

THE INFLUENTIAL FACTORS IN PAYING COMPENSATION DURING LAND ACQUISITION PROCESS OF AGRICULTURAL LANDS IN SRI LANKAN HIGHWAYS

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INTRODUCTION

Infrastructure systems can be defined as systems including physical facilities and such social systems as legislative, financial, organizational and technical systems to deliver infrastructure service. A compensation system to Affected Peoples (APs) is regarded as one of an important one in infrastructure development projects, especially large highway construction projects. Acquiring lands for the highway as well as compensation to the APs was one of the major challenges faced by the implementation agency.

The objective of this study was to find out the challenges encountered during the payment of compensation for the agricultural lands acquired to construct highways in Sri Lanka and to introduce a realistic framework for land value negotiations in the future projects to overcome such challenges. This research paper focuses on the influential factors that contributed to the state of paying not only to the above mentioned project but as well as the relevance of some factors associated with some other projects and countries found in literature.

LITERATURE REVIEW

Process of land acquisition differs from territory to territory but in most of the cases, the principle of paying compensation stays the same. While countries like Japan and United States of America base their compensation on 'Fair Market Value', India and most of the developing Asian countries tend to use 'Market Value authored by the acquirer'. Sri Lanka abides with a Land Acquisition act written way back in 1954 which has seen more than 25 amendments, implying that it is clearly outdated. On the contrary, countries such as United Kingdom adopts 'Open Market Value' where the property owner is paid on the basis that he is willing to sell at the best price, which he reasonably receives in the open market. [Office of the Deputy Prime Minister, 2004]

Southern Transport Development Project (STDP) – 'The FIRST highway project in the tiny nation'

With the plan of connecting the capital city Colombo with the southern parts of Sri Lanka, the STDP project faced many opposition as well as technical difficulties as it brought in many ambiguities for the APs. During its construction phase, from 2004 to 2011, the households and large scale businesses which were paid or either relocated with the help of the implementing agency, were happy to some extent. Nearly five percent (5%) (i.e:39 million USD) of the total project cost (of 906.5 million USD) was allocated for land and resettlement component of the STDP. APs with small businesses and agricultural land owners were the worst hit stakeholders, while their properties were claimed to be not evaluated properly for the compensation. The impact of the project [Asian Development Bank, 2014] itself expresses the percentage of agricultural lands affected compared to the commercial structures and the loss of agricultural land (in hectares) per household recorded a staggering 0.76. (Table 1)

Table 1 Impact of the project at a glance

Impact	Number
Total number of households affected	5,800
Fully affected and displaced households	1,326
Fully affected commercial structures	102
Partially affected from land acquisition (agricultural land)	4,372
Temporarily affected from damage to houses from blasting, vibration and crops	About 600 households
Acquired paddy land (fully affected and income losses)	272.5 ha
Acquired highlands (fully affected cash crops)	734.2 ha

FIELD SURVEY AND QUESTIONNAIRE

Data was obtained as a mean of field survey and 105 questionnaires in consulting APs of five (5) different resettlement sites of STDP. Eight (8) face-to-face in-depth interviews were conducted with the Government officials from Road Development Authority (RDA), Department of Valuation and Department of Agrarian Services to listen to the perspective from the project implementing agencies. The questionnaire basically comprised 40 quantitative and qualitative questions, reflecting the compensation and negotiations procedure, the APs attitude towards it and their thoughts on how it should have been improved amidst stakeholder opposition. 32% of the interviewed APs stated that they did not receive any amount of compensation for their acquired agricultural lands while the rest of 68% were having a low satisfaction level for the monetary value of the given compensation.

Keywords: Agricultural lands, Land acquisition, Compensation, Affected Persons (APs)

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RESULTS AND DISCUSSION

Based on the qualitative results, a total of 89 distinctive points in comments were categorized into four (4) main topics (Figure 1) with respect to the compensation on acquired agricultural lands. With the help of Key-Words-In-Context (KWIC) method and listing down the key words according to the number of occurrence, five (5) of the most frequent comments were further analyzed in a second round of interviews.

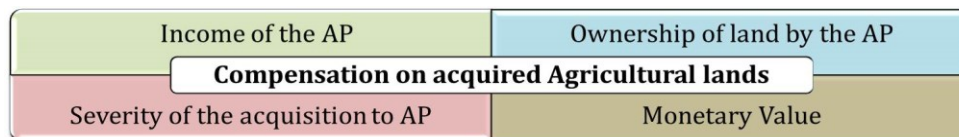


Figure 1 Four (4) main topics of the APs related to compensation of agricultural land

Considering these four (4) topics as well as less frequent comments, the following influencing factors for compensation were worked out on the basis of their relationship to the concerns.

1. Knowledgeability of the AP: This was the most influential factor in the terms of negotiating the compensation for the acquired agricultural land. Even though the RDA staged up a Land Acquisition and Resettlement Committee (LARC) to look into the objections and complaints during the compensation process, 40% of the APs interviewed were unaware of such kind of committee. 38% of the APs who have heard about LARC were uninformed that they were eligible to increase the monetary value of compensation with the consultation through LARC.

2. Distance from the development area: The agricultural land was evaluated based on the distance to the development site. It was regardless of whether it was a leftover paddy field very close to the development site or a highly productive paddy field far away from the development site.

3. Location of the agricultural land with respect to urban, sub-urban or rural mindset: Paddy fields close to the intersections as well as highly populated areas along the highway were identified as highly paid, compared to the APs who owned paddy fields in the less developed area. The latter had less influence in negotiating for a higher compensation.

4. Solidarity among APs: Motivated in obtaining a higher compensation for their affected crops, many APs started objecting at the first but later fell apart from their cohesiveness due to many reasons such as hardships during relocation and political rivalry.

5. Occupation or association with officials: If the head of the household or the AP was a government official, it was highly likely that the compensation was paid on time and without any deductions.

6. Source of income: The fact that the acquired agricultural land was the sole income of the AP was only regarded in some cases. APs that were unable to testify the above fact was left only with the compulsory amount of compensation while who were registered under the local agrarian officer was lucky enough to verify this influencing factor.

7. Sharecropping, ownership of the land and encroachers: In Sri Lanka, after the death of the land owner, the land is inherited by his successor. While most of them pay attention to the inheritance of houses and structures, the inheritance of agricultural lands is not streamlined making it hard for the acquirer to determine the present ownership. This factor led into more disputes and aggression, since the amount of compensation was further divided according to the previous recorded ownership.

8. Determining the future market value of the agricultural land: Even the local agrarian services officer was not able to determine the future value of the AP's agricultural land based on factors such as the years of ownership, productivity of the present cycle of cultivation and the past yield in harvest.

Influencing factor number 8 was unique for this project since no measures were taken even during the project implementing stage to correct it while the first factor was identified as a common factor in most cases around the world. The legislative background in Sri Lanka also contributed to factor numbered as 7, while factors such as 4 and 5 were subjective to AP's lifestyle and character.

CONCLUSION

Other than the most influencing factors examined on this paper, external factors such as the outdated legislation, political leadership, transparency of the officials do affect the compensation process. Most of the non-agricultural lands and housing structures do sometimes face similar factors but the major difference for agricultural lands was the inability to replace with an equivalent land and harvest at the resettlement site. Learning from successful instances around the world, improvements to the acquiring process can be made considering it's compatibility of adoption to Sri Lanka as well as similar developing countries;

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