land or the livelihood of the affected family. This generated wide-ranging resentment and litigation. The 2013 Act adopts a compensatory scheme that is more complete. The new scheme provides for

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<sup>27</sup> Jenkins, Rob. "Land, Rights and Reform in India." *Pacific Affairs*, vol. 86, no. 3, 2013, pp. 591–612. *JSTOR*, <http://www.jstor.org/stable/43590717>. Accessed 28 Mar. 2025.

<sup>28</sup> Debnath, Biswanath. "Land Acquisition and National Highways." *Economic and Political Weekly*, vol. 43, no. 31, 2008, pp. 4–74. *JSTOR*, <http://www.jstor.org/stable/40277785>. Accessed 28 Mar. 2025.

compensation at two to four times maximum compensation in rural areas and twice the maximum compensation in urban areas. Moreover, the Act provides for solatium (additional payment for inconvenience) and a fair valuation.

- Rehabilitation and Resettlement: In the absence of this law, the displaced families were left to fend for themselves and suffered the loss of their livelihood, dislocation of communities, and severe socio-economic hardship. The 2013 Act seeks to amend these by making R&R provisions mandatory. It gives resettlement allowance, employment, housing, and infrastructure for displaced families. The important factor is that these provisions will apply in the circumstances even if the land acquisition does not fall into the category of "public purpose."

- Social Impact Assessment (SIA): considering the interventions on socio-economic and environmental impacts of land acquisition, displacing of ways of life, to ecological effects-its very fundamental assessment. Besides, the SIA study must be made available to the public so as to ensure transparency and accountability in decision making. If projects have adverse impact, they are subject to reconsideration and modification. By institutionalizing the SIA, the 2013 Act lends itself to scientific and participatory decision-making and thereby reducing arbitrariness.

- Dispute Settlement and the Mechanism of Appeals: Such conflicts relating to compensation or acquisition had to go through long-winded and cumbersome litigation processes that aggravated the suffering of the already aggrieved families. The 2013 Act has established specialized adjudicating authorities such as the Land Acquisition, Rehabilitation, and Resettlement Authority to deal with disputes.<sup>29</sup> Such authorities are expected to be speedy and more accessible than courts of law. The best feature of this new mechanism is a well-balanced platform for tackling grievances, which will reduce the time between taking up the grievance and securing justice.

## V. KEY DEVELOPMENT OF THE LAND ACQUISITION ACT OF 2013

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013, which came into force recently, can mark a transition in the legislative framework in India, replacing the colonial Land Acquisition Act dated back to 1894. The 2013 Act intended to balance the needs of development against the rights of affected communities, bringing in landmark reforms to guarantee principles of fairness,

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<sup>29</sup> SARMA, E. A. S. "Sops for the Poor and a Bonus for Industry." *Economic and Political Weekly*, vol. 46, no. 41, 2011, pp. 32–34. *JSTOR*, <http://www.jstor.org/stable/23047181>. Accessed 28 Mar. 2025.

transparency, and participatory governance in land acquisition measures. The changes addressed issues of long-standing grievance and laid down new standards for equitable development in the country.

The most important requirement involves the requirement for consent: for private projects, eighty percent consent of affected families is required, whereas seventy percent is required for public-private partnerships (PPPs).<sup>30</sup> This means that landowners and communities will be included in the process of acquisition, thus reversing the forced dislocation to bring about inclusive continuation. The Act recognizes the rights of affected families and thereby mitigates the social and emotional trauma usually associated with land acquisition. Another important reform that is provided for in the Act is enhanced compensation. This compensation is to be paid at two to four times the market value in the rural area and double the market value in the urban areas, besides the relevant interest. It is a significant reform compared to the old 1894 Act, which many criticized for inadequate compensation. The new setting, therefore, provides for proper valuation, thus addressing historical injustices and giving financial security to those displaced because of development projects.<sup>31</sup>

The 2013 Act also gives prominence to Rehabilitation and Resettlement (R&R) in such a way that R&R becomes mandatory for all families who have been affected. The responsibilities under R&R include employment, temporary housing, and financial aid, which means the assistance will be directed toward alleviating socio-economic distress induced by land acquisition. The Act quite sensibly tries to restore livelihoods and dignity for affected communities, thus pointing to a more humane and inclusive notion of development including far larger impacts of the displacement, just not limited to loss of land. In order to promote responsible land acquisition, the Act makes Social Impact Assessment (SIA) a mandatory procedure. With the socio-economic and environmental impacts of proposed acquisition activities measured before granting the approval, accountability is called forth, thus limiting arbitrary or unjust acquisition cases.<sup>32</sup> Development should not take place on the back of already quite vulnerable communities or even at the cost of the environment. The Act envisages time-bound acquisition processes to counter the undue setting uncertainty with respect to the affected families. If these acquisition processes are not completed within five years, they lapse, and the land must be returned to the original owners. This aspect seeks to

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<sup>30</sup> Paramvir Singh, Questioning the Public Policy of Land Acquisition Paradigm in India, 1 NAT'L L.U. DELHI STUD. L.J. 62 (2012).

<sup>31</sup> Abhijeet Rawat & Udit Narayan, Land Acquisition Issues in India: Overview, Critique and Pragmatic Suggestions, 9 NUALS L.J. 56 (2015).

<sup>32</sup> Austin V. Zachariah, Irregularities of the Land Acquisition Act in India: An Analysis, 5 INT'L J.L. MGMT. & HUMAN. 611 (2022).

provide relief from long-drawn-out distress and thus ensures responsible and prompt conduct of projects while also acting as a deterrent to bureaucratic delay and inefficiency.

## VI. THE LARR ACT 2013 AND ITS IMPACT ON PSUS

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (LARR), 2013 was a paradigm shift in India's development context; it revolutionized the land acquisition policies of undertakings for nation-building projects. By repealing the obsolete colonial Act of 1894, LARR provided a rights-based framework that greatly interfered with project planning and execution processes in various sectors and offered protection to vulnerable communities against arbitrary displacement.

The energy sector, in particular, has felt the full force of the Act. As India's largest power utility, NTPC Limited had to drastically change its land acquisition policy for thermal power plants. The impetus given to compulsory Social Impact Assessments (SIAs) and rehabilitation packages has meant even longer project timelines but has also facilitated better sustainable community integration. The Power Grid Corporation also now incorporates resettlement plans on a nationwide scale for its transmission projects, but consent clauses have obstructed right-of-way acquisitions in some states.

The LARR regime becomes extremely different for the hydrocarbon sector. The experience of GAIL India Limited with this grandiose natural gas pipeline network demonstrates the delicate balance between the development of infrastructure and rights to the community. While the Pradhan Mantri Urja Ganga project is incomparably delayed with the complaint system that GAIL navigated under the Act, where it had put all states within the ambit of compensation norms, which count to four times market value in rural areas, a myriad of rehabilitation requirements across states have also been frustrating. GAIL successfully pooled land- they put land pool arrangements in place in Odisha, but in Jharkhand, it had to face the backlash due to the process of how LARR interacts with tribal land protection laws.

In the case of *Gurpreet Singh vs Union of India decided in 2006*, the Supreme Court took some key decisions concerning compensation in land acquisition cases:

Determination of market value: The Court held that the compensation awarded must mirror the true market value of land as of that point in time, considering the value based on the likely use of the land instead of the current classification of the land.

Interest on delayed compensation: The Court ruled that if the payment has been delayed unreasonably, in all such cases, landowners will be entitled to interest from the award amount,

which has also been incorporated into law in LARR 2013.

Solatium and Additional Compensation: The Court strongly emphasized the need to give solatium over and above compensation for loss in price; this has, therefore, impacted the LARR provisions for increased rates of compensation (4x in rural areas and 2x in urban areas).

This precedent is still relevant even today, and many PSUs like GAIL, NTPC, and Power Grid Corporation frequently cite these judgments while dealing with disputes on fair valuation and delayed payment.

Oil and gas corporations, such as ONGC and IOCL, have equally adapted their operations. ONGC includes detailed SIAs and community consultations in its exploration activities as a matter of course, especially in ecologically sensitive areas. IOCL has had to consider elevated land costs during the expansion of its refinery and the preparation of skill development programs under rehabilitation packages. Collectively, these adaptations exemplify how energy PSUs are internalizing the social justice provisions of the Act while pursuing energy security in India. In the Dedicated Freight Corridor Corporation of India (DFCCIL), with the increase in compensation amounts, land costs now constitute upwards of 25-30 percent of project budgets. Although certain provisions for linear projects do not apply to Indian Railways, rehabilitation standards under LARR have been made applicable in station redevelopment projects as well. The Delhi Metro Rail Corporation (DMRC) has provided a very commendable model for urban land acquisition, bringing together the best of technical expertise with community-sensitive practices of resettlement.

Inconsistent implementation of the LARR Act by different states has created a complex operating environment for PSUs. Gujarat and Andhra Pradesh have made a smooth way for infrastructure projects, whereas states such as Jharkhand and Chhattisgarh lean towards stricter interpretations. This sort of regulatory patchwork puts PSUs in a position where they are forced to make flexible acquisition strategies while trying to maintain consistent rehabilitation standards across jurisdictions. The Act has also spurred changes in the corporate social responsibility sphere. Coal India Limited further develops its resettlement processes from mere compensation to holistic livelihood restoration; the National Highways Authority of India (NHAI) has developed separate units concerning land acquisition in order to efficiently carry-out Act procedural requirements. These adaptations show how PSUs are institutionalising socially responsible land-governance practices.

For the imbibed mass population on great heights, along roads leading towards India's hills, there has been intense and continuous consideration sharpened much with the LARR Act defining the boundaries for public service undertakings to reconcile the deepening development motifs with equity for society. While the act has made land acquisition more just, lingering challenges related to implementation efficiency and differences at state levels merit attention in policy-making. The experience from companies like GAIL, NTPC, and DFCCIL in handling acquisition as part of their business offers a great deal of insight for better tuning India's land governance paradigm into facilitating development goals and community rights in the future.

## VII. CRITICISM AND CHALLENGES OF THE 2013 ACT

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act) describes measures that would govern fair compensation and transparency as well as rehabilitation to the affected persons because of land Acquisition. This legislation has been a great step towards ensuring a balance between development and social justice; however, its implementation has been extremely challenging.<sup>33</sup>

Some have gone as far as saying that the mandatory Social Impact Assessment (SIA), consent requirements, and multiple clearances form "issues which slow down projects", especially relating to "national infrastructure critical projects", adding that such procedural complexities "frequently turn away an investor or developer from a country, inflate contract costs, and/or cause a delay in developmental projects that are important."<sup>34</sup> This has further stretched the application of the law, where one region will define public purpose completely differently from that of another. This interpretation of "public purpose" is causing and has caused a lot of differences in its application of the law, making it rudimentary effective. The increase in cost projects borne by the provisions of the Act in the name of better compensation and comprehensive Rehabilitation and Resettlement (R&R) benefits is fundamental to direct projects' costs. Such provisions would be supportive for landowners but make most projects economically unviable, especially for small developers and state governments with economy-constrained budgets.<sup>35</sup>

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<sup>33</sup> RANGANATHAN, V. "Challenges of Land Acquisition." *Economic and Political Weekly*, vol. 45, no. 20, 2010, pp. 39–41. *JSTOR*, <http://www.jstor.org/stable/27807025>. Accessed 21 Mar. 2025.

<sup>34</sup> Abhijeet Rawat & Udit Narayan, Land Acquisition Issues in India: Overview, Critique and Pragmatic Suggestions, 9 *NUALS L.J.* 56 (2015).

<sup>35</sup> Chandrani Chatterjee, Constitutional Manifestation of Land Acquisition Act: Its Factual Issues and Proposed Remedies in India, 10 *INDIAN J.L. & JUST.* 106 (March 2019).

Another major problem is the conflict between state and federal laws is another major hindrance in matters of land acquisition. States have tried, in effect, to escape the stringent provisions of the 2013 Act by enacting their own land-acquisition laws.<sup>36</sup> It has resulted in a fractious legal regime, bringing about greater discrepancies and confusion in matters relating to the acquisition process. Besides, the Act, in an automatic way, fails to recognize tenants, sharecroppers, and the non-titled owners earning their livelihood from the land, thus denying them compensation and rehabilitation.

## VIII. CONCLUSION AND SUGGESTIONS

The Land Acquisition Act, 2013, marks a step forward in reforming the obsolete process of land acquisition in India, set over 100 years ago by the Land Acquisition Act of 1894, and is truly an Act of emancipation. The land acquisition issues such as arbitrary acquisition, inadequate compensation, and displacement of vulnerable/disadvantaged communities are issues with very long histories. The Act is infused with principles of fairness, transparency, and social justice, through which it aims to redress some of the nagging problems in India's land acquisition process. It takes a balanced view of development to ensure that the land acquisition process for public or private projects impoverishes neither family nor household.

The major innovation brought about by the 2013 Act is that it empowers the landowners so that they can have a meaningful role in the acquisition process and so that forced displacement is not a common feature of the whole process. It has improved compensation ranging from twice to four times the market value of the land, which would be just and fair towards all the people affected. Also, the Act has visible Rehabilitation and Resettlement (R&R) provisions, absent in the 1894 Act.

They focus on all issues involved in loss of livelihood, housing, and ties to community in a much more integrated manner, and would then more appropriately form an addition to measures addressing dislocation impacts, supplemented by a Social Impact Assessment, which would limit acquisition of land only to those projects intended for which a proper socio-economic and environmental assessment has been previously performed.

The Act of 2013 mentions some implementations, and with its progressive structure, it can face challenges in executions. Yet, it is certainly one of the major breakthroughs toward realigning India's dreams for industrialization and urbanization with social justice, human rights, and sustainable development. Indeed, there has been a measure of progress in building a more equitable and inclusive land acquisition framework, yet sustained efforts are

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<sup>36</sup> M. L. Dantwala, *Land Reforms in India*, 66 INT'L LAB. REV. 419 (November-December 1952).

needed to fill gaps and overcome challenges in its practical application. The Act further signifies the conscientious line of balance development with safeguarding individual and community rights toward a more humane and legally robust approach to land acquisition in contemporary India.

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