Land management body

Part of: GS-III- Economy-Land (PT-MAINS-PERSONALITY TEST)

The task force noted there is a need for a separate organisation, which can work with various government departments including Railways and Defence Ministry to utilise their surplus land assets.

Context

A government panel on boosting infrastructure investment has recommended setting up a National Land Management Corporation, which would help in monetising state-owned surplus land assets in a systematic and specialised way.

Imp Points

- Such a corporation should be set up under Companies Act to function as the facilitator for land monetisation and an asset manager for lands owned by government of India and Central Public Sector Enterprises.
- It has recommended that a chief executive officer (CEO) and a technical team be hired at market-linked compensation to carry out land monetisation.
- The Corporation can raise capital from the equity market, based on the value of its leased assets, just like it has been done recently by some private-owned Real Estate Investment Trusts (REITS), which were listed on the stock exchanges last year.
- The task force noted there is a need for a separate organisation, which can work with various government departments including Railways and Defence Ministry to utilise their surplus land assets.
- After setting up the proposed Corporation, which will identify and manage surplus land assets, concessioning of the land should be done through this special purpose vehicle that would provide land on lease basis or other revenue sharing modes (including sale of land) for commercial purpose.
- The panel recommended the Corporation consider development or co-development of land belonging to defence or railways as well.
- It can also take up co-development of private land parcels adjoining government lands to maximise revenue.

EXPLAINED

Will help in raising funds from market

- The government has been trying to monetise surplus land assets with departments and state-owned companies for the last couple of years.
- Despite large tracts of commercial viable land being available, there has been limited progress on this front.
- The National Land Management Corporation, with a professional team from the market, is being proposed to speed up progress in this area.
- A pipeline of income-yielding properties can be created by such a corporation, which can, in turn, raise funds from the market.

Working module
Apart from a CEO and technical team, it has been proposed that the Corporation have representation from senior officials of the Finance Ministry, Department of Public Enterprises, Ministry of Housing and Urban Affairs as well as independent directors from finance and real estate industry.

Besides maintaining an inventory of public land, the Corporation will develop model concession agreements for land development and sale, legal management of litigation/encumbrances relating to land, development planning, design and bid process management.

Operational requirements like change of land usage and revenue management functions will also entrusted with the Corporation.

Along with monetisation of land assets, the task force on National Infrastructure Pipeline, in its report submitted to the government last week, also suggested measures including strengthening of the municipal bond market, deepening of corporate bond markets, and setting up Development Financial Institutions for infrastructure sector. The task force pegged the total expected capital expenditure for infra sector at Rs 111 lakh crore in the next five years.

Having income earning inventory of assets would enable the Corporation to raise equity capital or debt from the markets. These funds can be deployed for development of surplus land assets, creating a pipeline of developable assets. The Corporation may adopt different models for land monetisation, including securitising a pool of assets through structures like REITs and InvITs. Successful bidders in projects could either make large upfront payment for the assets combined with annual payments, or small or zero upfront payment with annual payments.