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LEGISLATION TRACKER

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

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ACT NUMBER	YEAR ENACTED	REPLACES
Act No. 30 of 2013	**2013**	**Land Acquisition Act, 1894**

KEY PROVISIONS

1. Compensation at 2x market value in urban areas and 4x market value in rural areas (solatium included)
2. Mandatory Social Impact Assessment (SIA) before acquisition exceeding prescribed limits
3. Consent of 70% landowners required for PPP projects and 80% for private projects
4. Rehabilitation and Resettlement (R&R) entitlements for affected families including employment, housing, annuity
5. Return of unused land to original owners if not used within 5 years
6. Acquisition for 13 specified public purposes only (Section 2(1))
7. Retrospective application for cases where land was acquired but compensation not paid or possession not taken for 5 years

BACKGROUND

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act or RFCTLARR Act) was enacted on September 26, 2013 and came into force on January 1, 2014. It replaced the colonial-era Land Acquisition Act, 1894, which had been in force for 119 years and was widely criticised for inadequate compensation, absence of rehabilitation provisions, and lack of transparency in the acquisition process.

The old 1894 Act was a product of colonial governance designed to facilitate easy acquisition of land for the state. It provided for compensation at market value but with no solatium multiplier for rural areas, no rehabilitation or resettlement, and no consent requirement. Decades of displacement — from large dams (Sardar Sarovar, Tehri), SEZs (Nandigram, 2007), and industrial projects (POSCO, Vedanta) — built political pressure for reform. The Narmada Bachao Andolan led by Medha Patkar and the Singur-Nandigram agitations in West Bengal (2006-2008) were watershed moments.

The LARR Act is a significant departure from the 1894 framework because it treats land acquisition as a last resort, mandates prior consent and SIA, provides enhanced compensation with a solatium multiplier, and integrates rehabilitation and resettlement as an integral part of the acquisition process. Land is a State subject (Entry 18, List II, Seventh Schedule), but "acquisition and requisitioning of property" is in the Concurrent List (Entry 42, List III).

KEY CONCEPTS

- **Affected Family:** A family whose land or other immovable property has been acquired, or a family which is dependent on the land being acquired — includes agricultural labourers, tenants, share-croppers, artisans, and those whose livelihood is primarily dependent on the land (Section 3©)
- **Social Impact Assessment (SIA):** Mandatory study conducted by an independent multi-disciplinary expert group to assess the social impact of the proposed acquisition, determine whether public purpose is served, and whether alternatives exist to minimise displacement (Section 4)
- **Expert Group:** Independent group constituted by the appropriate government to evaluate the SIA report and determine whether acquisition serves public purpose, whether the extent of land proposed is the minimum needed, and whether alternatives have been explored (Section 7)
- **Solatium:** Additional amount paid over and above the market value — the Act mandates 100% solatium (i.e., market value is doubled) plus a multiplier of 1 to 2 for rural areas based on distance from urban centre, effectively resulting in 2x-4x compensation (First Schedule)
- **Rehabilitation and Resettlement (R&R) Award:** Separate from the compensation award, includes land-for-land (if available), constructed house, employment or one-time payment, annuity for 20 years, transportation allowance, and one-time resettlement allowance of Rs 50,000 (Second Schedule)
- **Public Purpose:** Defined exhaustively in Section 2(1) to include strategic/defence purposes, infrastructure projects, land for project-affected people, planned development, and residential purposes for specified categories

IMPORTANT PROVISIONS

Section 4 — Social Impact Assessment: Whenever the appropriate government intends to acquire land for a public purpose, it shall carry out an SIA in consultation with the Gram Sabha in rural areas or municipality in urban areas. The SIA study must be completed within 6 months and shall include assessment of public purpose, estimation of affected families, extent of land, whether alternatives have been considered, and social impact of displacement.

Section 10 — Preliminary Notification: After the SIA and Expert Group review, the government may issue a preliminary notification expressing intention to acquire land. This notification lapses if the declaration under Section 19 is not made within 12 months (extendable by 12 months).

Section 24 — Retrospective Application: For cases under the old 1894 Act where an award was made 5 years or more before the LARR Act came into force and physical possession was not taken or compensation was not paid, the proceedings shall be deemed to have lapsed. Fresh proceedings must be initiated under the new Act.

Section 26-30 — Determination of Compensation: Market value shall be the higher of: (a) minimum land value specified in the Indian Stamp Act for registration, or (b) average of the higher 50% of sale deed values in the preceding 3 years. To this, a solatium of 100% is added, plus a multiplier of 1 to 2 for rural areas. The total compensation in rural areas can effectively reach 4 times the market value.

Section 40 — Consent Requirement: For acquisition for private entities, prior consent of at least 80% of affected families is required. For PPP projects, prior consent of at least 70% of affected families is needed. For government projects for its own use, no consent requirement applies.

Section 101 — Return of Unused Land: If acquired land is not used for the stated purpose within 5 years from the date of taking possession (or any period specified at the time of acquisition), the land shall be returned to the original owner or the state land bank.

LANDMARK JUDGMENTS

Indore Development Authority v. Manoharlal (2020): A 5-judge Constitution Bench of the Supreme Court held that for Section 24(2) to apply and deem proceedings lapsed, both conditions must be met — compensation must not have been deposited AND physical possession must not have been taken. If either condition is fulfilled (compensation paid or possession taken), the old acquisition stands. This overruled the earlier Pune Municipal Corporation (2014) judgment.

Kedar Nath Yadav v. State of West Bengal (2016): The Supreme Court held that consent of the affected families under Section 40 is mandatory and non-compliance vitiates the acquisition. Acquisition without obtaining prescribed consent is illegal.

Savitri Devi v. State of Uttar Pradesh (2015): The Allahabad High Court held that Section 24 applies to all pending acquisitions under the 1894 Act where conditions are met, and the government cannot circumvent the new Act's provisions by citing urgency under the old Act.

Land Acquisition Reference Cases (Various, 2014-2023): Multiple High Courts have consistently held that the compensation formula under the LARR Act — including the solatium multiplier — is mandatory and the government cannot apply a lower multiplier than prescribed in the First Schedule.

RECENT AMENDMENTS / DEVELOPMENTS

LARR (Amendment) Ordinances, 2014-2015: The NDA government promulgated three successive ordinances (December 2014, April 2015, and May 2015) seeking to amend the LARR Act to: (a) exempt 5 categories of projects (defence, rural infrastructure, affordable housing, industrial corridors, and infrastructure

projects including PPPs) from SIA, consent, and food security provisions; (b) remove the return clause for unused land in these categories. The ordinances were not converted into law due to opposition in Parliament. The Amendments lapsed in August 2015.

State Amendments: Since land acquisition is in the Concurrent List, several states have passed their own amendments diluting the LARR Act: Tamil Nadu (2014) exempted government projects from SIA and consent; Gujarat (2016) exempted 6 categories from SIA and consent; Maharashtra and Telangana have similar exemptions. These state amendments have been challenged in courts.

PM Gati Shakti and Land Acquisition: The PM Gati Shakti National Master Plan (2021) aims to streamline infrastructure development across 16 ministries. The National Land Bank portal has been developed to identify government land available for industrial development, reducing the need for private land acquisition.

Digital Land Records: The Digital India Land Records Modernisation Programme (DILRMP) aims to digitise land records, which would make SIA and compensation determination more transparent and efficient under the LARR Act.

LARR (Amendment) Bill, 2025 — Food Security Safeguard: Introduced in Rajya Sabha during the Budget Session 2026, this Bill seeks to amend Section 10 by adding: (a) a new sub-section (5) prohibiting acquisition of irrigated multi-cropped agricultural land in regions notified as climate-vulnerable; and (b) a sub-section (6) mandating a Food Security Impact Assessment before any agricultural land is acquired, evaluating effects on productivity, food supply chains, and livelihoods, with findings made public and annexed to the SIA.

UPSC RELEVANCE

Consent requirements (70% PPP, 80% private), compensation multiplier (2x urban, up to 4x rural), SIA requirement, Section 24 retrospective provisions, 5-year return clause, replacement of 1894 Act, land in Concurrent List **Mains GS-2:** *Balance between development and land rights, eminent domain vs. right to property (Article 300A), consent and SIA as procedural safeguards, state amendments diluting central law* **Mains GS-3:** *Land acquisition for industrialisation, infrastructure development vs. agrarian distress, rehabilitation challenges, Singur-Nandigram as case studies* **Interview:** *"How do you balance infrastructure development needs with the rights of farmers whose land is being acquired?"*

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