

## 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 held 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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