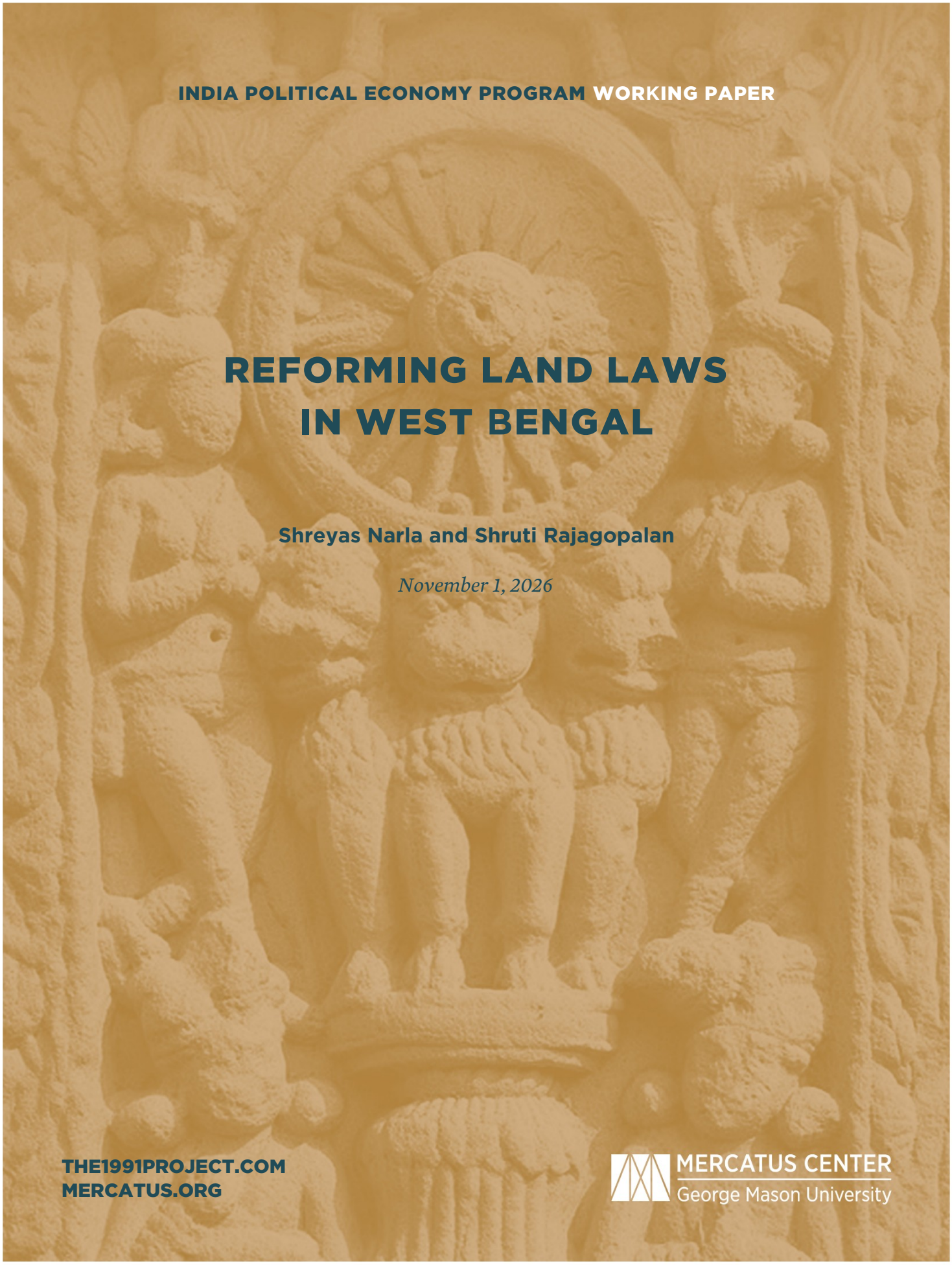

INDIA POLITICAL ECONOMY PROGRAM WORKING PAPER

REFORMING LAND LAWS IN WEST BENGAL

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On the cover: Pillar of Ashoka (detail) at Sanchi, Madhya Pradesh, India. The pillars of the emperor Ashoka the Great (268–232 BC), renowned for their polished sandstone and intricate carvings, were dispersed throughout the Indian subcontinent and carried imperial edicts promoting moral and ethical conduct. The Lion Capital of Ashoka, which tops the pillar at Sarnath, Uttar Pradesh, has been adopted as India's national emblem. Twenty of the pillars of Ashoka still survive.

HEADNOTE

One of the most binding constraints for farmers, developers, and entrepreneurs in West Bengal is land regulation. This regulation, originally designed to remedy the excesses of colonialism, now obstructs all kinds of voluntary transactions that could provide land for industry, commerce, and housing. We identify three problems with the existing framework in this policy paper.

First, changing land use requires separate permission from the revenue authorities, even where the area's land-use plan already permits the new use. This duplication increases costs with no additional benefit. Second, landholding ceilings constrain how much land can be held, hindering consolidation for agricultural and industrial expansion. Separate ceilings on vacant urban land constrain the assembly of larger sites for housing and businesses. Holding land above these limits requires a government exemption where one is available. Third, even after the required permissions are obtained and a qualifying sale is registered, an eligible claimant can seek pre-emption by asking a court to replace the buyer. These restrictions make it prohibitively costly and uncertain to obtain land from willing sellers and put it to more valuable uses. Consequently, land remains the binding factor of production preventing industrial development of West Bengal.

West Bengal's landholders need greater freedom to earn more from their land and contribute to the state's economic growth. Nearly 63 per cent of the state's area is cultivable land,[1] while expanding industry and housing also need space. Industrial and commercial uses often offer landowners higher returns than agriculture. Yet restrictions on agricultural land make it difficult for owners to respond to this demand, increasing pressure on the state government to acquire and reallocate land.

We recommend that landholders should be free to change how their land is used and negotiate its sale or lease, allowing them to share in the gains from putting it to more valuable uses. Firms and housing developers could obtain land directly from willing owners, reducing the need for the state to acquire land or broker transactions.

West Bengal's land restrictions emerged from a history of insecure cultivation rights and land loss. Under colonial rule, zamindars collected rent from cultivators and paid land revenue to the government. Many cultivators lacked ownership, faced uncertain rents, and could lose their holdings through

[1] Ministry of Agriculture and Farmers Welfare, Lok Sabha Unstarred Question 3871, 11 August 2026, Annexure I: 5.577 million hectares cultivable in 2024–25, https://www.pib.gov.in/PressReleasePage.aspx?PRID=2298040.

eviction or inability to pay.[2] During the 1943 famine, smallholders sold land to feed their families, losing their means of earning a living and becoming agricultural labourers on others' land.[3]

After independence, zamindari abolition ended the rights of zamindars and other intermediaries to collect rent from cultivators. Tenant landholders thereafter held their land directly under the state. Ceilings limited how much land an individual could retain, and land above those limits became available for redistribution to landless households. Initially, ceilings were applicable to individuals, which left scope for owners to retain more land by transferring portions to relatives. Later amendments addressed this by applying the ceiling to the combined area held by specified family members.

Operation Barga, launched in 1978, recorded rights of sharecroppers over the plots they worked on, which gave them protection against unlawful eviction and allowed them to retain a larger share of the harvest. By February 2010, West Bengal had distributed 11.277 lakh acres among 30.106 lakh beneficiaries, while recording sharecroppers' rights had separately benefited 15.13 lakh cultivators.[4]

Restrictions on land use and transfers accompanied these protections. Conversion controls sought to prevent developers from exploiting poor harvest years to acquire farmland for other uses, reducing agricultural land and threatening West Bengal's food security. Sale restrictions sought to prevent distress sales after a bad harvest. These policies made state control over land use and transfers the means of protecting cultivators, leaving landholders with limited freedom to respond to changing needs and opportunities.[5]

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[2] The Permanent Settlement of 1793 recognised zamindars as hereditary proprietors of their estates and permanently fixed the land revenue they owed the East India Company. The rents payable by cultivators received no equivalent permanent guarantee, as zamindars could charge higher rental income without increasing their revenue share to the government.

[3] Abhijit Banerjee and Lakshmi Iyer, "History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India" (2005) 95(4) American Economic Review 1190–1213, https://doi.org/10.1257/0002828054825574; Famine Inquiry Commission, Report on Bengal (1945), Part III, ch. II, para. 2, pp. 165–166, https://www.indiaofthepast.org/sites/indiaofthepast.org/files/pdf/1940s/bengalfamine/ficreportpart2.pdf; Bengal Alienation of Agricultural Land (Temporary Provisions) Act, 1944, section 4.

[4] Government of West Bengal, Budget Speech 2010–11, para. 2.4 https://finance.wb.gov.in/writereaddata/Budget_Speech/2010_English.pdf. Abhijit V. Banerjee, Paul J. Gertler and Maitreesh Ghatak, "Empowerment and Efficiency: Tenancy Reform in West Bengal" (2002) 110(2) Journal of Political Economy 239–280. https://doi.org/10.1086/338744. Pranab Bardhan and Dilip Mookherjee, "Subsidized Farm Input Programs and Agricultural Performance: A Farm-Level Analysis of West Bengal's Green Revolution, 1982–1995" (2011) 3(4) American Economic Journal: Applied Economics 186–214. https://doi.org/10.1257/app.3.4.186.

[5] West Bengal Land Reforms Act, 1955, sections 4(4) and 49; West Bengal Land Reforms (Amendment) Act, 1975, section 2; West Bengal Land Reforms (Amendment) Act, 1981, sections 9–10,

These measures led to the increase in the number of holdings and decrease in landholding sizes. In modern-day Bengal, this means any project requires assembling fragmented holdings, which is delayed and prevented by land conversion, land ceiling, and pre-emption regulation.

These laws stifle voluntary transactions to use and assemble land

Changes of use require overlapping permissions

A plot may be worth more to an expanding factory than as farmland. A family could also earn rent by leasing a roadside portion of their plot for storage while continuing to farm the rest. Even where a town plan permits the proposed use, the owner of an agricultural land must obtain separate permission from the revenue authorities to change its use alongside development permission, building plan approval and applicable environmental and fire-safety clearances. A separate revenue approval to change land use therefore duplicates scrutiny of the proposed change.

The landholder must submit documents to several authorities, pay separate fees and wait for their decisions before proceeding. These costs and delays can prevent the family from earning rental income or selling to a firm, even when the proposed use meets planning and safety requirements. Proceeding without the revenue authority's duplicate permission risks criminal prosecution.[6] The alternative for him is to bear the cost of filing applications across multiple authorities, multiple rates of fees, and delays in securing the same approval, which is prohibitively expensive for most farmers.

Ceilings now obstruct the assembly of land

Redistribution created small holdings that could produce high yields per hectare through intensive cultivation but still provide limited family income. More adults working the same plot cannot indefinitely increase its earnings. Divisions among heirs further reduced holdings as children formed their own households, weakening the gains from redistribution. According to the last

published 24 March 1986, substituting section 4B and inserting sections 4C–4D. The 1975 restriction concerned transfers of allotted land under section 49(1A), separately from pre-emption under section 8. West Bengal Land Reforms (Amendment) Bill, 2000, Statement of Objects and Reasons, https://wbllroa.in/wp-content/uploads/2020/07/27a.%20WBLR%20%28Amendment%29%20Bill%2C%202000.pdf.

[6] West Bengal Land Reforms Act, 1955, sections 4C(4A) and 4D; West Bengal Town and Country (Planning and Development) Act, 1979, sections 44–46. https://www.nitiforstates.gov.in/public-assets/Policy/policy_files/ASSNAO000544.pdf. West Bengal Land and Land Reforms Manual, 1991, rules 164(ii)–165(i), pp. 50–51, acknowledges decisions on "substantially the same issue." https://dllromsd.org/LAW_WEB/MANUAL/lrmanual.pdf. West Bengal Municipal (Building) Rules, 2007, rule 11.

agricultural census, West Bengal's average operational holding was 0.76 hectares.[7]

A farmer seeking to expand must acquire or lease additional land, while a firm setting up a factory or warehouse may need to combine several adjoining plots to obtain a site large enough for the project. Ceilings restrict both transactions, even when the owners are willing to sell, and the buyer risks the state taking ownership of the land acquired above the limit. Farmers can therefore be prevented from expanding production, while firms cannot assemble the land needed to operate.

The government has repeatedly amended the law to exempt larger landholdings for certain projects. The law lists 32 eligible uses, including factories, warehouses, fisheries and educational institutions. Firms and landholders proposing one of these activities must still secure permission for their projects in order to hold land above the ceiling limit. They must bear the cost and uncertainty of this process before they can proceed, even when their proposed activity is expressly listed in the law for such exemption.[8]

Vacant urban land in Kolkata, Asansol and Durgapur faces a separate ceiling law, introduced to curb concentrated ownership and speculation and distribute land more equitably. A developer assembling adjoining plots for housing or commercial premises must obtain a government exemption if the purchase exceeds the ceiling. This adds another approval process that can delay or prevent construction even when all owners are willing to sell. While most states have adopted the repeal law enacted by Parliament in 1999, West Bengal continues to retain the ceiling and grant exemptions.[9]

Pre-emption exposes completed sales to litigation

Even after permissions are obtained and a purchase completed, qualifying sales of a portion or share of a plot remain open to challenge. A sharecropper, a co-owner, or a neighbouring landowner can deposit the purchase price plus ten per cent and file a claim before a court to replace the buyer. Pre-emption gave

[7] Agriculture Census 2015–16, state averages reproduced in Rajya Sabha Unstarred Question 491, 23 July 2021, Annexure I. https://www.sansad.in/getFile/annex/254/AU491.pdf?source=pqars. Pranab Bardhan, Michael Luca, Dilip Mookherjee and Francisco Pino, "Evolution of Land Distribution in West Bengal 1967–2004: Role of Land Reform and Demographic Changes" (2014) 110 Journal of Development Economics 171–190 https://doi.org/10.1016/j.jdeveco.2014.02.001. Operational holdings can comprise several plots.

[8] West Bengal Land Reforms Act, 1955, sections 14M, 14S, and 14Y; West Bengal Land Reforms (Amendment) Act, 2012, section 6, and the 2014 Amendment Act, section 2. The count of 32 uses treats compound categories as single entries; these are conditional permissions.

[9] Urban Land (Ceiling and Regulation) Act, 1976, Urban Land (Ceiling and Regulation) Repeal Act, 1999. https://www.indiacode.nic.in/bitstream/123456789/18941/1/a1999-15.pdf.

preference to co-owners over outsiders entering a shared holding, while the extension of the right to neighbours sought to consolidate agricultural plots.

If a claim is filed, the buyer must defend the purchase in court, potentially for decades, even if the claim ultimately fails. He has already paid for the land, yet must bear the expense of establishing his right to retain it. This expense and uncertainty can deter investment. Where a project requires adjoining plots, losing one can make the assembled site unusable for its intended purpose.[10]

Landholders bear the cost through lower income and property values

Buyers and tenants account for approval costs, delays and the risk of failing to assemble or retain the required land. These costs reduce what they offer landholders; if they make the project unviable, the owner loses a potential buyer or tenant altogether.[11]

A family may therefore hold land securely but remain unable to earn what another use, sale or lease could provide. Requiring continued cultivation does not increase the income available from farming the plot.

Repeal and the gains it would enable

West Bengal must: (1) repeal the separate revenue permission for changing land use and its associated criminal sanction, (2) remove landholding ceilings and, (3) abolish statutory pre-emption. The state should adopt the central repeal law for urban land ceilings. Planning rules, with development and building permissions and safety clearances, will continue to govern how land is used.

Reform	Law	Relevant sections	Reasoning	Action
Land use conversion	1955 Act; 1965 Rules	sections 4B(1), 4C, 4D, 4(4)(a)–(c); rules 5A–5AA	Overlapping permissions to change land-use	Repeal
Land ceilings	1955 Act; 1965 Rules	Chapter IIB; rules 14B, 14C, 14FF, 14GG	Ceilings and discretionary exemptions obstruct land assembly	Repeal
Urban vacant land ceiling	ULC Act, 1976	The entire law	Obstructs assembly for housing and commercial development in Kolkata, Asansol, and Durgapur	Repeal by adopting the 1999 Repeal Act
Pre-emption of sale of land	1955 Act; 1965 Rules 1949 Act	1955 Act: sections 8–10; 1965 Rules: rules 7–8 1949 Act: section 24	Pre-emption reopens completed sales and creates title disputes	Repeal

[10] West Bengal Land Reforms Act, 1955, sections 8–10.

[11] Shruti Rajagopalan, Shreyas Narla, Ankita Dinkar, Kadambari Shah and Ankit Bhatia, "Reforming Agricultural Land Conversion Laws in States" (Mercatus Research, 2026) https://the1991project.com/sites/default/files/2026-02/13860-Rajagopalan-LandReform-PR-v1.pdf.

Expected first-order effects from the recommended reforms

First, a wider market for land would increase asset values and household wealth where demand exists for additional uses. A plot could attract offers from businesses seeking premises as well as buyers intending to cultivate it. Its price would reflect the expected income from these uses, allowing farmers to capture part of the value created by expanding industry, housing or commercial farming. Gurgaon saw a tenfold increase in the value of a developer's holdings following residential designation, with further increases after licensing, and increases of 30–40 times following other land-use changes.[12] These reported gains are not forecasts for West Bengal, but they illustrate how permission to undertake more valuable activities can affect land prices. Repeal would make that opportunity available to existing owners, strengthening their bargaining position and potentially increasing household wealth even before a sale.[13]

Second, greater land values and marketability could expand farmers' borrowing capacity, including for those who wish to continue farming. A lender can advance more against an asset when its value is higher, and it can be resold more readily. Farmers could use this additional borrowing capacity to finance irrigation, machinery, storage or other improvements while retaining ownership and continuing cultivation. Other households could borrow to establish a business or finance education. These benefits would depend on clear title, repayment capacity and enforceable mortgage rights.[14] Repeal would not automatically make all farmland acceptable collateral: land that remains agricultural would still fall outside the SARFAESI enforcement framework. Higher valuations could support lending where banks accept agricultural mortgages, while easier lawful conversion would expand financing options for land moved into eligible non-agricultural uses.[15]

Third, families would have more options to keep inherited holdings together or combine neighbouring plots. One sibling could continue farming while another operates a workshop on a suitable portion of jointly owned land.

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[12] Shalini Singh, "Builder profits soar as master plans proliferate in Gurgaon," *The Hindu*, 27 May 2013. https://www.thehindu.com/news/national/builder-profits-soar-as-master-plans-proliferate-in-gurgaon/article4753735.ece

[13] Shruti Rajagopalan and Alexander Tabarrok, "Lessons from Gurgaon, India's private city," in Cities and Private Planning (Edward Elgar, 2014), pp. 199–231, https://mason.gmu.edu/~atabarro/Lessons%20from%20Gurgaon.pdf.

[14] Gershon Feder and Akihiko Nishio, "The benefits of land registration and titling: Economic and social perspectives," Land Use Policy 15, no. 1 (1998): 25–43. https://www.sciencedirect.com/science/article/pii/S0264837797000392.

[15] Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, section 31(i), excludes security interests in agricultural land from the Act; Agricultural mortgages are not prohibited in all instances: West Bengal Land Reforms Act, 1955, section 7, permits specified mortgages, including for land development and agricultural improvements.

Accommodating both activities would give heirs more scope to agree on how to use the property and share its earnings, rather than divide it into progressively smaller agricultural plots. Removing ceilings would also allow willing owners to sell or lease land for combination with neighbouring holdings where a larger farm or project would earn more.[16]

Fourth, landholders would gain more ways to supplement household income. Agricultural households in West Bengal earned an average of ₹6,762 a month from all sources in 2018–19, including wages.[17] A family could lease a suitable portion of its land for storage, a shop or a workshop while continuing to cultivate the rest. An operator could finance the investment and pay rent, allowing the household to earn from the new use without having to finance or manage the business itself. A clear framework for new fixed-term leases would support these arrangements by protecting tenants' possession during the agreed term and ensuring owners can recover their land on expiry.[18]

Fifth, repeal would reduce the cost and uncertainty of changing land use and completing voluntary transactions. Landholders would no longer need separate revenue approval for an otherwise permissible activity. Buyers and tenants would have less reason to discount their offers for application costs, delays and the possibility of refusal. Where these costs currently prevent a transaction altogether, repeal would make a mutually beneficial sale or lease possible.[19]

Sixth, repeal would reduce landholders' exposure to criminal penalties and purchasers' exposure to challenges after a sale. Repealing the penalty for changing use without revenue permission would remove the threat of imprisonment. Repealing pre-emption would remove the risk that an eligible claimant could replace the buyer after a qualifying sale. Greater certainty would reduce litigation costs and the risk of losing a plot needed for an assembled site, making buyers more willing to transact and invest.

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[16] For evidence on rental restrictions and allocation, see Klaus Deininger, Songqing Jin and Hari K. Nagarajan, Efficiency and Equity Impacts of Rural Land Rental Restrictions: Evidence from India, World Bank Policy Research Working Paper 4324 (August 2007) https://documents1.worldbank.org/curated/en/218681468267580488/pdf/wps4324.pdf.

[17] Ministry of Agriculture and Farmers Welfare, "Income of Farmers," Press Information Bureau, 16 December 2022, https://www.pib.gov.in/PressReleasePage.aspx?PRID=1884228.

[18] See NITI Aayog, Report of the Expert Committee and Model Law on Agricultural Land Leasing (October 2016) https://www.niti.gov.in/node/305.

[19] See also Rajagopalan and Tabarrok, "Lessons from Gurgaon," on transaction costs, bargaining and delays.

Expected second-order effects from the recommended reforms

First, repeal would make more private investment viable and expand employment beyond agriculture. Firms could obtain suitable sites near workers, suppliers and transport links, and assemble enough land to operate at an economic scale. Lower costs and greater certainty would make some previously unviable projects worth undertaking. Evidence from Karnataka's industrial-area programme supports this mechanism: researchers estimated approximately 940 additional jobs in villages overlapping each industrial area and another 400 in surrounding villages. The programme combined rezoning with land assembly and basic infrastructure, so its results demonstrate the potential from easing land constraints rather than the effect of repeal alone.[20]

Second, greater demand for labour could raise earnings for households that own no land, including workers who remain in agriculture. New factories, warehouses and service businesses would offer additional employers and occupations. As some workers take these jobs, agricultural employers may have to offer higher wages to retain others. Research using five rounds of India's National Sample Survey found that growth in non-farm employment was associated with higher agricultural wages and lower rural poverty.[21]

More reliable work within West Bengal would also give some households an alternative to travelling to Karnataka or Kerala for construction work, while allowing families to combine cultivation with employment closer to home.[22]

Third, new investment would create customers for smaller local businesses. Factories and warehouses purchase transport, packaging, repairs and other services, while employees spend part of their earnings in nearby shops and businesses. This additional demand can make a small enterprise viable even if it does not sell directly to the new factory. In Karnataka, industrial areas increased firm creation and employment in neighbouring villages up to four kilometres away; much of the surrounding growth came from small service and agricultural enterprises. The opportunity would

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[20] David Blakeslee, Ritam Chaurey, Ram Fishman and Samreen Malik, 'Land Rezoning and Structural Transformation in Rural India: Evidence from the Industrial Areas Program,' World Bank Economic Review 36, no. 2 (2022): 488–513.

[21] Peter Lanjouw and Rinku Murgai, 'Poverty decline, agricultural wages, and nonfarm employment in rural India: 1983–2004,' Agricultural Economics 40, no. 2 (2009): 243–263 https://doi.org/10.1111/j.1574-0862.2009.00373.x.

[22] Monalisha Chakraborty, Subrata Mukherjee and Priyanka Dasgupta, 'Bengali Migrant Workers in South India: A Mixed-Method Inquiry into Their Earnings, Livings and Struggle During Covid Pandemic,' Indian Journal of Labour Economics 65 (2022): 425–443. A survey of 111 Bengali-speaking migrants in Karnataka and Kerala, supplemented by interviews, identifies low wages and irregular work in Bengal as major reasons for migration https://doi.org/10.1007/s41027-022-00374-w.

therefore extend beyond landowners and the firms occupying converted land.[23]

Fourth, jobs closer to home could widen women's employment opportunities. Where care responsibilities or travel constraints limit access to distant work, a nearby processing plant, workshop or service business would expand the jobs women can consider. Research on Indian special economic zones established between 2005 and 2013 found increases in manufacturing and service employment alongside a decline in agricultural work, particularly among women.[24] Land reform would make sites available for such employers; the employment gains would still depend on the activities that enter, their hiring practices and whether women can reach the workplace safely.

Fifth, investment in processing and procurement could strengthen demand for farmers' produce. West Bengal produced 146.45 lakh tonnes of potatoes in 2024–25 and had 2,230 registered food-processing units in 2022–23.[25] Allowing processors and buyers to establish facilities near growers would reduce collection costs and give farmers additional outlets. Competition for supplies could improve the prices and terms offered to farmers who continue cultivating. Evidence from Madhya Pradesh links the introduction of a direct procurement channel and price information to higher soybean prices.[26] In Bengal, an experiment with potato farmers found that price information alone did not raise average farmgate prices, underscoring the importance of improving farmers' actual selling options.[27]

Sixth, additional storage could reduce losses and give farmers more choice over when to sell. Cold stores and packing facilities need sites within economical reach of growers and markets. Easier access to these sites would support investment that preserves produce and shifts some sales out of the

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[23] Blakeslee et al., 'Land Rezoning and Structural Transformation in Rural India'.

[24] Johannes Gallé, Daniel Overbeck, Nadine Riedel and Tobias Seidel, 'Place-based policies, structural change and female labor: Evidence from India's Special Economic Zones,' Journal of Public Economics 240 (2024): 105259; the authors show occupational shifts rather than establishing an increase in women's overall labour-force participation. https://www.sciencedirect.com/science/article/pii/S0047272724001956.

[25] Government of West Bengal, Department of Agriculture, 'About,' AYP data for 2024–25: https://agriculture.wb.gov.in/about (accessed 27 October 2026). Ministry of Food Processing Industries, Rajya Sabha Unstarred Question No. 573, answered 7 February 2025, Annexure I, reports 2,230 registered food-processing units in West Bengal in the Annual Survey of Industries 2022–23: https://mofpi.gov.in/sites/default/files/573.pdf.

[26] Aparajita Goyal, 'Information, Direct Access to Farmers, and Rural Market Performance in Central India,' American Economic Journal: Applied Economics 2, no. 3 (2010): 22–45 https://doi.org/10.1257/app.2.3.22. The intervention combined internet kiosks that supplied price information with warehouses that offered an alternative procurement channel.

[27] Sandip Mitra, Dilip Mookherjee, Maximo Torero and Sujata Visaria, 'Asymmetric Information and Middleman Margins: An Experiment with Indian Potato Farmers,' Review of Economics and Statistics 100, no. 1 (2018): 1–13 https://doi.org/10.1162/REST_a_00699.

harvest season. A study of Bihar's potato supply chain found that farmers who kept potatoes in cold storage and sold them later received substantially higher prices, with the additional gains covering storage charges.[28] More storage could also spread supplies more evenly through the year, benefiting consumers. Farmers' returns would depend on storage fees, spoilage, financing costs and subsequent prices; additional capacity would be most useful where demand justifies its cost.

Seventh, storage businesses could expand farmers' access to working capital against harvested crops. A farmer may be unable to wait for a better price because household expenses or loan repayments fall due immediately after harvest. Credit secured against stored produce can meet that cash need while allowing the farmer to retain the crop for later sale. In the Bihar study, 80 per cent of sampled cold stores offered credit against stored potato bags, generally up to half their value, often through links with banks.[29] This would provide another source of finance for cultivators, including those unable to mortgage their land, provided storage and lending terms are reliable.

Eighth, changes in land use could reduce pressure on groundwater where new activities require less water. In 2024, West Bengal's groundwater extraction alone amounted to 45.63 per cent of the estimated supply available for extraction. But in ten of its 345 assessed blocks, extraction exceeded 90 per cent of the local annual supply, placing them in the "critical" category.[30] A study in Purba Bardhaman linked falling groundwater levels to intensive irrigation for Boro rice.[31] In areas facing such pressure, replacing heavily irrigated farming with businesses that need less groundwater could reduce pumping. Any gains would depend on the new activity's water demand and whether development reduces groundwater recharge—the water seeping back into the ground. Reform should therefore retain protections for ponds and wetlands, alongside controls on groundwater extraction and pollution.[32]

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[28] Bart Minten, Thomas Reardon, K. M. Singh and Rajib Sutradhar, 'The New and Changing Roles of Cold Storages in the Potato Supply Chain in Bihar,' Economic and Political Weekly 49, no. 52 (27 December 2014): 98–108 https://mpra.ub.uni-muenchen.de/61109/1/MPRA_paper_61109.pdf.
[29] Minten et al., 'The New and Changing Roles of Cold Storages'.
[30] Ministry of Jal Shakti, "CGWB Operations in West Bengal," Rajya Sabha Starred Question No. 226, answered 11 August 2025, https://sansad.in/getFile/annex/268/AS226_zljGIY.pdf?source=pqars.
[31] Sandipan Ghosh and Soumya Kundu, 'Multivariate Assessment of Groundwater Depletion and Recharge Prospect in a Sub-tropical Basin of Eastern India,' Journal of the Geological Society of India 100 (2024): 65–77 https://doi.org/10.17491/jgsi/2024/172984.
[32] Ministry of Environment, Forest and Climate Change, Guidelines for implementing Wetlands (Conservation and Management) Rules, 2017 (2020), pp. 2–3, 13; See also West Bengal Inland Fisheries Act, 1984, section 17A.

Expected long-term effects from the recommended reforms

First, repeal could raise productivity over time by allowing land, labour and investment to move towards activities that earn more. Firms able to secure suitable sites could expand, while household members could take up work that makes better use of their skills. The transition would proceed as owners find worthwhile opportunities and businesses commit capital. Many holdings would remain under cultivation; a family might initially lease a small portion and expand the arrangement as demand develops.

Over time, growing employment outside agriculture would reduce dependence on the income available from an inherited plot. Karnataka's industrial-area programme provides evidence of movement towards manufacturing and services, although the gains depended on infrastructure as well as rezoning.[33]

Second, better land markets could raise productivity within agriculture. Secure leases would allow owners taking other work to rent their land to farmers who want to expand. Research using Indian household data finds that barriers to land rental reduce agricultural productivity by preventing land from moving to more productive farms.[34] Removing ceilings would also allow holdings to expand where a larger scale makes machinery more economical. Gains need not come from every increase in farm size: very small farms can outperform slightly larger ones because of the costs of hiring labour, while larger operations can benefit from higher-capacity machinery that lowers production costs.[35] Reform should therefore allow farmers to expand through voluntary leasing and consolidation, giving them greater freedom to choose the area they cultivate according to the labour and technology they use.

Third, easier access to land could strengthen Bengal's existing business clusters. Suitable sites around Kolkata, Kharagpur and the Asansol–Durgapur industrial belt would allow firms to build on existing workers, businesses and infrastructure.[36] As these concentrations grow, suppliers can specialise, firms can recruit from a deeper pool of skills, and workers can find jobs better matched to their abilities. These benefits can attract further investment and

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[33] Blakeslee et al., 'Land Rezoning and Structural Transformation in Rural India'.

[34] Marijn Bolhuis, Swapnika Rachapalli and Diego Restuccia, 'Misallocation in Indian Agriculture,' American Economic Journal: Macroeconomics 18, no. 2 (2026): 378–408, https://doi.org/10.1257/mac.20210358.

[35] Andrew D. Foster and Mark R. Rosenzweig, 'Are There Too Many Farms in the World? Labor Market Transaction Costs, Machine Capacities, and Optimal Farm Size,' Journal of Political Economy 130, no. 3 (2022): 636–680, https://doi.org/10.1086/717890.

[36] Government of West Bengal, Silpasathi, 'Industrial Parks under WBIDC,' lists existing industrial sites at Kharagpur, Durgapur, Asansol and Panagarh: https://silpasathi.wb.gov.in/industrial-parks-wbidc.

improve productivity over time. Research on Indian manufacturing links new business entry to nearby suppliers and customers, while also identifying education and infrastructure as important conditions. Land reform would allow firms to exploit these advantages, with continued investment in transport, power and skills.[37]

Fourth, allowing housing to grow alongside employment could make urban opportunities accessible to more households. If new jobs attract workers but housing cannot expand, higher rents and longer commutes absorb part of the wage gain. Easier conversion and assembly of suitable land would allow more homes near workplaces and transport links, helping workers move to productive locations. Repeal must be accompanied by clear ownership records, workable planning rules and infrastructure. A study of 201 Indian cities found that urban land-ceiling repeal did not increase housing supply, as ownership disputes possibly made the reform ineffective. Removing the ceiling is therefore only one part of making land available for construction.[38]

Fifth, sustained growth in employment opportunities could increase investment in education and skills. When families can see a credible route from training to better-paid work, the expected return to schooling and vocational courses rises. Young people would have stronger reasons to acquire skills for expanding industries and services. An experiment in rural India found that connecting women to business-process-outsourcing recruiters increased schooling and training as well as employment.[39] Over successive generations, a more skilled workforce could support higher-productivity businesses and give children of farming households a wider choice of livelihoods.

Land law reforms in other states

Other states have already repealed or reduced restrictions on changing land use, holding urban land and completing sales. These provide precedents for the reforms proposed for West Bengal.

Land conversion: Andhra Pradesh and Bihar repealed their separate agricultural land-conversion laws. Andhra Pradesh reasoned that planning

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[37] Ejaz Ghani, William R. Kerr and Stephen D. O'Connell, 'Spatial Determinants of Entrepreneurship in India,' Regional Studies 48, no. 6 (2014): 1071–1089, https://doi.org/10.1080/00343404.2013.839869.

[38] Arnab Dutta, Sahil Gandhi and Richard K. Green, 'Is land-use deregulation enough to deliver housing?: The case of institutional frictions in India,' Real Estate Economics (published online 2025), https://doi.org/10.1111/1540-6229.70009.

[39] Robert Jensen, 'Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India,' Quarterly Journal of Economics 127, no. 2 (2012): 753–792, https://doi.org/10.1093/qje/qjs002.

authorities already regulated land use and collected development charges, making a separate conversion approval duplicative, and Bihar noted that the law was hindering ease of doing business, ease of living and industrial development. Those controls and charges continue. Both repeals retain statutory savings. Maharashtra removed the corresponding requirements from its comprehensive land code that prescribed separate Collector permission where planning rules permitted the proposed use, and included the collection of a one-time premium.

Telangana and Uttar Pradesh adopted narrower reforms. Uttar Pradesh made specified building, development or layout approvals sufficient for conversion in notified areas and waived the declaration fee. Telangana retained its conversion law but introduced TS-iPASS, a single-window system combining land conversion and other industrial clearances through one application, with decision deadlines and deemed approvals. It also cut the conversion decision period from 60 to 15 days and reduced conversion taxes.

Urban land ceilings: Haryana, Punjab, Uttar Pradesh, Gujarat, Karnataka, Rajasthan, Madhya Pradesh, Odisha, Assam, Bihar, Maharashtra, Andhra Pradesh and Jharkhand, alongside the then Union territories, repealed urban land ceilings by adopting the Parliament's repeal law of 1999. Tamil Nadu separately repealed its own law.

Pre-emption: Bihar removed its comparable statutory pre-emption right in 2019. The amendment also expressly ended pending proceedings and directed repayment of deposits.[40]

[40] Bihar Land Reforms (Fixation of Ceiling Area and Acquisition of Surplus Land) (Amendment) Act, 2019 (Bihar Act 6 of 2019), section 2, repealing section 16(3) and inserting section 16(4), Bihar Gazette Extraordinary, 25 February 2019, https://prsindia.org/files/bills_acts/acts_states/bihar/2019/2019Bihar6.pdf.

PART A
PERMISSION TO CHANGE LAND USE

1. The conversion process duplicates scrutiny under other laws

Under the West Bengal Land Reforms Act, 1955, a landholder who wants to change the character or mode of use of land must obtain a prior written order from the Collector.[41] To apply, the landholder must submit land records, a map identifying the site and the project documents required for the proposed use. The revenue authority conducts or arranges an inquiry into the applicant's rights, whether sharecroppers cultivate the land, effects on neighbouring agricultural land, and public access. The inquiry also checks whether conversion would conflict with planning, urban ceiling, and wetland laws where they apply.[42]

For changing the use of land containing a waterbody, the applicant must identify land for a replacement waterbody of equal or greater size in the same or an adjoining mouza and submit an affidavit undertaking to create it. The authority must consult the Fisheries and Environment Departments.[43]

Town planning law already regulates permissible uses in areas covered by an operative land use and development control plan. An owner proposing an industrial use permitted by that plan must still seek another approval from the revenue authorities for the change in use. The government has acknowledged this duplication in its own Land and Land Reforms that the two authorities, town planning and revenue authorities, decide "substantially the same issue" and that they consult each other.[44]

Obtaining the conversion order does not authorise construction or operation of the project. The owner still needs the applicable development permission, approval for the building plan, and environmental and safety clearances. But to get those permissions, he first requires the conversion certificate issued by the revenue authority.[45] Similarly, questions about drainage or pollution are also decided under the laws governing those matters.

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[41] West Bengal Land Reforms Act, 1955, sections 4B(1) and 4C(1)–(2).

[42] West Bengal Land Reforms Rules, 1965, rules 5A(1), (6)–(11) and Form 1A, especially items 3(5)–(6), 4(2)–(4); substituted by Notification 4297-LR/1A-05/07 GE(M) (17 September 2009), Kolkata Gazette Extraordinary (24 September 2009), pp. 1–6.

[43] West Bengal Land Reforms Rules, 1965, rules 5A(2), (9), (11)(g), (12)–(13) and Form 1B; West Bengal Inland Fisheries Act, 1984, section 17A; East Kolkata Wetlands (Conservation and Management) Act, 2006, sections 9–10.

[44] This is in the context of the Calcutta Metropolitan Planning Area. West Bengal Land and Land Reforms Manual, 1991, rule 164(ii), pp. 50–51. https://dllromsd.org/LAW_WEB/MANUAL/lrmanual.pdf

Where planning, building, and environmental laws already address the risks of the proposed activity, repeating those checks through a separate revenue permission adds no benefit and provides no additional protection. Landholders must pay additional fees, prepare documents, attend hearings and deal with multiple offices to obtain another approval for the same activity. Officials must also examine these applications and coordinate with other departments, making the duplicate procedure expensive for both applicants and the administration. The process is prohibitively expensive for entrepreneurs and simultaneously costly for the administration with no additional benefit.

2. Prescribed deadlines have not prevented lengthy delays

The rules prescribe 90 days for an ordinary land use conversion application and 120 days where the application concerns land containing a waterbody. They also allow officials to record reasons when an application is not decided within that period. A separate 2015 order sets a 30-day period for industrial use conversion and treats specified interdepartmental NOCs as given if no response arrives within 14 days. The final conversion permission is still required. Even after the government has prescribed a timetable and sought to simplify the process, undue delays in deciding mutation and conversion applications continue, with the Directorate of Land Records and Surveys repeatedly issuing circulars to clarify and speed up the procedures.[46] A landholder who risks waiting for too long to start a project and changes use without the conversion permission can face prosecution, with imprisonment up to three years, a fine up to ₹50,000, or both.[47]

For the Tarsons Products' Jangalpur factory in Howrah, applications to convert land for a manufacturing facility and warehouse had been filed in September 2006. Approval for 1.51 acres of the 3.50-acre site arrived in September 2021, fifteen years later, with approval for the remaining 1.99 acres still pending (as of 2021). The company identified possible action against its use of the remaining land as a risk to operations, including the risk of the revenue authority's decision to discontinue the new use and restore the land to its

[45] West Bengal Land Reforms Act, 1955, section 4C(4A); West Bengal Land Reforms Rules, 1965, rule 5A(11); West Bengal Town and Country (Planning and Development) Act, 1979, sections 44–46; West Bengal Municipal (Building) Rules, 2007, rules 11–12.
[46] Directorate of Land Records and Surveys, West Bengal, https://wbllroa.in/wp-content/uploads/2023/08/Scan1.pdf.
[47] West Bengal Land Reforms Act, 1955, section 4D(1). The offence is cognisable and non-bailable.

original use. Even up until FY2025, complete conversion approval for the Jangalpur factory land had not been received.[48]

The case of the Tarsons' factory shows how consequences extend to businesses already in operation. If the revenue authority has granted approval for part of a site, it does not authorise industrial use of the remaining land. Therefore, a business that needs that land to expand must wait for the permission or risk facing criminal prosecution and an order to restore the land to its original use. Such delays can thus hold back expansion needed to sustain or grow the business.

When an application remains undecided beyond the prescribed deadline, repeated follow-ups impose further costs on the applicant and even consume the time of the officials, without assuring a decision. Capital which is already committed to the site remains tied up while the expected income from the business is postponed. Uncertainty about when the permission will arrive also makes it harder to arrange finance, schedule work, and commit further capital. Prolonged delays can therefore make an otherwise viable investment uneconomic.

3. Other states have removed or simplified the separate conversion requirement

Undivided Andhra Pradesh's 2006 law required prior permission and a conversion charge before agricultural land could be put to other uses. A 2009 amendment to its ceiling law allowed the government to use or sell land already taken over under agricultural ceilings for industry and infrastructure. A 2012 amendment reduced the general conversion tax from 10 to 9 per cent of basic land value, and to 5 per cent in three municipal corporations, including Greater Hyderabad. Andhra Pradesh and Telangana inherited the 2006 framework when the state was divided in 2014.[49]

Telangana enacted the Telangana State Industrial Project Approval and Self Certification System Act, 2014, known as TS-iPASS, into operation in June

[48] Tarsons Products Ltd, Prospectus (18 November 2021), and 'Approvals applied for in relation to conversion of Jangalpur Unit Land', https://www.tarsons.com/wp-content/uploads/2022/02/Prospectus-18-11-2021.pdf; Tarsons Products Ltd, Annual Report 2024–25, https://www.tarsons.com/wp-content/uploads/2025/08/Tarsons_AR2024-25_C2C_SGAAds_V6-Interactive.pdf

[49] Andhra Pradesh Agricultural Land (Conversion for Non Agricultural Purposes) Act, 2006, ss 3–4; Andhra Pradesh Reorganisation Act, 2014; Andhra Pradesh Agricultural Land (Conversion for Non Agricultural Purposes) (Repeal) Act, 2025, https://prsindia.org/files/bills_acts/acts_states/andhra-pradesh/2025/Act20of2025AP.pdf.

2015. TS-iPASS streamlines industrial clearances through a common application and imposes decision timelines, including deemed approvals. A January 2016 adaptation order also shortened the conversion law's decision period from 60 to 15 days and reduced the general conversion tax from nine to three per cent of basic land value, and from five to two per cent within Greater Hyderabad Municipal Corporation. Land conversion remained regulated but obtaining it became cheaper and was merged with other industrial approvals.[50]

In our research, we compared growth in built-up land in adjoining districts on the two sides of the border. Between 2010 and 2020, the built-up share in the Telangana districts increased by 0.26 percentage points, compared with 0.20 percentage points in the Andhra Pradesh districts. Telangana's expansion was therefore about 1.3 times as fast.[51]

Andhra Pradesh's 2025 repeal addressed the duplication directly. The government's stated reason was that local and urban development authorities already regulated land use and levied development charges. Requiring conversion under another law added procedural complexity. The Andhra Pradesh Agricultural Land (Conversion for Non Agricultural Purposes) (Repeal) Act, 2025 removed the 2006 Act, effective 3 September 2025, subject to its savings and transitional provisions. Development regulation and charges continued under the planning framework.[52]

Maharashtra, which has a comprehensive code that governs land like West Bengal, removed the related provisions. Where the planning framework permits the proposed non-agricultural use, separate permission from the Collector is no longer required. The planning authority collects the retained one-time premium before granting development or building approval, and revenue records must be updated on that basis.[53]

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[50] Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014 (Telangana Act 3 of 2014); TS-iPASS Rules, 2015, GO Ms 36, Industries and Commerce Department (17 June 2015). Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (Telangana Adaptation Order), 2016, GO Ms 4, Revenue (Land Matters) Department (5 January 2016), para 4(2)–(3).

[51] Shruti Rajagopalan, Shreyas Narla, Ankita Dinkar, Kadambari Shah and Ankit Bhatia, 'Reforming Agricultural Land Conversion Laws in States' (Mercatus Research, updated 10 May 2026), https://the1991project.com/writing/papers/reforming-agricultural-land-conversion-laws-indian-states.

[52] Andhra Pradesh Agricultural Land (Conversion for Non Agricultural Purposes) (Repeal) Act, 2025 (Act 20 of 2025), sections 1–3 and statement of objects and reasons. Pending applications are expressly saved under section 3(2)(i). Andhra Pradesh (Levy and Collection of External Development Charges) Rules, 2025, GO Ms 211, Municipal Administration and Urban Development Department (8 October 2025).

[53] Maharashtra Land Revenue Code (Second Amendment) Act, 2025 (Maharashtra Act LVII of 2025), substituting sections 42 and 47 of the Maharashtra Land Revenue Code, 1966 and deleting sections 42A–42D, 44, 44A, 45 and 46.

Bihar repealed its separate land-use conversion law through the Bihar Agricultural Land (Conversion for Non-Agricultural Purposes) (Repeal) Act, 2026.[54] Uttar Pradesh adopted a narrower approach in 2026. Within specified notified areas, building permission, development permission or layout approval under the listed planning laws is deemed as permission for change of use under section 80 of the Uttar Pradesh Revenue Code, 2006. The amendment requires the corresponding revenue entry within 15 days following the prescribed inquiry and removes the declaration fee.[55]

4. Why deemed conversion is not a solution

A deemed approval clause can prevent an authority from withholding a decision indefinitely. But it does not remove the application process itself, be it fees or eligibility checks, and the applicant has to bear these costs of going through with the whole procedure. If the revenue authorities dispute whether the deadline expired or other authorities refuse to recognise the deemed permission, the applicant may incur the further expense of litigation to establish the deemed permission.

Similar to West Bengal's proposed plan, Karnataka removed the Deputy Commissioner's permission where the proposed use conforms to a published master plan, while retaining the conversion process for lands outside the town plan and a 30-day deemed approval. An owner applied on 6 June 2025 to convert agricultural land to commercial use, but 6 months later the authority rejected the application in December, well after the statutory deadline for deemed approval. On 10 June 2026, the High Court of Karnataka quashed the rejection, recognised the deemed conversion, and directed the officials to collect the fee and issue the certificate within six weeks. Despite a deemed approval process, the owner needed a court order to confirm the change of land use.[56]

In Haryana, an applicant sought permission in July 1992 to establish an industry on agricultural land. The appellate authority treated permission as

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[54] Bihar Agricultural Land (Conversion for Non-Agricultural Purposes) (Repeal) Act, 2026 (Bihar Act 18 of 2026), sections 1–2, Bihar Gazette Extraordinary (3 August 2026). Madhya Pradesh Land Revenue Code (Amendment) Act, 2018 (MP Act 23 of 2018), see *Hemant Sharma v State of Madhya Pradesh*, 2024:MPHC-GWL:13726, https://indiankanoon.org/doc/12014588/.

[55] Uttar Pradesh Revenue Code (Amendment) Act, 2026 (UP Act 19 of 2026), sections 1–2, amending section 80(8) of the Uttar Pradesh Revenue Code, 2006; Uttar Pradesh Gazette Extraordinary (13 August 2026), pp. 3–4, effective from 8 April 2026.

[56] Karnataka Land Revenue Act, 1964, section 95(2)(i)–(ii), as reproduced in *M A Momin v State of Karnataka*, 2026:KHC-K:4269 https://indiankanoon.org/doc/9030411. See also *Kolan Narashimha Reddy v State of Karnataka*, 2024:KHC-K:8038 https://indiankanoon.org/doc/9429088/.

deemed granted after the prescribed period and set aside the delayed rejection. In January 2014, the High Court set aside both the original rejection and the appellate authority's verdict, and directed a fresh decision. More than 20 years after the original application, the deemed approval provision had not settled whether the project could proceed.[57]

In Maharashtra, earlier provisions deemed land converted in accordance with published plans, but owners still applied to the Collector for assessment of taxes and dues, payment, a formal document called a sanad, and changes to the land record. When it repealed the provisions in 2025, it acknowledged that even the deemed conversion procedural requirements continued to cause difficulties because of the formalities involved.[58]

Disputes can also continue over charges after deemed permission comes through. In Gujarat, a 2015 application to change commercial land to residential use received deemed permission after three months. A conversion premium demand raised later led to litigation that reached the Division Bench in January 2024. Though this concerns a change between non-agricultural uses, it reinforces the challenge of implementing deemed conversions.[59]

Removing conversion permission in areas covered by operative plans, but retaining a 45-day deemed conversion procedure elsewhere, would leave West Bengal administering different procedures across planning boundaries. Officers and applicants would first have to determine whether a plot falls within the relevant authority's jurisdiction, whether an operative plan covers it, and whether the proposed use qualifies for the exemption. Where conversion remains necessary, they would then have to establish when the application was filed and then calculate the deadline. As more areas come under master plans, the applicable procedure would change again. An automatically generated certificate could resolve the immediate problem of obtaining a document after the deadline, but it would still leave the application, eligibility checks, charges, and coordination with land records to be administered.

West Bengal should remove the separate permission throughout the state. Where planning law applies, the land records office should record the change following the relevant development or building approval. Elsewhere,

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[57] *State of Haryana v Ashok Kumar*, CWP 10937 of 1993; Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963, section 8(4), as applied in Haryana https://indiankanoon.org/doc/25084234/.

[58] Maharashtra Land Revenue Code (Second Amendment) Bill, 2025 (LA Bill XCVII of 2025), https://bombayhighcourt.gov.in/bhc/libweb/legislation/billstate/2025/LABill2025.97.pdf

[59] *State of Gujarat v Rekha Subhash Sagar*, LPA 11/2024, https://indiankanoon.org/doc/117822441/; Gujarat Land Revenue Code, 1879, sections 65, 65A and 67A.

applicable building, environmental and local development rules should govern the activity. The state should identify the competent authority and publish any additional standards needed for those areas. Creating another conversion procedure because a town plan has not yet been prepared would preserve the administrative burden and uncertainty that a complete repeal could resolve.

Solution:

We recommend that West Bengal remove the separate revenue permission for changing land use throughout the state by repealing section 4B(1) and sections 4C and 4D of the West Bengal Land Reforms Act, 1955. This would remove the conversion approval process, the requirement to obtain a conversion order before specified project permissions, and the associated criminal sanction. Rules 5A and 5AA of the West Bengal Land Reforms Rules, 1965, together with the corresponding conversion and regularisation forms, fee orders and administrative requirements, should also be withdrawn. Consequential amendments should also remove the original-use restrictions in sections 4(4) and 5(1)(d).

The legislation should specify the treatment of existing orders and pending applications, and expressly end pending prosecutions and restoration proceedings based solely on the absence of a conversion certificate. It should also provide for updating land records without requiring a fresh conversion application.

Planning, building, environmental and safety requirements can continue to govern land development. Substantive protections for waterbodies, public access and existing cultivation rights can continue to be in effect. Removing the separate permission should allow landholders to pursue lawful uses without paying for another approval of the same activity.

PART B
LANDHOLDING CEILINGS

West Bengal should repeal the limits on how much land an individual, family, or business may hold. Landholding ceilings made land available for redistribution by requiring owners to surrender land that is in excess of the prescribed limits. Today, a buyer who wants to combine the consequent small holdings into a larger farm or an industrial site has to deal with the same limits. Even when the owners agree to sell, acquiring enough land for the proposed activity is either barred or requires government permission to exceed the ceiling.[60]

1. The ceiling rules

The 1955 Act sets landholding ceilings based on family size and land type. An unmarried adult or a sole surviving family member may own up to 2.5 hectares of agricultural land in a notified irrigated area, or 3.5 hectares of other land. For a family of two to five members, the limits are 5 and 7 hectares respectively. Each member beyond five increases these limits by 0.5 and 0.7 hectares respectively, subject to overall caps of 7 and 9.8 hectares.[61]

The limit applies to the buyer's total holding, including land already owned. The Act provides that the excess land will vest in the state if the total holding is above the ceiling. These provisions affect agricultural land, as vacant urban land is governed by the separate urban ceiling law.[62]

2. Ceilings obstruct the consolidation of small holdings

Redistribution reduced the concentration of landownership and created many small holdings. Successive divisions among heirs reduced the land available to each household even further. West Bengal's average operational holding

[60] West Bengal Land Reforms Act, 1955, Chapter IIB, especially sections 14L, 14M, 14S, and 14Y. See *Sasanka Sekhar Maity v. Union of India* (1980) 4 SCC 716 https://indiankanoon.org/doc/981808/.
[61] West Bengal Land Reforms Act, 1955, section 14K(f)(i)–(iii), read with sections 14M and 14N. Calculations: 2.50 × 1.40 = 3.50 hectares; 5.00 × 1.40 = 7.00; 7.00 × 1.40 = 9.80. For a family above five, the ceiling increases by 0.50 standard hectares per additional member, equivalent to 0.50 hectares of irrigated agricultural land or 0.70 hectares of other land, subject to the statutory maximum.
[62] West Bengal Land Reforms Act, 1955, sections 2(7), 14J, 14L, 14M, 14S, 14Y, and 14Z(1). Section 14J excludes vacant land governed by the Urban Land (Ceiling and Regulation) Act, 1976, avoiding an assumption that both ceilings necessarily apply to the same land.

measured 0.76 hectares in 2015–16, which is the size of a standard football pitch.[63]

Small farms may achieve high yields through intensive cultivation, while larger operations can make more economical use of machinery and increase output per worker. As wages rise and farming methods change, farmers should be able to acquire additional land where expanding cultivation would improve their returns. Ceilings restrict that choice even when neighbouring owners are willing to sell and the land would remain under agriculture.[64]

The law itself recognises the problem with excessive subdivision and how land can become too fragmented for effective use. It allows the government to prescribe a minimum area for partition, and where that standard applies, shares falling below the minimum mark must be rearranged and sold, with the proceeds divided among the co-owners. The same legal framework thus provides a procedure to prevent holdings from becoming too small, while restricting voluntary purchases through which larger holdings could be assembled.[65]

For industry, fragmented ownership means that assembling a large site requires negotiating purchases from several landholders and combining their plots. Ceilings further restrict how much land a private buyer can acquire, even when the owners are willing to sell. Investors may therefore have to seek a government allotment because they cannot assemble enough land through private purchases.

Fragmented holdings also impede the movement of workers from agriculture into manufacturing. Aishwarya Kekre estimates that the average 12.45 per cent decline in district-level farm size between 2001 and 2011 implied

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[63] Agriculture Census 2015–16, state-wise average sizes of operational holdings, reproduced in Rajya Sabha Unstarred Question 491, 23 July 2021, Annexure I. https://www.sansad.in/getFile/annex/254/AU491.pdf?source=pqars. Pranab Bardhan, Michael Luca, Dilip Mookherjee and Francisco Pino, "Evolution of Land Distribution in West Bengal 1967–2004: Role of Land Reform and Demographic Changes" (2014) 110 Journal of Development Economics 171–190. https://doi.org/10.1016/j.jdeveco.2014.02.001. Operational holdings measure land operated as a single unit, not necessarily a single plot or the land owned by one person.

[64] Andrew D. Foster and Mark R. Rosenzweig, "Are There Too Many Farms in the World? Labor Market Transaction Costs, Machine Capacities, and Optimal Farm Size" (2022) 130(3) Journal of Political Economy 636–680. https://doi.org/10.1086/717890. Klaus Deininger, Songqing Jin, Yanyan Liu and Sudhir K. Singh, "Can Labor-Market Imperfections Explain Changes in the Inverse Farm Size–Productivity Relationship? Longitudinal Evidence from Rural India" (2018) 94(2) Land Economics 239–258. https://doi.org/10.3368/le.94.2.239. High output per hectare and high income per worker are distinct measures; the argument does not assume that every small farm is unproductive.

[65] West Bengal Land Reforms Act, 1955, section 14(3)–(5). Section 14(5) permits different standard areas for different localities or classes of land. It does not itself prescribe one numerical minimum for the whole state.

a 3.2 percentage point increase in agriculture's employment share and a 2.2 percentage point decline in manufacturing's share. Smaller holdings require firms to negotiate with more owners to assemble a site, raising costs and restricting expansion, particularly in industries that require more land. For 2005–13, her estimates imply that declining farm size reduced manufacturing employment by about 30 per cent, the number of firms by 20 per cent and average firm size by 15 per cent. Smaller farms may nevertheless earn higher profits per acre. Her model captures this distributional divide: real land rents rose by about 5 per cent while real wages fell by 1.92 per cent on average.[66] Very narrowly, fragmentation can therefore benefit landowners while limiting the jobs and earnings available to workers. But in the longer term they may still prevent the gains for all parties from structural transformation.

The state then comes under pressure to assemble land and allot it to investors because its own laws make private purchases difficult. Officials must administer this process and decide which projects will receive the land, taking on work that willing buyers and sellers could otherwise undertake themselves. Where the government uses compulsory acquisition, owners can lose their land despite being unwilling to sell and may contest the compensation offered.

The first response should be to remove barriers to voluntary consolidation. Government-led pooling or compulsory acquisition should not become the default answer to difficulties that the law itself creates.

3. Exemptions turn land assembly into a permission process

Recognising that the ordinary limits obstruct activities requiring larger sites, the government amended the ceiling provisions to exempt specified projects acquiring land above the ceiling subject to government permission.[67] For instance, in 2012, the permitted activities were widened to include industrial parks, warehousing and a range of infrastructure projects. The 2014

[66] Aishwarya Kekre, *Barriers to Structural Transformation: The Role of Agricultural Land Fragmentation*, job market paper (2026)

[67] West Bengal Land Reforms (Amendment) Act, 1996; West Bengal Land Reforms (Amendment) Act, 2000; West Bengal Land Reforms (Amendment) Act, 2012; West Bengal Land Reforms (Amendment) Act, 2014. The 32 uses in section 14Y, first proviso (a), are: (1) mills; (2) factories; (3) workshops; (4) livestock-breeding farms; (5) poultry farms; (6) dairies; (7) fisheries; (8) townships; (9) transportation or terminals; (10) logistics hubs; (11) industrial parks; (12) industrial hubs; (13) industrial estates; (14) financial hubs; (15) warehousing; (16) tea gardens; (17) agro-industries; (18) power plants; (19) power-transmission or distribution substations; (20) film cities; (21) tourism projects; (22) educational institutions; (23) medical institutions; (24) biotechnology parks; (25) food parks; (26) ports; (27) airports; (28) shipyards, including shipbuilding and shipbreaking; (29) oil and gas products piped transportation; (30) ICT industries; (31) ICT-allied industries; (32) mining and allied activities.

amendment added fisheries, townships, transportation or terminals and logistics hubs, and widened the route for expanding existing projects.[68]

In 2017, the government added another workaround to permit reuse of retained mill, factory or workshop land for specified projects, with the holder treated as a lessee of the state. In 2023, approved parks, hubs and townships gained a route to transfer land on a freehold basis to units within the project, subject to fees and prior permission. The same amendment allowed specified government land to be settled on a freehold basis above the ordinary ceiling with written approval. In all these instances, the exemption is not automatic but requires the government's permission to hold land above the ceiling.[69]

Effectively, the government is still in the business of deciding which projects may hold land above the ceiling, how much land they may hold, and the conditions on its use or transfer.

Obtaining permission requires more than showing that the proposed activity appears in the list. The applicant must submit a detailed project report already examined and approved by the department responsible for that activity. Applications for a new project and expansion of an existing project use separate forms. They require maps and details of the proposed use. The Land and Land Reforms Department may demand further information and approve the area recommended by the department concerned with the project.[70]

The business must therefore justify not only its activity but also how much land it needs. Preparing the application and responding to formal queries costs the applicant time and money, while officials must examine project plans and coordinate decisions across departments.

An expanding business faces additional scrutiny of its ongoing operation. Its application calls for a certificate from the appropriate authority that the existing project is running smoothly, along with land records and conversion certificates, the applicable pollution-control NOC, and its earlier permission to exceed the ceiling where relevant. A firm seeking land for expansion must therefore establish the status of the old project as well as secure approval for the new one.

This process is also tethered to the land use conversion process and certain building approval applications. The same land records and permissions

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[68] West Bengal Land Reforms (Amendment) Act, 2012; 2014 Amendment Act, allowing an extension of up to two years beyond the three-year use period.

[69] West Bengal Land Reforms (Amendment) Act, 2017, inserting section 4B(2) and a further proviso to section 14Z(1). West Bengal Land Reforms (Amendment) Act, 2023; amending sections 14L, 14Y and 52(2).

[70] West Bengal Land Reforms Act, 1955, sections 14K(ee) and 14Y; West Bengal Land Reforms Rules, 1965, rules 14GG(1)–(5), Forms 7C and 7CC, substituted by Notification 3890-LP/1A-8/2012, 18 July 2012 https://wbllroa.in/wp-content/uploads/2021/08/Rule-14GG.pdf.

go between offices at successive stages.[71] If demand changes or a project has to be redesigned, the firm's ability to retain and reuse its land depends on the terms of its approval. Where the proposed change falls outside the approved purpose or land requirement, further permission may be needed. The business may therefore bear the cost of another application and lose time responding to changed demand, even after it has invested in the land and the project. The exemption system consequently adds uncertainty to commercial decisions about the size and future use of a site.[72]

Listing more activities or raising the limit would relieve some restrictions, but retain this framework where one set of permissions and approvals is replaced by another. The applicant would still need to establish eligibility and obtain approval for the area required. Repeal would instead allow that land to be assembled through transactions between willing parties without requiring the government to approve each exception.

4. Urban ceilings restrict development around existing jobs

The Urban Land (Ceiling and Regulation) Act, 1976 imposes a separate ceiling on vacant urban land in the Kolkata, Asansol and Durgapur urban agglomerations. It was introduced to prevent concentrated ownership and speculation and distribute land more equitably. The ceiling is 500 square metres in Kolkata and 2,000 square metres in Asansol and Durgapur. Its application depends on the statutory definition of vacant land and the exemptions available.[73]

These restrictions affect the places where businesses can benefit from being close to other firms and workers. A manufacturer in the Asansol–Durgapur belt can draw on existing industrial infrastructure and suppliers. Kolkata offers a large market and a concentration of employment.

Requiring a business to move to a distant site can sever these connections and raise the cost of reaching suppliers, customers, and workers. Housing also needs land within reach of employment, so that workers can take jobs without spending a large part of their income or day on the journey.[74] The costs can

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[71] West Bengal Land Reforms Rules, 1965, Form 7CC; rule 5A(6)(e); West Bengal Municipal (Building) Rules, 2007, rule 11(4); West Bengal Land and Land Reforms Manual, 1991, https://dllromsd.org/LAW_WEB/MANUAL/lrmanual.pdf.

[72] West Bengal Land Reforms Act, 1955, section 14Y, third proviso, as amended in 2014; West Bengal Land Reforms Rules, 1965, rule 14GG(6), Forms 7C and 7CC.

[73] Urban Land (Ceiling and Regulation) Act, 1976, sections 2(o)–(q), 3–4, 10 and 19–20, Schedule I. Kolkata is in category A, with a 500-square-metre limit; Asansol and Durgapur are in category D, with a 2,000-square-metre limit.

therefore pile on long after the land transaction, through higher operating expenses for businesses and longer, more expensive journeys for residents.

A developer seeking to assemble vacant plots for housing may need to hold more land than the ceiling permits. The state may grant an exemption after considering whether it serves the public interest or whether applying the ceiling would cause undue hardship.[75] The developer must therefore secure yet another approval simply to hold enough land for the project. Applicants bear the cost of preparing and pursuing the exemption, while the administration must decide which projects should be allowed to exceed the limit. Permission provides relief to an individual project, but preserves this costly process for others.

A June 2025 order exempts specified land allotted by the state, its agencies or urban local bodies under the land allotment policy, subject to conditions on its use. The relaxation is useful to a developer obtaining land through those bodies, but a developer buying neighbouring private plots receives no equivalent exemption.[76]

The relaxation gives government-allotted land an advantage under the ceiling law, even where private owners are willing to sell. A developer may therefore seek a public allotment to avoid applying for an exemption on privately purchased land, leaving the government to decide which project receives a site.

Land availability is one constraint on urban growth. Firms also need reliable infrastructure and planning rules under which they can develop their sites. Repealing the urban ceiling law would remove the separate limit on how much vacant land a project can hold. Officials would no longer have the administrative burden of assessing applications seeking permission to exceed that limit. Development permissions, building compliances and safety clearances will remain.

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[74] Gilles Duranton and Diego Puga, "Micro-Foundations of Urban Agglomeration Economies," in Handbook of Regional and Urban Economics, vol. 4 (2004), pp. 2063–2117 https://www.sciencedirect.com/science/chapter/handbook/abs/pii/S1574008004800051.

[75] Urban Land (Ceiling and Regulation) Act, 1976, section 20(1)(a)–(b) and (2). Public-interest exemptions depend on the location, proposed use and other relevant factors; the separate hardship provision permits conditional relief. https://library.mcrg.ac.in/uploads/225.html.

[76] Department of Urban Development and Municipal Affairs, Government of West Bengal, order dated 13 June 2025, https://wbllroa.in/wp-content/uploads/2025/06/ULC-Policy-dated-13.06.2025.pdf

Solution:

We recommend the repeal of the ceiling regime in Chapter IIB of the West Bengal Land Reforms Act, 1955, with express savings for completed redistribution. The repeal will involve removing the holding prohibition and ceiling limits, the provisions for taking excess land into state ownership, and the project-specific exemption routes. Other provisions that refer to the ceiling provision, including those governing government land settled on freehold terms, and compensation must be amended.[77] The associated rules and forms must be removed and amended accordingly.[78]

Parliament enacted the Urban Land (Ceiling and Regulation) Repeal Act in 1999. At least 12 states and three union territories had adopted it by February 2013, while Tamil Nadu separately repealed its own urban ceiling law in 1999. Therefore, we also recommend that West Bengal should adopt the central repeal law by passing a resolution under Article 252(2) of the Constitution.[79] The central Act's own savings and abatement provisions would govern existing acquisitions, exemption orders, compensation and pending proceedings.

Repeal should preserve ownership already granted through redistribution and compensation lawfully due for completed acquisitions. It should expressly end pending proceedings whose sole purpose is to take land above the repealed ceiling, and specify how unresolved claims and land still in private possession will be treated.

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[77] West Bengal Land Reforms Act, 1955, Chapter IIB, sections 14J–14Z. Relevant amendments are required wherever other provisions incorporate ceilings, including sections 3A, 4(5), 49 and 52(2).

[78] West Bengal Land Reforms Rules, 1965, rules 14B, 14C, 14GG, Forms 7C and 7CC, and relevant changes to Form 7A and Form 7AA. Amend suitably and retain: rule 14BB which deals with possession outside ceilings and rules 14E–14F govern compensation used in other vesting contexts: retain those functions where needed. Amend the ceiling references in rule 5A(6)(e), Form 1A and the relevant municipal-clearances.

[79] Urban Land (Ceiling and Regulation) Repeal Act, 1999, section 1(2)–(3); Rajya Sabha Unstarred Question 419, "Land exemptions under ULC Act," 20 November 2019, p. 206, giving the position as at February 2013 https://cms.rajyasabha.nic.in/UploadedFiles/Debates/OfficialDebatesDatewise/Floor/250/F20.11.2019.pdf.

PART C
PRE-EMPTION OF LAND SALES

West Bengal should repeal the statutory right to replace a buyer after a completed land sale. A buyer who has agreed upon a price, paid the seller, and registered the deed, can still face a claim from someone whom the law allows to challenge the sale and take the buyer's place. For a business that needs several adjoining plots, the loss of one plot can disrupt the whole project, because even an unsuccessful pre-emption claim can leave the sale in litigation for years.[80]

1. A completed purchase can be reopened at the instance of another claimant

For qualifying transfers of a portion or share of a plot to someone other than a co-owner, the law allows a sharecropper cultivating that plot, a co-owner, or an owner of adjoining land to seek pre-emption. The claimant must apply to the civil court and deposit the stated purchase price plus 10 per cent. For a ₹10 lakh purchase, the initial deposit therefore for raising a pre-emption claim would be ₹11 lakh. The court decides whether the claimant qualifies and can direct payment of additional sums properly incurred by the buyer before ordering the land transferred.[81]

The three classes of claimants have different deadlines. A co-owner has three months from service of the statutory notice, while a sharecropper has three months from the transfer and an adjoining owner has four months from the transfer. Competing claimants also have a statutory order of preference where, if several claimants apply, the sharecropper takes priority, followed by the co-owner. Where adjoining owners compete, the length of the common boundary determines preference. The buyer may therefore have to contest the claimant's link with the plot as well as whether the claim was filed on time and the required amount deposited.[82]

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[80] West Bengal Land Reforms Act, 1955, sections 8–10. The application is for statutory substitution after a qualifying transfer, and filing a claim does not itself establish the claimant's entitlement or automatically prohibit all development.

[81] West Bengal Land Reforms Act, 1955, sections 8(1), 9(1) and 10. *Barasat Eye Hospital v. Kaustabh Mondal* (2019) 19 SCC 767 https://indiankanoon.org/doc/2325514/.

[82] West Bengal Land Reforms Act, 1955, section 8(1) and its first three provisos, read with section 5(4)–(5). *Sib Nath Chatterjee v. Tulsidas Chatterjee*, 2026 INSC 409. https://api.sci.gov.in/supremecourt/2019/26217/26217_2019_14_25_70040_Judgement_09-Apr-2026.pdf.

The biggest problem is that a buyer can lose the land even when the seller had the right to sell it and neither party was in the wrong. An eligible neighbouring landowner can ask a court to replace the buyer despite never having owned a share in the land. The buyer may have checked the seller's rights, paid the agreed price and registered the deed. None of those steps protects the purchase against pre-emption.

Such preference originally served different purposes at different times. Colonial tenancy law first gave it to landlords. In 1938, that right was replaced with a preference for co-owners when a share was transferred to an outsider. The later land reforms law extended the right to adjoining owners, with consolidation of small agricultural holdings among its stated justifications. Sharecroppers were subsequently included and given priority over the other claimants.[83]

A buyer assembling a larger farm or industrial site must negotiate purchases from the owners of several neighbouring plots. Even after those sales are completed, a neighbouring owner can seek to acquire one of the plots through pre-emption. The claimant need not establish that replacing the buyer would produce a more productive holding or a better consolidated site. A law meant to keep plots together can therefore break up a site assembled through purchases from willing owners.

A buyer who may lose a plot needed for a larger site must either wait before committing further capital or bear the risk of losing that investment. Both choices can reduce what the buyer is willing to pay. Pre-emption therefore imposes costs on the seller too, even before the land is purchased and a claim is filed.

2. Stuck in decades of litigation

Although the law gives claimants only a few months to seek pre-emption, a buyer can spend years in court arguing that a claim was filed too late or without the required deposit. A neighbouring owner challenged a 1979 land sale by filing a claim in 1985, and the buyer had to defend the sale until 2004, when the Supreme Court rejected the claim as time-barred, roughly 19 years after proceedings began.[84] In another case, a buyer who purchased land in May 2005

[83] *Abharan Chandra Saha v. Sanat Kumar Sen*, AIR 1964 Cal 460, on the 1928 and 1938 changes to section 26F of the Bengal Tenancy Act, 1885. https://indiankanoon.org/doc/1215326/. *Jyotish Chandra Sardar v. Hira Lal Sardar*, ILR (1971) 1 Cal 213, on consolidation. West Bengal Land Reforms (Amendment) Act, 1981 (Act L of 1981), amendment of section 8, https://indiankanoon.org/doc/37622543/.

[84] *Gopal Sardar v. Karuna Sardar* (2004) 4 SCC 252 https://indiankanoon.org/doc/1740415/.

had to defend the purchase against an adjoining owner's claim for 14 years, until the Supreme Court rejected it in October 2019 because the claimant had not deposited the required amount.[85]

Courts have also disagreed over the wording of section 8 and whether the sale of a "portion or share" of a plot includes a sale of the entire plot.[86] The presence of pre-emption provisions in both the West Bengal Land Reforms Act, 1955 and the West Bengal Non-Agricultural Tenancy Act, 1949 has also generated disputes over which law governs purchases and pre-emption claims of non-agricultural land, especially since amendments extending the 1955 Act to non-agricultural land and other lands have been contested in court.[87] Courts have inconsistently nevertheless applied the pre-emption provisions to purchases of buildings and commercial property.[88]

The Supreme Court has held that pre-emption restricts an owner's freedom to sell and that claimants must therefore strictly meet the conditions laid down by law.[89] They must file within the applicable deadline and deposit the full price stated in the sale deed plus ten per cent upfront, rather than in instalments. But even if a claim is ultimately rejected for failing to meet these requirements, the buyer has already spent time and money defending a completed purchase for years. And, while the claim remains pending, uncertainty over retaining the land makes it harder for the buyer to commit further capital to a project.

Solution:

Bihar has already abolished the comparable pre-emption right. Its 2019 amendment also ended pending proceedings and required the return of claimants' deposits.[90]

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[85] *Barasat Eye Hospital v. Kaustabh Mondal* (2019) 19 SCC 767 https://indiankanoon.org/doc/2325514/.

[86] *Sri Bholanath Dinda v. Chaiti De*, C.O. 4209 of 2025, https://indiankanoon.org/doc/178489389/. The reference concerned the sale of a co-owner's entire share, distinct from a sole owner selling an entire plot. The appeal was stayed through July 2026.

[87] For the constitutional challenge, *Paschimbanga Bhumijibi Krishak Samiti v. State of West Bengal*, (1996) 2 CALLT183 https://indiankanoon.org/doc/1109886/; *Rash Behari Maji v. State of West Bengal*, 2026:CHC-AS:1194-DB https://indiankanoon.org/doc/37500644/.

[88] West Bengal Land Reforms Act, 1955, sections 2(7), 8 and 63; West Bengal Non-Agricultural Tenancy Act, 1949, section 24. *Abdulla Kabir v. Md. Nasiruddi*n (1989) 2 SCC 361, https://indiankanoon.org/doc/878157/; *Ratan Kumar Roy v. Subhasis Dalal*, C.O. 4053 of 2023, https://indiankanoon.org/doc/186439812/.

[89] *Sib Nath Chatterjee v. Tulsidas Chatterjee*, 2026 INSC 409 https://api.sci.gov.in/supremecourt/2019/26217/26217_2019_14_25_70040_Judgement_09-Apr-2026.pdf

We therefore recommend that West Bengal should repeal sections 8–10 of the West Bengal Land Reforms Act, 1955 and section 24 of the West Bengal Non-Agricultural Tenancy Act, 1949, and related rules 7–8 and Form 4 under the West Bengal Land Reforms Rules, 1965. It should also amend the pre-emption-specific notice and fee requirements under section 5(1)(b)(ii) and (4) –(5) of the 1955 Act and section 23 of the 1949 Act, along with remaining references to the repealed provisions. The repeal legislation should expressly end pending statutory pre-emption claims and appeals, bar fresh claims based on earlier sales, and provide for the return of the purchase money and additional ten per cent deposited by claimants.

[90]Bihar Land Reforms (Fixation of Ceiling Area and Acquisition of Surplus Land) (Amendment) Act, 2019, section 2.

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