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## Whether PVT LTD company can buy an agriculture land

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**Kaival Mehta** (CA student) 10 August 2010

Whether PVT LTD company can buy an agriculture land or not?  
if yes then is there any specific compliance?

**CA Atul** (Tax Manager) 10 August 2010

1. Under the Companies Act, a regd. co. may perform those activities that are listed in the Objects ,Articles and the memorandum. By virtue of its objects and articles, as regd. under the companies act, the P.Ltd., (now non-person) can function and perform agricultural activites and need not be a agriculturist as in the case of an individual person.

2. The co. has a object of doing say. Rose Garden or say Horticulture or say Soyabean cultivation. The co. after doing the above, has to file the yearly land revenue fees, according

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to the usage of the land. i.e. land revenue is different for agricultural activities and for non-agricultural activities. False declarations and filing will lead to prosecution by the Revenue dept., which has a mandatory duty to periodically inspect and file reports with the district collectors office.

3. In the future event, if the pvt.ltd. co. folds-up or say closes down, then it cannot dispose of its agriculture land bank to non-farmers for non-agricultural purposes.

The agricultural activities are limited to the existence of the Co. If there is no company, all the property etc... can be attached by statutory authorities (I.Tax, S.Tax, Revenue Dept., Environment Dept, Pollution Dept among others)

The directors of the P.Ltd., DO NOT BECOME FARMERS / AGRICULTURISTS automatically just because their co. had earlier owned of agricultural land and neither the heir of such directors may ever claim right as Farmer or as an agriculturist. There is no such thing as inheirtance in a company or say to a non-individual-person.

If the annual report / balance sheet / P&F of the company shows any profit / loss pertaining to any non-agricultural activities on the said agricultural land, THEN it will be clear violations of the objects & articles and the collector may attach / acquire the said land.

There are several parameters which have to be taken into account, when agri land is owned by corporates and agri activities are performed by such co.

4. If the collectors inspects the activities of a particular agricultural land and finds that the agricultural land is being used for other purposes, then he has to attach/ acquire the said land from the owners.

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example :

5.

a) A regd. Pvt. Ltd. whose objects and articles comply with the companies act, identifies a agricultural land. Buys it. Registers it after paying necessary duties and taxes. Co. also submits undertaking to use land only for so and so purposes.

b) submits documents to Tahsildar's office for change in revenue records. Tahsildar inspects the co. registration and articles and the sale papers etc.. and approves the ownership title change-over, BUT after taking permission from the collectors office.

c) In future Co. violates the undertaking and uses the land for other purposes. Tahsildar / Collector, after due notices may attach /acquire the land. Co. loses title.

6. Literally more than 15% land in India, is held in the name of corporates, holding companies, charitable trusts and other non-individuals. The most common name in Mumbai area is Godrej group, who holds vast tracts of agricultural and other waste land in the name of Godrej Holdings. There are several hundreds of companies who are doing plantation and Tea Gardens, Horticulture, Floriculture and Forestry plantations.

7. There are land belonging to Collector, the State Govt. the Central Govt, The defence forces, the airport authorities and other PSU. They are no restrictions to them.

8. BUT, the agricultural land transfer to non-farmer and to non-agriculturist is RESTRICTED ONLY TO INDIVIDUALS and not otherwise.



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9.. Agriculture income is presently Tax-Free in the hands of Invididuals.

10. Agriculture income in NOT TAX FREE for companies.



••• [Naveena](#) (Student) 19 December 2017

Whether company can make FDI in agriculture land?



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