Monetising Surplus Land held by State

Why in news?

The Union cabinet has recently approved the creation of a National Land Monetisation Corporation to monetise the surplus land holdings of Central Public Sector Enterprises and other government agencies.

What is National Land Monetisation Corporation (NLMC)?

> *Asset Monetisation entails a limited period license/ lease of an asset, owned by the government or a public authority, to a private sector entity for an upfront or periodic consideration.*

- National Land Monetisation Corporation (NLMC) will be a wholly owned government of India company.
- It will have an initial authorised share capital of Rs 5000 crore and paid-up share capital of Rs 150 crore.
- It will undertake monetisation of surplus land and building assets of Central Public Sector Enterprises (CPSEs) and other Government agencies in pursuance of the Budget Announcement for 2021-22.
- The new entity will work as an asset manager for lands owned by the Union government and CPSEs.
- There will be a chief executive officer (CEO) and a technical team to facilitate land monetisation.

What is the need for creating a land monetisation corporation?

- **Identification**- A detailed and comprehensive inventory of the state's land holding will help identify the surplus land and push for monetising
- **Database**- It will also help create a database for potential investors.
- **Clarity**- Properly marked land parcels with geographical identifiers, clearly demarcated boundaries, and establishment of legality of title will provide greater clarity and certainty to private investors.
- **Efficient monetisation**- Collating the lands hold by public sector entities under a single entity will lead to a more efficient monetisation drive, and better utilisation of these assets.
- **Revenue generation**- Proceeds from the monetisation of these assets will help generate additional resources, boosting government coffers.
- **Land supply**- Auctioning off surplus land will increase the supply of land, which may address the issue of the artificial scarcity of land and could depress prices thus having a moderating

effect on costs of projects.

Core assets include transport, power generation, transmission networks, pipelines, warehouses etc. The other assets, which generally include land parcels and buildings, can be categorised as non-core assets.

What are the issues grappling the entity?

- **Estimation of surplus**- The estimation of surplus land may be a contentious issue as ministries, departments, and public sector entities may be reluctant to demarcate land parcels as surplus.
- **Litigations**- The corporation will have to grapple with issues such as the absence of clear titles, ongoing litigation, and muted investor interest.
- **Encroachments**- There is also the issue of the encroachment of government land to contend with.

References

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