

## **Land Acquisition**

### **Historical Context: Why Land Acquisition Reform Was Needed**

For over a century, land acquisition in India was governed by the Land Acquisition Act of 1894, a colonial-era law introduced by the British. This Act empowered the government—and even private entities acting under government direction—to forcibly acquire land from individuals for "public purposes" with little compensation and no requirement for consent from the landowners or affected communities.

Under this law, people—especially farmers and tribal communities—often lost their land and livelihoods without adequate recourse. The process lacked transparency and accountability. The compensation offered was typically well below market value, and there were no provisions for rehabilitation or resettlement of displaced families. As a result, land acquisition became synonymous with injustice, displacement, and economic hardship.

Over time, this triggered mass protests and legal battles across the country. One of the most widely known examples was the Singur land acquisition controversy in West Bengal, where farmers strongly resisted the acquisition of agricultural land for a car manufacturing plant. Similar resistance emerged in other parts of India, causing major infrastructure and industrial projects to be delayed or abandoned due to litigation and public opposition.

The growing number of conflicts underscored the urgent need to replace the out-dated 1894 law with one that respected the rights and dignity of landowners, ensured fair compensation, and introduced transparency and consent-based mechanisms. This led to the enactment of a more progressive framework in 2013—the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (RFCTLARR).

### **Key Features of the Act:**

**a. Fair compensation:** The RFCTLARR Act, 2013 was enacted to overhaul India's out-dated and unjust land acquisition framework, replacing the colonial-era Land Acquisition Act of 1894. The new legislation introduced significant reforms that sought to balance the need for infrastructure development with the rights and dignity of those whose land was being acquired. One of the most notable reforms was the provision for fair compensation. Under this law, landowners in urban areas are entitled to receive at least twice the market value of their land, while those in rural areas are to receive at least four times the market value. In

addition to this, the Act mandates the payment of a solatium, which is an additional 100% of the market value, acknowledging the involuntary nature of land acquisition and attempting to soften the blow to affected parties.

**b. Rehabilitation and resettlement (R&R)** The Act also made it compulsory for the government to implement comprehensive rehabilitation and resettlement (R&R) measures. Unlike the previous law, which focused only on compensating landowners, the 2013 Act recognized that many people—such as tenants, labourers, and artisans—depend on land for their livelihoods, even if they do not own it. Hence, displaced families must be provided with alternate housing, livelihood assistance, and access to social infrastructure like schools and healthcare in resettlement areas. This broadened the focus from just compensation to holistic rehabilitation.

**c. Consent Requirement:** Another important reform introduced by the RFCTLARR Act is the requirement of consent from affected families. For land acquisitions intended for private sector projects, the law requires that at least 80% of the affected families must give their consent. For Public–Private Partnership (PPP) projects, 70% consent is required. This provision ensures that local communities are active participants in the decision-making process and are not simply dispossessed against their will.

**d. Social Impact Assessments (SIA):** To further ensure transparency, the law introduced Social Impact Assessments for all large-scale acquisitions. These assessments are not mere formalities but are meant to be detailed studies involving public consultations and hearings. The SIA evaluates the potential consequences of the project on local communities and the environment and considers whether there are viable alternatives to land acquisition. This process helps build trust among stakeholders and prevents hasty or unjustified acquisitions.

**e. Food security:** The Act also contains provisions to protect India's food security. It places restrictions on the acquisition of multi-crop irrigated land, which is often the most fertile and productive. The rationale here is to prevent the reckless conversion of agricultural land for industrial or commercial purposes, which could undermine national food production in the long run.

**f. Return of unutilized land:** Another major innovation is the return of unutilized land. If acquired land remains unused for a period of five years from the date of acquisition, the law mandates that it should be returned to the original owners or to the state's land bank. This

discourages speculative acquisition and ensures that land is acquired only when it is genuinely required and likely to be used in a timely manner.

Despite its progressive intent, the Act has faced criticism from the industry and infrastructure sectors. Many developers and state agencies argue that the requirement of obtaining consent and conducting SIAs introduces significant procedural delays and increases project costs. For example, securing the consent of 70–80% of landowners can be difficult in fragmented landholdings, where a small number of dissenters can stall entire projects. Conducting an SIA, followed by multiple rounds of hearings and clearances, can extend the timeline of acquisition by years, making it less feasible for time-sensitive infrastructure and industrial projects.

**2015 Amendment Attempt and Its Fallout:** These concerns led the NDA government to attempt an amendment to the Act in 2015 through an ordinance and a subsequent bill. The proposed amendments sought to exempt five categories of projects—such as those related to defense, rural infrastructure, affordable housing, industrial corridors, and certain PPP infrastructure—from the consent and SIA requirements. The justification was that these projects served urgent public purposes and should not be delayed by procedural hurdles. The amendment also proposed redefining the term "private company" to "private entity" to allow acquisitions by a wider range of organizations, including trusts and NGOs.

However, the 2015 amendment attempt met with severe political opposition and public backlash, particularly from farmers' groups and civil society. Critics argued that removing consent and SIA provisions would bring back coercive acquisitions and undermine the very spirit of the 2013 Act. The government eventually withdrew the amendment, and the ordinance lapsed, leaving the original Act intact.

In the wake of the central government's withdrawal, several states began to amend the 2013 Act independently, using provisions that allow state-level modifications with the President's assent. States like Gujarat, Maharashtra, and Rajasthan introduced their own versions of the amendment, exempting certain projects from SIA and consent requirements. Tamil Nadu retained its pre-existing state laws under the protection of the 2013 Act. Telangana also introduced emergency provisions for irrigation projects. As a result, land acquisition policies across India have become uneven, with some states being more industry-friendly than others.

**Current Bottlenecks in Acquisition:** Under the current framework, acquiring land for major projects remains complex and time-consuming. The consent requirement, while empowering, can become a bottleneck in projects involving large numbers of stakeholders. Litigation is still prevalent, especially in disputes over compensation or land titles, which can further delay projects. The high compensation rates, though fair to landowners, raise project costs and strain public budgets, especially in rural areas where land is abundant but undervalued in market terms.

**Successes and Emerging Alternatives:** Despite these challenges, the RFCTLARR Act has been successful in reducing conflict. The perception of fairness in compensation and process has improved significantly. People are more willing to part with land when they feel they are being treated justly. New models like land pooling—where landowners become partners in development and receive a share of developed land—are emerging as alternatives to traditional acquisition. Such models were used in cities like Amaravati and parts of Delhi, showing that mutually beneficial arrangements are possible.

Another area of related reform is the digitization of land records. One of the key barriers to smooth acquisition is unclear land ownership. Programs like the Digital India Land Records Modernization Programme (DILRMP) and the SVAMITVA scheme aim to create accurate, digital land records through satellite and drone mapping. Clear and verified land titles will make future acquisitions more transparent and less prone to disputes.

Looking ahead, India's land acquisition policy remains a work in progress. While the 2013 Act has brought justice and transparency, it also poses hurdles to rapid industrialization and infrastructure expansion. The central government may refrain from another sweeping reform attempt, choosing instead to support state-level innovations. Concepts like leasing land instead of buying it, offering long-term annual payments, or giving displaced landowners a share in project revenues are being explored. These could make the acquisition process more participatory and less adversarial.

**Conclusion:** In summary, the RFCTLARR Act of 2013 marked a paradigm shift in land governance in India. It replaced coercion with consultation and meager compensation with fairness. It reinforced the idea that development must not come at the cost of justice. However, to sustain this balance, on-going reforms, innovations, and a focus on community trust-building are essential. Land acquisition is not just a legal or economic issue—it is deeply social and political, and any lasting reform must honour that complexity.

## **Labour Laws**

### **Background: The Old Labour Law Regime and the Need for Change**

India's labour law system historically comprised a complex web of legislation. There were 29 central labour laws and numerous additional state-level laws, covering diverse issues such as industrial disputes, wages, trade unions, social security, and workplace safety. Prominent among these were the Industrial Disputes Act, 1947, Factories Act, 1948, Minimum Wages Act, 1948, and Employees' Provident Fund Act, 1952.

While these laws served important purposes during the early phases of India's industrial development, over time they became increasingly fragmented and outdated. Many of the legal provisions failed to reflect the realities of the modern economy—especially with the rise of new employment models like gig work and platform-based services. The definitions of employment, employer-employee relationships, and wage structures were narrow and rigid, often excluding vast segments of the evolving workforce.

For employers, navigating these multiple laws posed serious operational challenges. Different statutes required separate registers, filings, and inspections. The same establishment could be subject to visits from multiple enforcement officers under different laws, making compliance both resource-intensive and time-consuming. This created a perception of excessive regulatory burden, particularly for small and medium enterprises (SMEs), which often lacked the capacity to manage such complex requirements.

On the workers' side, most protections enshrined in the older laws were applicable only to the formal sector—enterprises that employed more than a certain threshold of workers (typically 10 or 20). As a result, the majority of Indian workers—over 90% of whom are employed in the informal sector—remained outside the protective ambit of labour laws. This informal workforce often lacked basic rights such as minimum wages, social security coverage, and safe working conditions.

Another area of concern was the rigidity in employment practices. For instance, under the Industrial Disputes Act, firms employing 100 or more workers were required to obtain government approval before effecting layoffs, retrenchments, or closure. In practice, such permissions were difficult to obtain, discouraging businesses from expanding their workforce beyond the threshold. This regulatory constraint contributed to the proliferation of small-scale

enterprises and disincentivized formal employment creation. It also led many firms to rely on contractual or casual labour, offering minimal job security or benefits.

Given these systemic issues— Obsolete provisions, legal fragmentation, administrative hurdles, and the exclusion of a majority of workers—there was growing consensus on the need for comprehensive labour law reform. The objective was not only to simplify and modernize the legal structure but also to strike a balance between promoting ease of doing business and ensuring the welfare and rights of workers across all sectors, including the unorganized and gig economies.

### **Objectives of Labour Law Reforms**

The reform was grounded in several strategic objectives:

- a. Simplify and unify:** Reducing 29 central laws into four coherent codes to lower compliance burdens, avoid duplication, and improve clarity for both employers and workers.
- b. Promote Transparent and Predictable Enforcement:** Moving towards digital, risk-based inspections and simplified self-certifications to curb arbitrary regulatory enforcement and create a transparent compliance ecosystem.
- c. Expand inclusiveness:** Extending basic protections like minimum wages, maternity benefits, and social security to all workers—including those in unorganized, gig, or platform-based roles that were previously excluded
- d. Boost labour market flexibility:** Raising thresholds for layoffs and closures to encourage company growth, while balancing worker rights through standardized rules on retrenchment, fixed-term employment, and dispute resolution.
- e. Modernize social protections:** Offering universal pension, insurance, and provident schemes that can cover workers in informal segments via centralized platforms like e-Shram and enabling aggregator contributions for gig worker

### **The Four Labour Codes (2019–2020)**

To overhaul the existing regime, the government consolidated the 29 central laws into four new codes:

**a. Code on Wages, 2019:** This code merges four existing laws: the Minimum Wages Act, Payment of Wages Act, Bonus Act, and Equal Remuneration Act. It universalizes the minimum wage across all sectors, not just scheduled employments, ensuring a basic income floor for every worker. It also mandates timely wage payments and introduces a simplified definition of wages. A national floor wage is proposed to ensure uniformity and prevent exploitation, particularly in the unorganized sector.

**b. Industrial Relations (IR) Code, 2020:** This code consolidates the Industrial Disputes Act, Trade Unions Act, and Industrial Employment (Standing Orders) Act. It raises the threshold for government permission on retrenchment and closure from 100 to 300 workers, aiming to reduce hiring hesitations among employers. The code legalizes Fixed Term Employment, allowing short-duration contracts with equal benefits. It introduces a Reskilling Fund for retrenched workers and streamlines union recognition—any union with 51% support becomes the sole negotiating agent. While it simplifies industrial relations, it also imposes notice requirements and conditions for strikes, which unions have criticized as restrictive.

**c. Social Security Code, 2020:** This code amalgamates nine laws, including the EPF Act, ESI Act, and laws related to gratuity, maternity benefits, and construction workers. It expands coverage to include gig workers and platform workers through a national database (e.g., e-Shram portal). The code enables formulation of welfare schemes (e.g., health insurance, provident fund) for these categories and introduces mechanisms for aggregator-funded benefits. It reduces the gratuity eligibility period for fixed-term workers and seeks to provide universal social protection.

**d. Occupational Safety, Health and Working Conditions (OSH) Code, 2020:** The OSH Code brings together laws like the Factories Act, Mines Act, and Contract Labour Act. It aims to standardize safety, health, and welfare measures across workplaces. It simplifies registration and licensing procedures by providing a single registration for multiple labour categories. The code also introduces progressive measures such as allowing women to work night shifts with adequate safety, and providing health safeguards for all workers, including those in gig roles.

### **Impact and Implementation of the Four Labour Codes:**

The enactment of the four labour codes marks a landmark reform in India's labour regulatory architecture. These codes consolidate 29 existing central labour laws into a simplified, coherent legal framework, thereby replacing a previously fragmented and often outdated system. Designed to be inclusive, the codes extend legal protections and entitlements to workers across both the formal and informal sectors.

A key feature is the introduction of a national floor wage, which aims to address disparities in wage levels across states and ensure a minimum standard of living for all workers. Additionally, inter-state migrant workers are expected to benefit from greater portability of social security benefits, facilitated through the proposed National Database of Unorganised Workers. This mechanism seeks to allow workers to retain and access benefits regardless of their location, promoting mobility and security.

From the employer's perspective, the codes intend to reduce compliance burdens by introducing unified definitions, streamlined processes, and digitized systems such as single returns and online registrations. These changes are aimed at fostering a business-friendly environment and improving industrial relations. Provisions that allow more flexibility in employment termination and workforce adjustments are expected to incentivize firms to expand hiring without the fear of rigid exit barriers.

When fully operational, the new labour codes could deliver a range of benefits:

First, they promise a simplified compliance framework. By introducing single returns, digital inspections, and provisions for self-certification, the codes aim to reduce bureaucratic friction, thereby improving the ease of doing business—especially for small and medium enterprises.

Second, the reforms are likely to provide greater flexibility to employers in workforce management, particularly in hiring and scaling operations. This may encourage a shift toward formal employment, helping reduce India's disproportionately large informal sector, which currently lacks job security and benefits.

Third, by recognizing and integrating gig and unorganized workers into the labour framework, the codes lay the groundwork for an inclusive social security system. Through universal minimum wage mandates, contributory welfare schemes, and national worker databases, the reforms aim to deliver structured protection to segments previously excluded from mainstream coverage.



Although the four labour codes were passed by Parliament between 2019 and 2020, their implementation has been staggered. Labour is a subject under the Concurrent List of the Indian Constitution, which means both the central and state governments must draft and notify the corresponding rules for the laws to come into force.

As of now, the central government has finalized its rules, and several states have followed suit. However, a few states are still in the process of drafting or notifying the required rules, resulting in a lack of nationwide uniformity. This divergence has delayed full-scale implementation and prevented the creation of a seamless national framework.

Moreover, stakeholder consultations are ongoing. Employers, trade unions, and state authorities continue to deliberate on various provisions, including their practical implications and operational challenges. Despite the delays, the central government has signaled that it intends to implement the codes once a majority of states are prepared.

### **Challenges:**

Despite these anticipated benefits, several critical concerns remain:

Worker organizations and trade unions have raised objections regarding potential dilution of existing labour protections. Provisions such as the increased threshold for mandatory government approval before retrenchment, and allowances for longer working hours, are viewed as steps that could erode job security and weaken worker rights.

Moreover, the effectiveness of implementation hinges on state-level administrative capacity. While the codes seek to simplify regulatory oversight, there is a risk that reduced inspection and compliance mechanisms could result in weaker enforcement, leading to exploitation—particularly in smaller or informal enterprises.

Finally, the pace of state-level notifications has been uneven. Some codes, such as the Occupational Safety, Health and Working Conditions Code, have witnessed limited uptake among states, possibly due to pushback from entrenched interest groups or resource constraints within state labour departments.

**Conclusion:** Despite some implementation hurdles and opposition from labour unions, the labour codes represent a significant step toward building a modern, equitable, and efficient labour market. Key challenges moving forward include ensuring effective execution,

reaching all eligible workers, and addressing the legitimate concerns raised by trade unions and civil society.

The success of these reforms will depend on cooperative federalism, robust enforcement mechanisms, and stakeholder awareness. Educational institutions have a key role to play by equipping future legal professionals with the knowledge and perspective to uphold the spirit of these reforms and advocate for just labour practices. With coordinated effort, the labour codes can pave the way for a more resilient and inclusive employment ecosystem in India.

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