
LAND ACQUISITION LAW IN INDIA: A CRITICAL STUDY OF THE RIGHT TO FAIR COMPENSATION AND TRANSPARENCY IN LAND ACQUISITION, REHABILITATION AND RESETTLEMENT ACT, 2013

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ABSTRACT

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act, 2013) represents a significant departure from the colonial framework governing land acquisition in India. Enacted to replace the Land Acquisition Act of 1894, the legislation seeks to balance the state's power of eminent domain with the constitutional and human rights of landowners and affected persons. This paper critically examines the objectives, key provisions, and practical functioning of the LARR Act, 2013, with particular emphasis on fair compensation, transparency, social impact assessment, consent requirements, and rehabilitation and resettlement mechanisms. Through an analysis of statutory provisions, judicial interpretations, and implementation challenges, the study highlights both the progressive features of the Act and the persistent gaps in its execution. It argues that while the Act marks an important step toward a rights-based approach to land acquisition, its effectiveness is undermined by administrative inefficiencies, state-level dilutions, and economic and developmental pressures. The paper concludes with recommendations aimed at strengthening implementation, ensuring uniform application, and achieving a more equitable balance between development and social justice.

Keywords: Land Acquisition; LARR Act, 2013; Fair Compensation; Social Impact Assessment; Rehabilitation and Resettlement; Eminent Domain; Property Rights; Public Purpose; Transparency in Governance.

Introduction

Land acquisition has historically been one of the most contentious areas of public law in India, lying at the intersection of development, governance, and individual property rights. The power of the state to compulsorily acquire private land for public purposes, commonly referred to as the doctrine of eminent domain, has often resulted in conflict between the objectives of economic development and the rights and livelihoods of landowners and affected communities. For more than a century, land acquisition in India was governed by the Land Acquisition Act, 1894, a colonial statute that prioritised state authority and infrastructural expansion while offering limited safeguards in terms of compensation, transparency, and rehabilitation.¹

The inadequacies of the 1894 Act became increasingly evident in post-independence India, particularly with the expansion of industrialisation, urbanisation, and large-scale infrastructure projects. Forced displacement, inadequate compensation, lack of consultation with affected persons, and the absence of a comprehensive rehabilitation framework led to widespread social unrest and legal challenges.² Moreover, the narrow conception of property rights following the removal of the right to property as a fundamental right under the Forty-Fourth Constitutional Amendment further weakened the position of landowners and displaced persons.

In response to these concerns, the Indian Parliament enacted the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The Act sought to introduce a paradigm shift by adopting a rights-based approach to land acquisition, emphasising fair compensation, transparency in the acquisition process, mandatory social impact assessments, consent of affected landowners in certain cases, and a structured rehabilitation and resettlement mechanism.³ By doing so, the legislation aimed to reconcile the competing interests of development and social justice.

This research paper undertakes a critical examination of the LARR Act, 2013, analysing its

¹ Chanchal Kumbhkar, *Land Acquisition in India: A Critical Study Concerning Legal Rights*, Lawctopus Academike (Oct. 14, 2024), <https://www.lawctopus.com/academike/land-acquisition-in-india-a-critical-study-concerning-legal-rights/> (accessed on 31st December 2025).

² Kaushiki Sanyal, *Land Acquisition: Public Realm, Private Gain*, The PRS Blog (Sept. 8, 2010) , <https://prsindia.org/theprsblog/land-acquisition-public-realm-private-gain?page=220&per-page=1> (accessed on 30th December 2025).

³ Namita Wahi et al., *Land Acquisition in India: A Review of Supreme Court Cases from 1950 to 2016* (Centre for Policy Research, 2017) , <https://cprindia.org/wp-content/uploads/2021/12/Land-Rights-Report-Final.pdf> (accessed on 28th December 2025).

legal framework, objectives, and effectiveness in addressing the historical injustices associated with land acquisition in India. It explores whether the Act has succeeded in ensuring equitable compensation and meaningful rehabilitation while facilitating development and assessing the challenges that continue to impede its effective implementation.

Rationale and Need for Reform

The enactment of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, was driven by the long-standing inadequacies of the Land Acquisition Act, 1894, and the growing demand for a more humane, transparent, and participatory legal framework.⁴ The colonial land acquisition regime was designed primarily to serve imperial interests, granting sweeping powers to the State with minimal regard for the rights and welfare of affected landowners and communities. Its continued application in independent India led to systemic injustices and social discontent.

One of the primary rationales for reform was the inadequate and arbitrary determination of compensation under the 1894 Act. Compensation was largely based on outdated market values and failed to account for the true economic loss suffered by landowners, particularly farmers and rural communities whose livelihoods were intrinsically linked to land. The absence of solatium, reflective of actual displacement costs, resulted in widespread impoverishment of displaced persons.⁵

Another critical concern was the lack of transparency and public participation in the acquisition process. The 1894 Act did not mandate prior consultation with affected persons, nor did it require an assessment of the social, economic, or environmental consequences of acquisition. Decisions were often taken unilaterally by the State, leading to mistrust, resistance, and prolonged litigation.

The absence of a statutory rehabilitation and resettlement framework further underscored the need for reform. Displacement under the old regime was treated as an incidental consequence of development rather than a human and social issue requiring redress. Millions of displaced

⁴ Pratik Gautam, *Land Acquisition in India: History and Present Scenario*, 7 Int'l J. Novel Res. & Dev. 587 (Dec. 2022), <https://www.ijnrd.org/papers/IJNRD2212080.pdf> (accessed on 28th December 2025).

⁵ Kanad Bagchi, *The Land Acquisition Debate: A Review*, Observer Research Foundation (Aug. 16, 2012), <https://www.orfonline.org/research/the-land-acquisition-debate-a-review> (accessed on 28th December 2025).

families were left without alternative livelihoods, housing, or social security, exacerbating inequality and marginalisation, especially among tribal and vulnerable communities.

Additionally, the broad and undefined scope of “public purpose” enabled misuse of acquisition powers for private and commercial interests under the guise of public welfare.⁶ This blurred distinction between public interest and private profit intensified opposition to land acquisition projects and eroded public confidence in state action.

The growing number of land-related protests, judicial interventions, and policy debates highlighted the urgent need for a comprehensive legal overhaul. The LARR Act, 2013, emerged as a response to these challenges, aiming to rectify historical injustices by ensuring fair compensation, enhancing procedural transparency, mandating social impact assessments, securing consent in certain cases, and institutionalising rehabilitation and resettlement. The reform was thus rooted in the recognition that development cannot be sustainable or legitimate unless it is inclusive, just, and respectful of the rights and dignity of affected individuals and communities.

Legal Framework and Key Provisions

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013, establishes a comprehensive legal framework intended to ensure that land acquisition is conducted in a just, transparent, and participatory manner. The Act introduces substantive and procedural safeguards to protect the interests of landowners and affected families, marking a clear departure from the acquisition regime under the Land Acquisition Act, 1894.

3.1. Fair Compensation

One of the most significant reforms introduced by the LARR Act, 2013, relates to the determination of compensation. The Act mandates that compensation must be fair, adequate, and reflective of the actual loss suffered by landowners due to acquisition. Unlike the earlier

⁶ Nakshatra Gujrati, *Land Acquisition Act: History & The Need to Strike Down Right to Property*, Manupatra Articles (Sept. 20, 2022), <https://articles.manupatra.com/article-details/Land-Acquisition-Act-History-The-Need-to-Strike-Down-Right-to-Property> (accessed on 30th December 2025).

regime, compensation is not confined to a narrow interpretation of market value.

The compensation framework under the Act is based on the market value of the land, determined through prescribed methods such as the average sale price of similar land in the vicinity or the consented amount in private acquisitions.⁷ To account for regional disparities, the Act introduces a multiplier factor, which varies for rural and urban areas, with rural landowners receiving a higher multiplier to reflect their greater dependence on land for livelihood. Additionally, the Act provides for 100 per cent solatium over and above the market value in most cases, recognising the involuntary nature of acquisition and the emotional and social costs associated with displacement.

This enhanced compensation mechanism aims to more accurately reflect the true cost of land acquisition and to prevent the economic impoverishment of displaced persons, a recurring concern under the previous legal framework.

3.2. Social Impact Assessment (SIA)

A key procedural safeguard introduced by the Act is the mandatory Social Impact Assessment (SIA) prior to land acquisition. The SIA is intended to ensure that acquisition decisions are informed, transparent, and socially justified. Before initiating an acquisition, authorities are required to assess the potential impact of the project on affected families and communities.

The SIA examines factors such as the impact on livelihoods, displacement of families, effects on local infrastructure, and broader social and ecological costs. It also evaluates whether the proposed acquisition genuinely serves a public purpose and whether alternative options exist that would minimise displacement. The findings of the SIA are made public, promoting transparency and accountability, and serve as a critical input in determining compensation, rehabilitation, and consent requirements.

By institutionalising the SIA process, the Act seeks to shift land acquisition from a purely administrative exercise to a participatory and evidence-based decision-making process.

⁷ Kaushiki Sanyal, *Land Acquisition: Public Realm, Private Gain*, The PRS Blog (Sept. 8, 2010), <https://prsindia.org/theprsblog/land-acquisition-public-realm-private-gain?page=220&per-page=1> (accessed on 30th December 2025).

3.3. Consent and Rehabilitation

The LARR Act, 2013, introduces consent requirements in cases of land acquisition for private companies and public-private partnership (PPP) projects, thereby limiting arbitrary state intervention. For acquisitions undertaken for private projects, the consent of 80 per cent of affected landowners is mandatory, while 70 per cent consent is required for PPP projects. This provision reflects an attempt to democratize land acquisition and ensure that affected persons have a meaningful voice in decisions that directly impact their lives.⁸

In addition to consent, the Act provides a detailed framework for rehabilitation and resettlement (R&R). R&R entitlements extend beyond landowners to include livelihood losers and other affected families. These packages may include employment opportunities, annuities, housing benefits, subsistence allowances, and infrastructural facilities at resettlement sites. The emphasis on rehabilitation underscores the recognition that displacement is not merely a loss of property but a disruption of social and economic life.

3.4. Lapsing of Acquisition

Section 24(2) of the Act contains an important transitional provision addressing acquisitions initiated under previous laws. It stipulates that where land acquisition proceedings were initiated under the Land Acquisition Act, 1894, but compensation has not been paid or physical possession has not been taken for a period of five years, such proceedings shall be deemed to have lapsed.⁹

This provision has had far-reaching implications and has generated extensive litigation across the country. Courts have been called upon to interpret the scope and applicability of Section 24(2), particularly in cases involving partial payment of compensation or symbolic possession. While the provision aims to prevent indefinite uncertainty and protect landowners from prolonged acquisition proceedings, it has also posed challenges for infrastructure projects and administrative authorities.

⁸ Namita Wahi et al., *Land Acquisition in India: A Review of Supreme Court Cases from 1950 to 2016* (Centre for Policy Research, 2017), <https://cprindia.org/wp-content/uploads/2021/12/Land-Rights-Report-Final.pdf> accessed on 28th December 2025.

⁹ Kaushiki Sanyal, *Land Acquisition: Public Realm, Private Gain*, The PRS Blog (Sept. 8, 2010), <https://prsindia.org/theprsblog/land-acquisition-public-realm-private-gain?page=220&per-page=1> (accessed on 30th December 2025).

4. Judicial Interpretation

Judicial interpretation has played a decisive role in shaping the scope, applicability, and effectiveness of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013. Since its enactment, courts—particularly the Supreme Court of India and various High Courts—have been repeatedly called upon to interpret ambiguities in the statute, reconcile it with prior acquisition laws, and adjudicate disputes arising from its implementation. Through these decisions, the judiciary has emerged as a crucial guardian of landowners' rights, while simultaneously attempting to balance developmental imperatives.

A major area of judicial engagement has been the application of the LARR Act, 2013, to pending acquisitions initiated under the Land Acquisition Act, 1894. Several High Courts have clarified that where acquisition proceedings were initiated before 1 January 2014 (the date on which the LARR Act came into force) but had not attained finality, the determination of compensation must conform to the provisions of the 2013 Act.¹⁰ Courts have consistently held that mere issuance of a notification under the 1894 Act does not conclude acquisition; rather, unless compensation has been paid and possession taken, affected landowners are entitled to the enhanced compensation regime under the new law. This interpretation reflects a purposive approach, ensuring that landowners are not denied the benefits of a welfare-orientated statute due to administrative delays or inaction.

The judiciary has emphasised that the LARR Act is beneficial legislation, enacted to remedy historical injustices faced by landowners and displaced communities. Consequently, courts have often interpreted its provisions liberally in favour of affected persons. High Court decisions have underscored that compensation under the Act must not be treated as a mere statutory formality but as a substantive right flowing from principles of fairness, equity, and constitutional governance. This judicial approach has significantly strengthened the rights of landowners whose land acquisition proceedings were stalled for years under the earlier regime.

Another critical dimension of judicial interpretation concerns Section 24(2) of the LARR Act, 2013, which provides for the lapsing of acquisition proceedings initiated under the 1894 Act if

¹⁰ Deepika, *Political Economy of Land Acquisition in India*, 5 Int'l J. Humanities & Soc. Sci. Rsch. 132 (Sept. 2019), <https://socialsciencejournal.in/assets/archives/2019/vol5issue5/5-5-38-183.pdf> (accessed on 30th December 2025).

compensation has not been paid or possession has not been taken for five years or more. This provision has been one of the most litigated aspects of the Act, giving rise to extensive judicial scrutiny and conflicting interpretations in the initial years of its operation.

Courts have examined questions such as what constitutes “payment” of compensation, whether symbolic or paper possession satisfies the requirement of possession, and how delays attributable to landowners or litigation should be treated. Judicial scrutiny of Section 24(2) cases has frequently resulted in the declaration of acquisition lapses, thereby restoring land to original owners and compelling authorities to reinitiate acquisition proceedings under the LARR Act, 2013, if land was still required for public purposes. These decisions have served as a powerful check against prolonged and indefinite acquisition processes that leave landowners in a state of uncertainty.

At the same time, the judiciary has sought to prevent misuse of Section 24(2) by clarifying that the provision cannot be invoked mechanically. Courts have held that where compensation has been duly deposited in court or where possession has been legally and physically taken, the acquisition would not lapse merely due to technical or procedural lapses. This balanced interpretation reflects the judiciary’s attempt to prevent both administrative arbitrariness and opportunistic litigation while preserving the legislative intent of protecting landowners from unjust delay.

Judicial interpretation has also extended to the principles of transparency and procedural compliance embedded in the LARR Act. Courts have reiterated that failure to comply with mandatory procedures, such as conducting Social Impact Assessments, ensuring public hearings, or adhering to consent requirements in applicable cases, can render acquisition proceedings vulnerable to judicial invalidation. By insisting on strict compliance with statutory safeguards, courts have reinforced the idea that land acquisition under the 2013 Act is not merely an executive function but a rule-bound process subject to constitutional scrutiny.¹¹

Furthermore, judicial decisions have highlighted the constitutional underpinnings of the LARR Act. Although the property right is no longer a fundamental right, courts have repeatedly emphasised that it remains a constitutional right under Article 300A. Any deprivation of

¹¹ Contemporary Issues and Challenges of Land Acquisition Law in India, CEERA-NLSIU (May 29, 2019), <https://ceerapub.nls.ac.in/contemporary-issues-and-challenges-of-land-acquisition-law-in-india/> (accessed on 30th December 2025).

property must therefore be in accordance with law, fair procedure, and just compensation. The judiciary has linked the objectives of the LARR Act with broader constitutional values such as dignity, equality, and social justice, particularly in cases involving farmers, tribal communities, and other vulnerable groups.¹²

Judicial intervention has also exposed implementation gaps in the functioning of acquisition authorities. In several cases, courts have criticised administrative apathy, lack of coordination between departments, and failure to disburse compensation or implement rehabilitation measures promptly. Such observations underline the judiciary's role not only as an interpreter of law but also as an institutional actor highlighting systemic deficiencies in governance.

At the same time, courts have been conscious of the developmental consequences of acquisition lapses. Judicial pronouncements have acknowledged that infrastructure projects of national importance may suffer delays due to litigation arising from Section 24(2) and other provisions. In response, courts have attempted to strike a careful balance—protecting landowners' rights while ensuring that genuine public interest projects are not indefinitely stalled due to procedural irregularities that can be rectified.

Overall, judicial interpretation of the LARR Act, 2013, has significantly influenced its practical operation. By clarifying the applicability of the Act to pending acquisitions, rigorously scrutinising lapsing provisions, and enforcing procedural safeguards, courts have reinforced the statute's rights-based character. These decisions underscore the importance of statutory compliance, administrative accountability, and timely execution of acquisition processes. Most importantly, judicial interpretation has provided substantive protection to landowners and affected families against delayed, incomplete, or coercive acquisition, thereby advancing the broader objectives of fairness, transparency, and social justice envisioned by the LARR Act, 2013.

5. Implementation Challenges

Despite its progressive intent and rights-based orientation, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013, has faced

¹² King Stubb & Kasiva, *Assessing India's Land Acquisition Act, 2013: Impact* (Apr. 20, 2023), <https://ksandk.com/real-estate/assessing-indias-land-acquisition-act-2013-impact/> (accessed on 29th December 2025)

significant implementation challenges. While the Act was designed to correct historical injustices and introduce procedural safeguards, its practical application across states has revealed gaps between legislative intent and administrative reality.¹³ These challenges stem from state-level dilution of provisions, institutional weaknesses, economic concerns, and structural issues within the consent framework. Together, they have constrained the Act's transformative potential.

5.1. Dilution by States

One of the most significant challenges in implementing the LARR Act, 2013, has been the dilution of its core protections by state governments. Although land acquisition falls within the Concurrent List under the Indian Constitution, enabling both the Union and states to legislate, several states have exercised this power to amend or bypass key provisions of the central legislation. These state-level amendments have often weakened consent requirements, Social Impact Assessment (SIA) processes, and compensation norms.

In several states, exemptions have been granted to certain categories of projects—such as industrial corridors, infrastructure projects, and special economic zones—from mandatory SIAs and consent requirements. Such exemptions undermine the participatory framework envisioned by the Act and reintroduce discretionary executive power reminiscent of the colonial acquisition regime. Additionally, some states have reduced compensation multipliers, particularly for rural land, significantly lowering the financial protection available to landowners.

These dilutions have led to uneven application of the law across the country, creating disparities in landowners' rights depending on geographic location. From a constitutional perspective, this fragmented implementation weakens the uniformity and predictability of land acquisition law, eroding public confidence. Moreover, it defeats the broader objective of the LARR Act to establish minimum national standards for fairness, transparency, and rehabilitation in land acquisition.

¹³ Contemporary Issues and Challenges of Land Acquisition Law in India, CEERA-NLSIU (May 29, 2019), <https://ceerapub.nls.ac.in/contemporary-issues-and-challenges-of-land-acquisition-law-in-india/> (accessed on 30th December 2025).

5.2. Institutional Weaknesses

Another major impediment to effective implementation is the lack of robust institutional capacity. The Act prescribes detailed procedures for Social Impact Assessments, rehabilitation planning, grievance redressal, and compensation disbursement. However, many states lack adequately trained personnel and institutional mechanisms to operationalise these requirements.

The conduct of Social Impact Assessments remains a critical concern. SIAs require interdisciplinary expertise, including socio-economic analysis, environmental assessment, and stakeholder consultation. In practice, SIAs are often conducted mechanically, with limited field engagement and superficial data collection. The absence of independent and professionally trained SIA units has reduced the credibility and effectiveness of this safeguard.¹⁴

Further, delays in constituting Rehabilitation and Resettlement (R&R) Authorities have undermined the enforcement of statutory entitlements. In many cases, affected families face prolonged uncertainty regarding housing, employment, and livelihood support. Without functional R&R authorities, grievances related to displacement remain unresolved, pushing affected persons into prolonged litigation.

Outdated and poorly maintained land records pose another serious challenge. Inaccurate records complicate ownership verification, delay compensation payments, and increase disputes. Marginalised groups, including tenants, sharecroppers, and informal land users, often find themselves excluded from compensation and rehabilitation due to documentary deficiencies. These institutional shortcomings significantly dilute the effectiveness of the Act's protective framework.¹⁵

5.3. Economic Critiques

From an economic perspective, the LARR Act, 2013, has attracted criticism for potentially inflating project costs and slowing infrastructure development. Economists argue that higher

¹⁴ Kanad Bagchi, *The Land Acquisition Debate: A Review*, Observer Research Foundation (Aug. 16, 2012), <https://www.orfonline.org/research/the-land-acquisition-debate-a-review> (accessed on 28th December 2025)

¹⁵ Namita Wahi et al., *Land Acquisition in India: A Review of Supreme Court Cases from 1950 to 2016* (Centre for Policy Research, 2017) , <https://cprindia.org/wp-content/uploads/2021/12/Land-Rights-Report-Final.pdf> (accessed on 28th December 2025)

compensation, mandatory rehabilitation packages, and procedural safeguards increase the financial burden on acquiring authorities, particularly state governments with limited fiscal capacity.¹⁶

Large-scale infrastructure and industrial projects often require substantial tracts of land. The enhanced compensation framework, while socially justified, can substantially raise project costs, making some projects financially unviable. Critics contend that this may discourage private investment and delay critical infrastructure development, particularly in sectors such as transportation, energy, and urban expansion.

Additionally, the procedural requirements—such as SIAs, public hearings, and consent thresholds—are perceived as time-consuming, leading to project delays. From a developmental standpoint, these delays can have broader economic implications, including cost overruns, employment losses, and reduced competitiveness.

However, it is important to note that many of these critiques prioritise short-term economic efficiency over long-term social sustainability.¹⁷ While the Act may increase upfront costs, proponents argue that it reduces social conflict, litigation, and project disruption in the long run. Nonetheless, the absence of a balanced policy discourse integrating economic feasibility with social justice has contributed to resistance against rigorous implementation of the Act.

5.4. Partial Consent and Coercion Risks

The consent mechanism under the LARR Act, particularly for private and public-private partnership projects, represents a significant innovation. However, the threshold-based consent model requiring consent from 70% or 80% of affected landowners has been criticised for its vulnerability to coercion and manipulation.¹⁸

¹⁶ National Conference on the Five-Year Journey of the RFCTLARR Act, 2013: Proceedings (Oct. 25–26, 2018), The Energy and Resources Institute (TERI), <https://www.teriin.org/sites/default/files/2019-05/RFCTLARR%20Conference%202018%20Proceedings.pdf> (accessed on 28th December 2025).

¹⁷ King Stubb & Kasiva, *Assessing India's Land Acquisition Act, 2013: Impact* (Apr. 20, 2023), <https://ksandk.com/real-estate/assessing-indias-land-acquisition-act-2013-impact/> (accessed on 29th December 2025).

¹⁸ Lal Bahadur Shastri Nat'l Acad. of Admin., *Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement: [Report/Guide]* (2019) (on file with LBSNAA), https://www.lbsnaa.gov.in/storage/uploads/pdf_data/1740657196_LARR.pdf (accessed on 29th December 2025).

In practice, once the consent threshold is approached, remaining landowners may face intense pressure to comply. Social, political, and economic coercion can be exerted on dissenting landowners, especially in rural settings where power asymmetries are pronounced. This raises concerns about whether consent is truly free, informed, and voluntary.¹⁹

Moreover, the consent framework does not adequately address the position of marginalised stakeholders such as tenants, agricultural labourers, and forest-dependent communities, whose livelihoods are affected despite lacking formal ownership. Their exclusion from the consent process raises questions about the inclusiveness and equity of the acquisition framework.

This structural weakness highlights the limitations of majoritarian consent in contexts involving unequal bargaining power. Without strong safeguards to ensure voluntariness and informed decision-making, the consent mechanism risks becoming a procedural formality rather than a substantive right.

6. Critical Perspectives

While the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, represents a progressive legislative effort, it has been subject to sustained critical scrutiny from legal scholars, economists, environmentalists, and social activists. These critiques focus not only on implementation failures but also on structural and conceptual limitations within the Act itself. Key areas of concern include the adequacy of compensation, shortcomings in rehabilitation and resettlement, and the effectiveness of environmental safeguards embedded in the Social Impact Assessment framework.

6.1. Adequacy of Compensation

The compensation framework under the LARR Act, 2013, is widely regarded as an improvement over the colonial regime of the Land Acquisition Act, 1894. By linking compensation to market value, introducing multipliers for rural land, and providing 100 per cent solatium, the Act attempts to recognise the involuntary nature of acquisition. However, critics argue that market-value-based compensation remains inherently inadequate in capturing

¹⁹ Nat'l Inst. of Pub. Finance & Policy, *Black Money in the Real Estate Sector: A Study* (Jan. 1995), https://www.nipfp.org.in/media/mediabinary/2014/10/BLACK_MONEY_IN_THE_REAL_ESTATE_SECTOR_STUDY.pdf (accessed on 27th December 2025).

the true socio-economic loss suffered by landowners and affected communities.²⁰

One major limitation lies in the assumption that market value accurately reflects the worth of land. In rural India, land markets are often distorted, informal, or underreported to evade stamp duties. As a result, compensation calculations based on recorded sale transactions frequently undervalue land.²¹ This is particularly problematic in the case of multi-crop irrigated land, which provides stable and recurring income over generations. A one-time monetary compensation, even when enhanced, may not substitute for the long-term livelihood security that such land offers.

Furthermore, the compensation framework does not sufficiently account for future earning potential and the appreciation value of land, especially in peri-urban areas where land acquired for development projects rapidly increases in value post-acquisition. Farmers often receive compensation based on pre-acquisition values, while the benefits of development accrue to private developers or the State. This asymmetry has led to perceptions of distributive injustice and economic displacement.²²

Another critical concern relates to common property resources, such as grazing lands, water bodies, and forest lands, which support collective livelihoods. Compensation mechanisms under the Act remain largely individualised and ownership-centric, failing to adequately compensate communities dependent on shared resources.²³ Consequently, landless labourers, pastoral communities, and forest dwellers remain economically vulnerable despite the Act's inclusive rhetoric.

²⁰ Bhatt & Joshi Associates, *Understanding the Land Acquisition Act 2013: Key Provisions and Farmer Rights* (Aug. 18, 2025), <https://bhattandjoshiassociates.com/understanding-the-land-acquisition-act-2013-key-provisions-and-farmer-rights/> (accessed on 25th December 2025).

²¹ Priya Rao & Santosh Thakur, *An Analytical Study of the Land Acquisition Act and Its Impact on Farmers in Chhattisgarh: With Special Reference to Village-Rampur, District Dhamtari, Chhattisgarh, India*, 13 Int'l J. of Reviews & Research in Soc. Sci. 212 (2025), doi:10.52711/2454-2687.2025.00030, available at <https://ijrrsonline.in/HTMLPaper.aspx?Journal=International%20Journal%20of%20Reviews%20and%20Research%20in%20Social%20Sciences;PID=2025-13-4-3> (accessed on 25th December 2025).

²² Vasu Aggarwal & Aastha Asthana, *Scope of Public Purpose in Land Acquisition Law*, 1 HPNLU J. of Env't & Disaster Mgmt. 43 (2020), <https://www.hpnlu.ac.in/PDF/6d96a478-62ac-4ab2-b16a-c30ec95e10ba.pdf> (accessed on 25th December 2025).

²³ Rakesh Chandra Vyas, *A Study on Land Acquisition and Fundamental Rights*, 2 Sarvalokum: L. & Soc'y (Multidisciplinary Nat'l Peer-Reviewed J.) (Apr. 2025), <https://www.vtclaw.ac.in/upload/journal/issue-2/19-%20A%20study%20on%20Land%20Acquisition%20and%20Fundamental%20Rights-rakeshchandra%20vyas.pdf> (accessed on 25th December 2025).

6.2. Rehabilitation Shortcomings

The LARR Act, 2013, is the first Indian legislation to statutorily mandate rehabilitation and resettlement (R&R) as an integral component of land acquisition.²⁴ While this marks a normative shift towards a human-centric approach, the effectiveness of R&R provisions in practice has been widely questioned.

A major critique concerns the implementation gap between statutory entitlements and ground realities. Resettlement sites often lack basic infrastructure such as drinking water, sanitation, schools, healthcare facilities, and transport connectivity. In many instances, affected families are relocated to areas that are economically and socially disconnected from their original habitats, leading to loss of social networks and cultural dislocation.²⁵

Employment-based rehabilitation measures have also been inadequate. Although the Act provides for jobs, annuities, or skill development support, actual job creation for displaced persons remains minimal. Skill training programmes, when provided, are frequently misaligned with local economic opportunities, rendering them ineffective. As a result, displaced families often experience long-term unemployment or underemployment, exacerbating poverty rather than alleviating it.

The shortcomings are particularly acute in the context of tribal and indigenous communities. For these groups, land is not merely an economic asset but a source of cultural identity, social cohesion, and spiritual significance. Critics argue that the Act adopts a largely economic lens and fails to incorporate culturally sensitive rehabilitation models. The absence of community-driven rehabilitation planning undermines the constitutional commitment to protect the distinct identity and rights of Scheduled Tribes.

Additionally, grievance redress mechanisms related to R&R remain weak. Delays in compensation disbursement, non-implementation of promised benefits, and lack of accountability among authorities often compel affected persons to seek judicial intervention.

²⁴ Sai Swethaa R, *The Shift from the Land Acquisition Act, 1894, to the RFCLARR Act, 2013*, 11 Int'l J. L. 58 (2025), <https://www.lawjournals.org/assets/archives/2025/vol11issue11/11268.pdf> (accessed on 23rd December 2025).

²⁵ Vasu Aggarwal & Aastha Asthana, *Scope of Public Purpose in Land Acquisition Law*, 1 HPNLU J. of Env't & Disaster Mgmt. 42 (2020), <https://www.hpnlu.ac.in/PDF/6d96a478-62ac-4ab2-b16a-c30ec95e10ba.pdf> (accessed on 24th December 2025).

This not only burdens the judiciary but also prolongs the suffering of displaced communities.

6.3. Environmental Safeguards

Environmental protection under the LARR Act, 2013, is primarily addressed through the Social Impact Assessment process. While SIAs are designed to evaluate ecological and social costs, critics argue that environmental safeguards remain insufficient and procedurally weak.

One key concern is the lack of independent oversight in conducting SIAs. In many cases, assessments are carried out by agencies appointed by the acquiring authority, raising questions about impartiality. This institutional conflict of interest compromises the objectivity of environmental evaluations and weakens their credibility.

Moreover, SIAs often fail to integrate long-term ecological and climate-related risks, such as groundwater depletion, biodiversity loss, and climate vulnerability. Given India's increasing exposure to climate change, critics argue that land acquisition decisions must be informed by comprehensive environmental risk assessments rather than short-term project feasibility considerations.

The exclusion of certain categories of projects from SIA requirements further exacerbates environmental concerns. Large infrastructure and industrial projects, which have significant ecological footprints, are sometimes exempted in the interest of expediency. This selective application undermines the Act's commitment to sustainable development and environmental justice.

Environmental activists also point out that public participation in environmental decision-making remains limited. Public hearings are often poorly advertised, inadequately conducted, or dominated by local elites, marginalising the voices of affected communities. This weakens democratic accountability and reduces environmental safeguards to procedural formalities.

7. Recommendations and Future Directions

The challenges and critiques associated with the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013, indicate that while the legislation is progressive in intent, its transformative potential can only be realised through

targeted reforms and sustained institutional commitment.²⁶ To strengthen the effectiveness of the Act, and to ensure a just balance between development and social justice, several policy, administrative, and legal interventions are necessary.

7.1. Ensuring Uniform Adherence to Central Provisions

One of the most pressing concerns is the dilution of core provisions by state governments. Although federal flexibility is constitutionally permissible, excessive deviation from central safeguards undermines the rights-based framework of the Act.²⁷ It is therefore recommended that the Union government establish minimum non-derogable standards with respect to consent requirements, Social Impact Assessments, and compensation multipliers.

Periodic review of state amendments by a central oversight mechanism could help ensure that state-level laws do not erode the fundamental objectives of the LARR Act. Such oversight would promote legal uniformity while respecting federal autonomy, thereby preventing a fragmented land acquisition regime across the country.

7.2. Modernisation and Digitisation of Land Records

Outdated and inaccurate land records remain a structural barrier to fair compensation and transparent acquisition. Modernising land records through comprehensive digitisation, cadastral mapping, and title verification is essential to ensure clarity of ownership and timely disbursement of compensation.²⁸

Digitised land records would also help in recognising the rights of tenants, sharecroppers, and informal land users, who are often excluded from compensation due to a lack of documentation. Integrating land records with Aadhaar-linked databases and local governance systems could enhance transparency, reduce disputes, and minimise litigation arising from ownership

²⁶ National Conference on the Five-Year Journey of the RFCTLARR Act, 2013: Proceedings (Oct. 25–26, 2018), The Energy and Resources Institute (TERI), <https://www.terii.org/sites/default/files/2019-05/RFCTLARR%20Conference%202018%20Proceedings.pdf> (accessed on 28th December 2025).

²⁷ Paras & Navdeep Kaur, *The Land Acquisition Act in India*, 2 Int'l J. L. Just. & Jurisprudence 21 (2022), <https://www.lawjournal.info/article/41/2-2-3-643.pdf> (accessed on 28th December 2025.)

²⁸ Vasu Aggarwal & Aastha Asthana, *Scope of Public Purpose in Land Acquisition Law*, 1 HPNLU J. of Env't & Disaster Mgmt. 43 (2020), <https://www.hpnlu.ac.in/PDF/6d96a478-62ac-4ab2-b16a-c30ec95e10ba.pdf> (accessed on 25th December 2025).

ambiguities.²⁹

7.3. Strengthening Social Impact Assessment Mechanisms

The Social Impact Assessment is the cornerstone of participatory and transparent land acquisition under the Act. To improve its effectiveness, SIAs should be conducted by independent and professionally qualified agencies rather than entities directly or indirectly controlled by acquiring authorities.³⁰

Further, SIAs must be expanded to incorporate environmental and climate risk assessments, particularly in ecologically sensitive and disaster-prone regions. Establishing an independent SIA review board at the state or regional level would enhance credibility, ensure methodological rigour, and prevent assessments from becoming procedural formalities.

Public participation in SIA processes should also be strengthened by ensuring accessible dissemination of information, meaningful public hearings, and inclusion of marginalised voices, including women, tribal communities, and landless workers.

7.4. Expanding Rehabilitation and Livelihood Support

Rehabilitation and resettlement should move beyond one-time financial assistance and adopt a long-term livelihood restoration approach.³¹ Education support, skill development programmes aligned with local economic opportunities, and access to credit facilities should be integral components of R&R packages.

For agricultural communities, alternative land-for-land compensation and cooperative farming models may provide more sustainable outcomes than monetary compensation alone. In urban and peri-urban acquisitions, displaced families should be integrated into local economic

²⁹ Bhatt & Joshi Associates, *Understanding the Land Acquisition Act 2013: Key Provisions and Farmer Rights* (Aug. 18, 2025), <https://bhattandjoshiassociates.com/understanding-the-land-acquisition-act-2013-key-provisions-and-farmer-rights/> (accessed on 25th December 2025).

³⁰ Namita Wahi et al., *Land Acquisition in India: A Review of Supreme Court Cases from 1950 to 2016* (Centre for Policy Research, 2017) , <https://cprindia.org/wp-content/uploads/2021/12/Land-Rights-Report-Final.pdf> (accessed on 28th December 2025)

³¹ Priya Rao & Santosh Thakur, *An Analytical Study of the Land Acquisition Act and Its Impact on Farmers in Chhattisgarh: With Special Reference to Village-Rampur, District Dhamtari, Chhattisgarh, India*, 13 Int'l J. of Reviews & Research in Soc. Sci. 212 (2025), doi:10.52711/2454-2687.2025.00030, available at <https://ijrrssonline.in/HTMLPaper.aspx?Journal=International%20Journal%20of%20Reviews%20and%20Research%20in%20Social%20Sciences;PID=2025-13-4-3> (accessed on 25th December 2025).

ecosystems through employment linkages and housing policies that prevent socio-spatial segregation.

Special attention must be given to tribal and indigenous communities, ensuring culturally sensitive rehabilitation that respects their traditional knowledge systems, social structures, and relationship with land.

7.5. Enhancing Institutional Capacity and Accountability

Effective implementation of the LARR Act requires a robust institutional infrastructure. Dedicated land acquisition and rehabilitation authorities should be adequately staffed with trained professionals in law, social sciences, economics, and environmental studies.

Clear timelines for compensation payment, rehabilitation implementation, and grievance redressal must be strictly enforced. Introducing performance audits and social accountability mechanisms, such as community monitoring and public disclosure of acquisition data, would improve administrative accountability and reduce corruption.

7.6. Periodic Policy Review and Adaptive Governance

Given the dynamic nature of economic development, urbanisation, and environmental challenges, the LARR Act must not remain static. Regular policy reviews involving stakeholders from government, civil society, academia, and affected communities are essential to evaluate the Act's effectiveness and relevance.

Such reviews should assess whether compensation frameworks adequately reflect changing socio-economic realities and whether procedural safeguards remain effective in preventing displacement-induced impoverishment. Adaptive governance would allow the law to evolve in response to emerging challenges while preserving its core commitment to fairness and transparency.

8. Conclusion

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, marks a transformative moment in the evolution of land acquisition law in India. By replacing the colonial Land Acquisition Act of 1894, the legislation sought to

rectify decades of systemic injustice, coercive displacement, and inadequate compensation suffered by landowners and affected communities. The Act embodies a rights-based approach, placing fairness, transparency, participation, and rehabilitation at the core of the land acquisition process.

This study has demonstrated that the LARR Act, 2013, significantly rebalances the relationship between the state and landowners by introducing enhanced compensation mechanisms, mandatory Social Impact Assessments, consent requirements for certain categories of projects, and comprehensive rehabilitation and resettlement provisions. Judicial interpretation has further strengthened these protections by ensuring purposive application of the Act, particularly in cases involving delayed or incomplete acquisitions and the lapsing of proceedings under Section 24(2). Courts have played a critical role in safeguarding landowners from prolonged uncertainty and administrative arbitrariness, thereby reinforcing the constitutional values underlying the legislation.

However, the effectiveness of the Act has been substantially undermined by implementation challenges. State-level dilution of key provisions, institutional capacity constraints, outdated land records, and procedural inefficiencies have weakened the uniform application of the law. Economic critiques and development pressures have further contributed to resistance against rigorous enforcement, while structural weaknesses in consent mechanisms raise concerns regarding voluntariness and inclusivity. The persistence of these challenges highlights the gap between legislative intent and ground-level realities.³²

Critical perspectives examined in this paper reveal that compensation, despite being enhanced, often fails to capture long-term livelihood loss, future earning potential, and the socio-cultural significance of land, particularly for farmers and tribal communities. Rehabilitation and resettlement, though statutorily mandated, remain inadequately implemented, leading to economic vulnerability and social dislocation among displaced populations. Environmental safeguards embedded within the Social Impact Assessment framework also require strengthening to address ecological sustainability and climate resilience more effectively.

The study concludes that the LARR Act, 2013, should not be viewed merely as a procedural

³² The Land Acquisition Act, 1894 (as modified up to Sept. 1, 1985) (Government of India, Ministry of Law & Justice), available at https://www.morth.nic.in/sites/default/files/THE_LAND_ACQUISITION_ACT.pdf (accessed on 25th December 2025).

statute governing land acquisition but as an instrument of social justice and constitutional governance. Its success depends not only on legislative design but also on political will, administrative capacity, and continuous policy refinement. Strengthening institutional mechanisms, ensuring uniform adherence to central safeguards, modernising land records, and adopting a holistic approach to rehabilitation are essential to realising the Act's progressive vision.

In sum, while the LARR Act, 2013, represents a significant advancement in Indian land law, sustained reform and vigilant implementation are imperative to ensure that development does not come at the cost of dignity, equity, and livelihood security. Only through such a balanced approach can land acquisition truly serve the dual objectives of economic growth and social justice in a constitutional democracy.