

Big Infrastructure Projects Merit Continuity

FROM A PURELY administrative point of view, abandoning of any infrastructure project in the middle, without solid reasons, has adverse economic and social consequences. Multiple stakeholders – financing institutions, land owners, prospective users, people living around the project, contractors commissioned for the project – all get affected. When the project in question happens to be something as important and as anticipated as a Capital city, and that too in a newly carved out state that is striving to establish itself, the implications of any deviation are even more significant and even ominous.

To establish a new capital city takes decades of careful planning, execution and promotion. Putrajaya, in Malaysia, was envisaged in the 1980s. Yet, despite \$8 billion of investment and the then powerful Prime Minister Mahathir Mohammed's unquestioned drive, it has yet to find the envisioned stature – even after almost four decades – despite being merely an hour away from the earlier capital Kuala Lumpur. Similarly, Naya Raipur, despite being extremely well-planned as a modern city, and barely 17 kilometres from the historic city of Raipur (that was already like a capital city for the Chhattisgarh part of that region), is yet to achieve any notable traction. Thus, the Andhra Pradesh government's *volte face* about their capital city, after five years of detailed planning, was puzzling, shocking for the stakeholders and even damning for its own credibility.

The new state of AP was created vide the Andhra Pradesh Reorganization Act of 2014, enacted by the Parliament under Article 3 of the Constitution. The new Government of AP had announced Amrawati as the capital city with great fanfare with the Mantralaya, the Vidhan Sabha and the High Court to be located there. After five full years of planning and development, the new elected government decided to trifurcate the capital into three different cities: Amrawati, Vishakhapatnam and Kurnool. This ignored the fact that the Vidhan Sabha and the Mantralaya have a symbiotic relationship – as the legislature depends on the executive for servicing and support. What a colossal waste of public money, time and energy it would be for



officers to travel with files for hundreds of kilometres from Vishakhapatnam to Amrawati!

To acquire the land is a relatively straightforward decision in which substantial down payments have to be made. As has been seen in the case of road projects, there is usually litigation by those who are dissatisfied with the quantum of compensation and therefore the physical taking over of land becomes cumbersome and expensive. When thousands of acres of land are needed for a huge new town, it is definitely prudent to get the participation of the land holders themselves through a land pooling exercise. This managerial artifice prevents huge debts and inducts those sacrificing their land as partners in the infrastructure project. There were about 30,000 owners of agricultural land who agreed to surrender their land and place it with the state appointed Capital City authority to develop basic infrastructure under an irrevocable agreement. They would get a reconstituted and redeveloped piece of land (about one-third of the original size of the surrendered plot) that had been 'bettered' by putting in place the infrastructure required for a capital city.

Land pooling has been effectively deployed by the Gujarat government earlier. Once a land-holder commits their land under land-pooling, their interest in the land is locked in, and that land is no longer available in the land market – it is only after all the development has taken place that the full

potential of the land is realised. To that extent, land pooling is a public-private partnership with huge obligations on both sides – the land owner is making a major contribution to the project because they are not getting any upfront monetary compensation for their land and the authority is benefitting because it does not have to spend upfront on land acquisition and has only to spend on infrastructure development – for which funds are easier to come by from the central government and Finance Commission devolutions than they are for land acquisition. While this may sound as an easy win-win situation for all, the key element here, more than any other facet of agreement between the land owners and the authority is – the element of trust. Apart from hurting the interest of the stakeholders in the instant case, if such trust is broken, it will have adverse implications for land-pooling in other places too, whenever such a framework is sought to be invoked.

In the instant case, the AP government had already requested and got the National Highways Authority of India, as far back as in 2015, to commission a detailed project report for an eight-laned ring road around Amrawati. Land-pooling agreements with irrevocable general powers of attorney were already in place under the AP Capital City Land Pooling Scheme of 2014. Special financial support for the new capital city had already been secured from the Central Government. And then suddenly, the newly elected government decided to trifurcate the capital city project and thereby diminish the prospective value promised to those who had pooled their land. Of course, the state has since pulled back the concerned AP Capital Region Development Authority Repeal Bill 2020, and the AP Decentralization and Inclusive Development of All Regions Bill that effected the trifurcation; but there



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of elected government, there would be infructuous expenditure and erosion of central credibility. Therefore, the national government should consider enacting a law to prevent centrally funded infrastructure projects from being derailed by the state governments on narrow local considerations. That would ensure stability, confidence and all-round consistency in infrastructure development. **BW**

is as yet no firm decision to keep the earlier capital project intact.

Not surprisingly, the High Court of AP was petitioned by the farmers whose land had been pooled and it stepped in. It has invoked the doctrine of promissory estoppel and the doctrine of legitimate expectations to pass an order of mandamus directing completion of the integrated capital city project of Amrawati and to honour its commitments to the land holders who had signed up for the land pooling scheme. It is understood that the state of AP is aggrieved by that order on the grounds that this is undue interference in the powers of the legislature.

It is possible that the Supreme Court may ultimately even weigh in favour of the state of AP. However, it is really for the Government of India to look carefully at the larger picture for now and for the future. If in other states too, governments begin to tinker around with critical projects whenever there are changes

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