

**GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS**

**LOK SABHA
UNSTARRED QUESTION NO. 1943
ANSWERED ON 28TH JULY, 2022**

LAND VALUE CAPTURE MECHANISM

**1943. SHRI GIRISH BHALCHANDRA BAPAT:
SHRI RAHUL RAMESH SHEWALE:
SHRI CHANDRA SEKHAR SAHU:
DR. PRITAM GOPINATHRAO MUNDE:**

Will the Minister of ROAD TRANSPORT AND HIGHWAYS
सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether the Government had announced the Land Value Capture Mechanism in the country in 2019;**
- (b) if so, the details and the salient features thereof;**
- (c) the present status of implementation of the said mechanism in various States;**
- (d) the detail of the cost of land acquisition that has been deposited by the State Governments as per section- 3D of the National Highways Act, State-wise;**
- (e) whether the Government proposes to make the deposit percentage flexible depending on the financial ability of the State Governments;**
- (f) if so, the details thereof; and**
- (g) the steps taken by the Government to amend the said mechanism so that the value captured by the State Government is shared with the previous owners of the land?**

ANSWER

**THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS
(SHRI NITIN JAIRAM GADKARI)**

(a) & (b) Yes, Sir. Government had announced the Land Value Capture Mechanism in the country in 2019. The policy has been revised in March, 2021 for developing a mechanism to implement Value Capture Finance (VCF) jointly by the States and National Highways Authority of India (NHAI) in order to part finance the cost of highway construction.

The salient features of the policy are as under:

- i. Project facilitation by States: Expediting land acquisition, preferential mining rights for NHAI projects.**
- ii. Contribution through land: Sharing land acquisition cost, giving land or providing State/UT Govt land having potential to generate revenue to NHAI.**
- iii. Waiving/refunding of Royalty/taxes etc.: Royalty waiver on sand, earth, aggregates/stones, GST refund on construction material like cement, steel, bitumen etc.**
- iv. Sharing of enhanced value of land in Project Impact Area or 1 km of either side of the highway: by sharing stamp duty (upto 20%), sharing (minimum 10%) Change in land Use (CLU) fee, development fee, premium on additional FSI/FAR, charges on building rights/land use re-adjustment.**

(c) &(d) The present status of implementation of the said mechanism and detail of the cost of land acquisition deposited by the State Governments, in various States is attached as Annexure.

(e) & (f) The deposit percentage is not fixed and is as per mutual agreement between NHAI and the concerned State Government.

(g) There is no proposal to amend the said mechanism so as to include the previous landowners as beneficiary of the said value capture. However, as per the Policy guidelines, VCF policy is to be implemented jointly by NHAI and the concerned State Government. And the concerned State Government, if decides, may pass on the benefit of value capture to the erstwhile landowners.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (C) TO (D) OF LOK SABHA UNSTARRED QUESTION NO. 1943 ANSWERED ON 28TH JULY, 2022 ASKED BY SHRI GIRISH BHALCHANDRA BAPAT, SHRI RAHUL RAMESH SHEWALE, SHRI CHANDRA SEKHAR SAHU AND DR. PRITAM GOPINATHRAO MUNDE REGARDING “LAND VALUE CAPTURE MECHANISM”

VALUE CAPTURE FINANCE (VCF) IN HIGHWAY PROJECTS

Response of State Governments on the NHAI VCF proposal, as on 30.06.2022, is as under:

State Government	VCFs Support
Kerala	Sharing of 25% LA cost for widening of NH 66,85, 183, 966, SH-1 and all Port Connectivity Projects. Further 50% LA Cost will be shared for Thiruvanthapuram Outer Ring Road. Govt of Kerala has also been requested for sharing 25 % LA cost for Shengottai-Kollam section of NH-744 greenfield alignment- 59Km, New Mysore-Malappuram Economic Corridor-156Km, 6 laning of Walayar-Vadakkanchery section of NH-544, and 6 laning of Thrissur-Angamaly-Kundanoor Section of NH-544.
Tamil Nadu	4 lane Elevated Highways from Chennai Port to Madhuravoyal: Cost of Rs. 470 crore is estimated towards land acquisition and R&R. Amount of Rs. 235 crore will be shared by Chennai Port Trust and amount of Rs. 235 crore will be shared by Government of Tamil Nadu. Further, all other Additional Cost of acquisition of land acquisition and R&R shall be borne by Government of Tamil Nadu. The State Govt. agrees to bear additional cost towards the utilities, beyond 47 Crore assessed cost being provided by MoRTH, subject to maximum of 25% of Rs.47 crore.
Karnataka	Sharing 25% cost land acquisition for Bangalore ring road: The consent of 30% LA cost share without exemption of GST/royalty by Government of Karnataka (GoK) has been received, subject to condition that “the State share shall be reimbursed from the toll revenue collected after the development of this road”. NHAI has agreed to the condition of GST/Royalty exemption is allowed by State Govt and no reimbursement of 30% amount is demanded. A request has been made to GoK to give consent/comfort letter from the State Government agreeing to the exemption of Royalty

State Government	VCFs Support
	<p>on minor minerals and exemption of GST (share of State Govt) and letter for confirmation of share of State Government @ 30% of LA cost for enabling to appraise the NHAI//Ministry.</p> <p>Proposal for sharing of 50% of LA cost by GoK for all standalone Ring Roads / Bypasses, (Mangalore, Kumta, Tumkur Bypass / Ring Road) has been sent.</p> <p>Consent to bear LA cost of Rs. 140 Cr (50%) & Rs. 200 Cr (25%) as GoK share for Belagavi & Tumkur Bypass has been received vide letter dated 04.06.2021 and 22.07.2021. State Govt has earlier given consent for bearing 50% of LA Cost for the project of Belgavi Ring Road. Now the LA cost has revised and the NHAI has requested the State Govt to give consent for bearing 50% of revised LA cost vide letters dated 30.07.2021 and 10.09.2021.</p> <p>NHAI has agreed to the proposal of State Govt. subjected to condition that 50% of actual cost of R&R and land acquisition is borne by the State Govt. for Belagavi & Tumkur Bypass.</p> <p>For Mangalore & Kumta Bypass, consent is awaited from GoK.</p>
Punjab	<p>State Government agreed to bear 50% of cost of land acquisition for Iadawal bypass, Ludhiana and the amount has been paid to NHAI</p>
Madhya Pradesh	<p>State Government provided 292 Ha Land for Chambal expressway-309Km.</p> <p>Relaxation on Royalty of Murrum & Soil for highways construction.</p> <p>Supervision Charges is needs to be paid as per actual work done for Utility Shifting works of NHAI Projects in the State of Madhya Pradesh.</p> <p>Centages is to be done 7.5% instead of 11.5%</p>
Himachal Pradesh	<p>State Government agreed to bear the difference between award amount calculated as per circle rate of 2017-18 (48.17 Cr) and that as per year 2020-21 (32.98 Cr) , which is Rs 15.19 Cr, only for Himachal section of Pinjore Baddi Nalagarh project.</p>

State Government	VCFs Support
	The amount of Rs. 14.93 Crs has been deposited by State Government to CALA Nalagarh for difference in LA rates.
Uttar Pradesh	Waived off 2.5% tax on earth and further discussion are going on waiving of Royalty on aggregate and GST on material like Cement, Steel, etc.
Delhi	Funding of UER-II (NH-344M, NH-344P & NH-344N) to the tune of Rs. 3600 cr. Accordingly, financial agreement was signed by NHAI and DDA on 19.04.2021. Installment of Rs. 540 Cr. has been deposited by Delhi Development Authority (DDA) to NHAI.
Bihar	100% cost of land acquisition for the construction of Patna ring Road Phase-I (approx. length 90.16 KM).
Telangana	State Government agreed to bear 50% of the Land acquisition & Preconstruction cost for the Proposed Regional Ring Road around Hyderabad city.
Odisha	State Government has agreed to share 50% of cost of land acquisition for Bhubaneswar Cuttack bypass (Rameswar on NH-16 to Govindpur on NH-55 – 70.5 km and Govindpur on NH-55 to Tangi on NH-16 – 40.7 KM) – 111.2 km
Other States are being approached to for VCF Support	
