CHAPTER - 7

INTEREST PAID FOR LAND ACQUIRED IN DELHI: A SPATIAL AND TEMPORAL ANALYSIS

Introduction

In the total compensation, two types of interests are paid. One is paid under section 4 and other under section 34 of the Land Acquisition Act.

Interest u/s 4 is paid when the period between section 4 and 6 is more than 3 years and is calculated from the date of notification u/s 4 to the date of award less three years.

The interest u/s 34 is paid when the possession of the acquired land is taken before depositing the compensation from the date of such possession to the date of payment of compensation.

The total interest is simply addition of these two kinds of interest. Any interest paid is an indication of delay in the acquisition process.

The amount of interest shows an additional liability on the part of the Government for not completing the acquisition process within time and could be avoided by acquiring the land in time. Thus, the analysis of interest would reveal how the Govt. has borne this liability over time and space.

Since the interest is paid for time calculated in terms of days, an analysis of days simultaneously for different types of interest and the total interest reflect the distribution of delay in the acquisition process.
The Sample

Since the dates of interest were not available in case of all 3277 Awards drawn from 1948 to 1989, only those Awards were taken for study where interest was given or date u/s 4 and date u/s 6 were available (Interest 0 or Date 4 and Date 6 01/01/47). On this criterion, a sample of 2231 Awards constituting 68% of the total population was drawn for the analysis of interest component in compensation and for its temporal and spatial patterns.

In terms of land, the sample covered 3,32,456 bighas of land or 74% of the total land acquired during the period under study.

Analytical Variables

Beside the total interest, the proportion of interest in compensation, interest per bigha of land acquired, interest per award were also calculated to analyse the interest / delay in the acquisition of land in Delhi.

Total Interest, Compensation and Area in Delhi

The total area acquired of the sample as already mentioned above was 3,32,456 bighas. The total compensation assessed was Rs.308.84 crores with Rs.20.34 crores of total interest from 1948 to 1989 and interest constituting about 6.6% of the total compensation.

Total Interest, Land Acquired and Compensation in Delhi During Non-Plan Period

From 1948 to 1958, the total land acquired and the compensation assessed for it showed increasing trends. However, during the same period the total interest showed a declining trend corresponding to the compensation.
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GRAPH 7.1

GRAPH 7.2
Plan Period

During the Plan period from 1959 to 1988, the land was acquired with increasing trend and variation from year to year. The total compensation assessed for the land also showed increasing trends. The compensation up to 1979 increased at a relatively slow rate and thereafter increased at a very high rate. The total interest during the same period also showed increasing trend. Similar to the compensation, the increase was gradual up to 1979 and thereafter increased.

Whereas the estimated compensation increased from zero in 1965 to Rs.29 crores in 1988 or 1.2 crore per year the interest increased from zero in 1964 to Rs.1.9 crores in 1988 or 7.6 lakhs per year.

*It shows that in absolute terms, the interest increased in Delhi with the passage of time during the planned development from 1959 to 1988.*

Interest Component in Compensation

To see that the interest as a component of the compensation has changed overtime and in what direction, the yearly percentage of interest was calculated.
During the non-plan period, it showed declining trend.

During the plan period, the component of interest as percentage of compensation varied from year to year but on the whole registered a rising trend over time. Whereas the actual percentage ranged from almost zero in 1964 to 40% in 1981, the estimated percentage increased from about 4% in 1959 to 19% in 1988.

It implies that over time during plan development of Delhi, the land acquisition process became progressively delayed making State to incur more and more financial liability in the form of interest.

Interest per Award in Delhi

Interest was also calculated per award year-wise to examine that with the development of Delhi and with acquisition of land, how the interest per award changed and in what direction.

During the non-plan period the Interest paid per award or scheme showed a declining trend. The estimated value declined from about Rs.1400 in 1948 to zero in 1954.
During the Plan period (1959-88), the interest per award showed an increasing trend. The estimated value increased from zero in 1962 to about Rs.2.2 lakhs in 1988 or Rs.8150 per year. The actual values started increasing after 1967 with variation.
Interest per Bigha in Delhi

The interest paid for every bigha acquired in Delhi also did not remain static but showed a specific pattern overtime.

Over the entire period of 1948-89, it was Rs.611 per bigha.

During the Non-plan period, the interest per bigha registered a declining trend.

During the Plan period from 1959 to 1988, the interest per bigha showed an increasing trend implying that with passage of time and development of Delhi, the delay component or financial liability for the delay in acquisition for every bigha of land acquired increased.

*From the point of view of the State, the acquisition of land became more and more costly with the development of Delhi. It reflects upon the State machinery since this increasing liability was avoidable to an extent and was incurred by the State itself.*

The above analysis, thus, shows that interest which is mainly paid due to delay in acquisition process by the State, showed a specific pattern.
During the non-plan period from 1948 to 1955, not only the absolute level of interest showed declining trend but interest as a percentage of the compensation per award or per bigha also showed the similar declining trend.

On the other hand, during the plan period from 1959 to 1988, all these variables relating to interest showed invariably increasing trends.

It implies that whereas during the non-plan period, the land was acquired with declining delay in the acquisition process, during the plan period the delay element gradually increased overtime increasing financial liability on the State beside giving rise to various kinds of problems that would emerge with the delayed acquisition process like difficulties to the land owners, planners and developers of the land.

*The overall implications of increasing interest variable cannot be taken as a part of sound management of policy or practice of land acquisition for public purpose especially for the planned development of Delhi.*
Regional Analysis of Interest in Delhi

In the foregoing analysis, the interest variables were examined for Delhi as a whole. These variables were also calculated for all the seven regions to see their behaviour over the space.

The graph shows the absolute values of compensation and interest assessed in various regions from 1948 to 1989 with average per region.

In DL, DS, PS and N, the total compensation assessed was less than the average and that in ME, MW and PN was higher than the regional average. Similarly, the total interest assessed was less than regional average in DL, PS, ME and MW whereas the same was higher in DS, N and PN regions. The highest amount of interest in absolute terms was assessed in N region and the lowest in PS region.

Proportion of Interest in Delhi Regions

The different regions have shown variation among themselves in respect of proportion of interest in compensation over the non-plan and plan periods.

For the entire period the proportion in Delhi regions was as follows: 4.1% in DL, 11.7% in DS, 3.2% in ME, 3% in MW, 18.4% in N, 7.7% in PN and 1.2% in PS. It shows that highest proportion of interest was assessed in N and DS regions.

Interest per Award in Delhi Regions

The interest assessed per award in Delhi regions was as follows: Rs.17,130 in DL, Rs.96,810 in DS, Rs.61,690 in ME, Rs.72,885 in MW, Rs.1,80,720 in N, Rs.1,16,690 in PN and Rs.20,050 in PS.

It shows that there was a regional variation in the interest per award and the same was very high in N, DS and PN regions. It was relatively low in DL and PS regions.
Interest per Bigha in Delhi Regions

The interest per bigha land acquired also varied regionally. It was Rs.247 in DL, Rs.670 in DS, Rs.358 in ME, Rs.350 in MW, Rs.1526 in N, Rs.653 in PN and only Rs.135 in PS region. Again, the maximum delay per bigha occurred in N region followed by DS and PN regions. It was relatively lesser in DL, ME, MW with least in PS region.

The above regional analysis shows that interest variables indicating delay in acquisition process over the entire period from 1948 to 1989 were higher in N, DS and PN regions while lower in DL, ME, MW and PS regions.

In general, the N region registered maximum delay and thereby incurred highest amount of interest while PS registered the least delay.

*This analysis at least in terms of delay in acquisition brings out a clear pattern on the map of Delhi. A belt running from East, North and North-West Delhi experienced the maximum delay in acquisition process whereas the Southern side comprising ME, MW, PS experienced the quicker acquisition process with Delhi region.*

It may be inferred that the acquisition process in practice was given preference in South Delhi than in East to North Delhi. That would also show that development had a bias towards southern regions of Delhi.

**Interest u/s 4 of the L.A. Act in Delhi**

The total interest analysed above is addition of interest under section 4 and interest under section 34 of the Land & Acquisition Act. Till 1984, the interest u/s 4 accounted for the total interest and there was no interest assessed u/s 34 of the Land Acquisition Act.

The proportion of interest u/s 34 increased substantially though with variations after 1984 and accounted for more than 90% of the interest in later years.
As already described above, while the interest u/s 4 is paid where the difference between section 4 and 6 is more than 3 years, the interest u/s 34 is paid where the possession of land has been taken before its acquisition.

It implies that in later years, the acquisition of later kind took prominence. It might have been due to emergency sections where possession is immediately taken before final award.

The patterns shown by the interest u/s 4 in Delhi were almost similar to those of total interest with little modification in the last 5 years since the two were identical up to 1984. The total interest u/s 4 per award and per bigha showed increasing trends during Plan period while had declining trends during non-plan period.

**Days u/s 4 per Award and per bigha in Delhi**

The interest u/s 4 is paid from the date of notification under section 4 to the date of award less three years. Thus to have an estimate of delay in terms of days for which the interest had to be paid in Delhi, various variables were calculated.

During the non-plan period, the days u/s 4 showed a declining trend. The estimated days declined from about 740 per award in 1948 to almost zero in 1954.

During the Plan period on the other hand, the days per award registered an increasing trend. The actual days showed higher number after 1966. The estimated days 4 per award increased from about 240 to 2100 in 1989.

Days 4 per bigha also showed a declining trend during the non-plan period. The estimated days 4 per bigha declined from 15 in 1948 to almost zero in 1954.

During the Plan period, on the other hand, they registered an increasing trend again showing higher actual values after 1966. The estimated no. of days 4 per bigha in Delhi increased from about 6 in 1959 to 20 in 1988.

It implies that with the development, the acquisition process became progressively delayed resulting in higher financial and real liabilities on the State.
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DAYS4 PER AWARD IN DELHI
(1959-89)

Graph 7.9

DAYS4 PER BIGHA IN DELHI
(1948-58)

Graph 7.10

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Interest u/s 34 of the L.A.ACT in Delhi

Since the interest u/s 34 started to be paid only from 1984, it has been analysed therefore for the period from 1984 to 1989. The graph shows the percentage of interest in the total compensation and the percentage of interest u/s 34 over 8 years.

The actual variation in interest proportion was between 19% in 1989 and 15.4% in 1984, whereas the actual variation occurred in interest u/s 34 was from 6.9% in 1986 to 99% in 1989.

The trend over six years in proportion of total interest was that of declining from about 9% in 1984 to 6% in 1989.

The trend in proportion of interest u/s 34 on the other hand, was that of increasing. It increased from almost zero in 1984 to 15,500 in 1989.

The days 34 per award, on the other hand, increased (estimated) from almost 80 in 1984 to 630 in 1989.

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Similarly the interest u/s 34 per bigha also registered increasing trend, increasing from about 100 in 1984 to Rs.2500 in 1989. The days 34 per bigha increased from about 1 day in 1985 to about 7 in 1989.
Regional Distribution of Interest and Days u/s 34 in Delhi

The regional distribution of interest u/s 34 shows that from 1984 onwards the proportion of interest u/s 34 gradually increased almost to 100% in 1989.

Though there was variation in regions, the interest 34 per acre increased from 1984 to 1989. It was relatively higher in DS and PN regions.

All the regions also showed increasing values in Days 34 per acre. Interest 34 per bigha also registered increasing values during the same period but the regional variation was very high. The DL, DS, PS and PN regions showed relatively higher interest per bigha. The days 34 per bigha also showed increasing values over the period with regional variation.

Conclusion

The above analysis of interest u/s 4 and interest u/s 34 showed that over the Plan period, all the variables registered increasing trends.

The interest u/s 4 declined after the amendments in the Land Acquisition Act in 1984 and the interest u/s 34 showed increasing proportion in the interest after 1984.

The implication of such an analysis is that prior to amendments in 1984, the interest used to be paid due to the delay in notification u/s 4 and u/s 6 of the Land Acquisition Act.

After amendment the interest was usually paid for taking over the possession of the land before acquiring it. The proportion of interest u/s 4 in total interest declined drastically due to the fact that after amendment in 1984, the notification u/s 4 would have simply lapsed if the declaration was not made in less than two years.

The interest however showed increasing trends implying that element of delay in acquisition continued with the development of the Metropolis over period from 1959 to 1989.