

Question:

While the National Land Monetization Corporation is a good idea, it must deal with several challenges on various fronts. Explain.

Answer:

1) There are assets lying idle with various departments and PSUs that can be better put to use through the monetisation scheme. In that line, the Government has set up the National Land Monetization Corporation.

2) The National Land Monetization Corporation would pool together all the assets in the form of land and buildings owned by the government that can be sold and then implement a plan of either selling these or leasing these out to other parties. For instance, the Railways & PSUs has a lot of land that will probably not be used & can be leased out.

3) Through this route the government will earn revenue.

~~4) If~~

4) The National Land Monetization Corporation is needed because it would otherwise be difficult for each entity or department to carry out the monetisation plan.

Challenges on the road against NLMC:

1) Valuation: As regards to valuation of the assets, it can be either done ~~through~~ based on state gazettes or market value. But compared to market

value the valuation amount prescribed in state gazettes are low. So the NLMC should devise a path for valuation of the assets.

2) Mode of sale: Auction is the right way to sell the assets but there are ~~examples~~ of bad experiences even through this mode in other sectors. So a due process has to be followed in the sale process.

3) Usage of funds: There are many ways to use the funds generated out of the sale of these assets for example, to finance the budget. But the ideal way is to reserve these funds for future capital expenditure which can be a useful source of financing the National Infrastructure Pipeline of the govt government.