CHAPTER - 8

ENHANCEMENTS IN RATES OF MARKET VALUE OF LAND ACQUIRED IN DELHI:
A SPATIAL AND TEMPORAL ANALYSIS

Introduction

The market value is initially assessed by a Land Acquisition Collector u/s 11 of the Land Acquisition Act while drawing an award for a particular piece of land. The market value assessed by the LAC in determination of total compensation to be paid to the land owner is not final.

Any land owner not satisfied with the award of the LAC can make a reference u/s 18 of the Land Acquisition Act for determination of the award including market value by the Court of District Judge in the first instance.

If the owner is not still satisfied with the award of the Court of District Judge, he can appeal to the High Court and Supreme Court for the redetermination of the award.

Under the present chapter, such enhancements in the MV Rates as awarded by the Court of District Judge generally known as the Courts of Additional District Judges (ADJs) and the High Court have been analysed spatially and temporally vis-a-vis the MV Rates awarded by the LACs.

This analysis is important not only from the view point of the compensation paid to the land owner but also as it gives an insight into the correct assessment of the market value at the different stages by LAC, ADJ and High Court.

Secondly, it also throws light on the time factor involved in the final award drawn under the L.A.Act since the process of getting compensation by a land owner is complete when he finally gets the compensation in his hands practically after the disposal of his appeal at High Court. Though theoretically still the appeal can be made to the Supreme Court against the judgment of the High Court, practically the majority ends up with the High Court.
Thus, for our analysis purposes, the MV Rates at three stages of the LAC, ADJ and High Court have been examined to draw the various economic and social implications.

The Sample

A total of 3277 awards were drawn by the LACs all over Delhi in the period from 1948 to 1989. Out of these awards, it is estimated that enhancements either by the ADJs or the High Court over the MV Rates of the LACs were made in respect of about 1000 awards up to the year 1988-89.

For the present study, a sample of about 150 judgments relating to such awards were drawn randomly constituting the size of the sample as 15% of the population.

In all 150 judgments, the rates of market value came to be about 173. The MV Rates exceeded the no. of judgments since certain judgments dealt with more than one MV Rate awarded by the LAC. Out of 173 MV Rates, 71 judgments related to the High Court.

Thus, in 173 cases, the MV Rates were enhanced by the ADJs from the MV Rates of LACs. In 71 cases, the MV Rates enhanced by the ADJs were further enhanced by the High Court.

Market Value and Total Compensation Paid by the Courts

A very important aspect of the enhancements of MV Rates is to examine the nominal rates of market value awarded by the LACs and Courts and the actual compensation based on these MV Rates. The simple difference in MV Rates is not sufficient. The real incidence is actually indicated by the difference in the C Rates based on the nominal MV Rates of LACs and ADJs.

As described earlier, the total compensation include the solatium, interest and additional amount on the market value. The difference between the nominal market value and the compensation generally increases with the time difference between the two.

Thus, the difference beside indicating the time cost on the part of the land owners, gives an estimate of avoidable liability on the part of the State on the one hand and the element of incorrect economic assessment of the overall situation under which the market value was assessed on the other hand.
LAC and ADJ MV Rates in Delhi: A Regional Distribution

The 173 MV Rates of LACs were arranged spatially in ascending order to compare them with their respective ADJ MV Rates.

The graph shows that though the absolute level of ADJ MV Rates increased with the increase in LACs MV Rates, the increase in ADJ MV Rates was not necessarily proportionate to increase in the LAC MV Rates.

The distribution was generally unequal, spatially. Whereas the LAC MV Rates varied from Rs.50 in MW to Rs.22,865 per bigha in ME, the ADJ MV Rates varied from Rs.200 in MW to Rs.1,25,000 in Delhi.
Total Compensation Awarded by LACS and ADJS in Delhi: A Spatial Distribution

*The Total compensation per bigha (C Rate) determined over the LAC and ADJ MV Rates also showed a fluctuating pattern.*

The increase in C Rate awarded by LAC did not show proportional changes in C Rate awarded by ADJs and the difference was relatively much larger than that between the LAC and ADJ MV Rates.
Spatially, the C Rate awarded by LAC varied from Rs.57.50 in MW to about Rs.3.85 lakhs per bigha in Delhi whereas the C Rate awarded by the ADJ ranged from Rs.440 in MW to Rs.23.22 lakhs in Delhi.

Nominal LAC and ADJ MV Rates in Delhi from 1957 to 1985 : A Temporal Analysis

To analyse the two MV Rates temporally, all the MV Rates were arranged with reference to time. The period covered by sample ranged from 1957 to 1985.

During the period from 1957 to 1960, the two MV Rates showed a falling trend. The LAC MV Rates declined from about Rs.3000 in 1957 to Rs.2500 in 1960 whereas the ADJ MV Rates declined from about Rs.7000 to Rs.6000.

The MV Rates showed increasing trends during the period from 1960 to 1962. The estimated LAC MV Rates increased from about Rs.2000 to Rs.2500 whereas the estimated ADJ MV Rate increased from Rs.4000 to Rs.5000.

During the period from 1963 to 1970 whereas the LAC MV Rates showed a slightly increasing trend, the ADJ MV Rates registered a declining trend. The estimated LAC MV Rate increased from about Rs.3000 to Rs.4000 whereas the estimated ADJ rates declined from Rs.12,000 to Rs.8000.

The period from 1971 to 1985 depicted increasing trends in both LAC and ADJ MV Rates. The estimated LAC MV Rates increased from Rs.4000 to Rs.10,000 whereas the estimated ADJ MV Rates increased from Rs.7500 to Rs.19,000.

Thus, the LAC and ADJ MV Rates increased in the initial period from 1960 to 1962 declined in the period from 1963 to 1970 but again increased from 1971 onwards over time.
Total Compensation Awarded by the LACS and ADJS from 1953 to 1985: A Temporal Analysis

During the period from 1957 to 1980, the C Rate per bigha showed a constant rate whereas the C Rate by ADJ registered a declining trend. The estimated LAC C Rate remained constant at about Rs.3500 whereas the estimated ADJ C Rate declined from Rs.34,000 to Rs.24,000.
During the period from 1960 to 1962, the two C Rates registered increasing trends. The estimated LAC C Rate increased from Rs.3500 to Rs.3800 whereas the estimated ADJ C Rate increased from Rs.16500 to Rs.17,000.

In the period from 1963 to 1970, whereas the estimated LAC and ADJ C Rates remained almost at Rs.45,000 and Rs.30,000 respectively in the period from 1971 to 1985, both the C Rates registered increasing trends. The estimated LAC C Rate increased from Rs.2500 to Rs.14,500 whereas the estimated ADJ C Rate increased from Rs.13,000 to Rs.53,000.

**Real LAC and ADJ MV Rates in Delhi from 1957 to 1985: A Temporal Analysis**

The above nominal MV Rates were adjusted against the price index of respective years to calculate the real MV Rates assessed by the LACs and the ADJs overtime.

During the period from 1957 to 1960, the real LAC and ADJ MV Rates showed decreasing trends. The estimated real LAC MV Rates declined from about Rs.3000 to Rs.2500 whereas the estimated real ADJ MV Rates declined from Rs.7000 to Rs.6000.

During the period from 1960 to 1963, two MV Rates registered increasing trends. The estimated real LAC MV Rates increased from Rs.2250 to Rs.2500 and ADJ MV Rates increased from Rs.3500 to Rs.4500.

During the period (1963-70), the real MV Rates declined. The estimated real LAC MV Rate declined from Rs.3000 to Rs.2250 whereas the estimated real ADJ MV Rates declined from Rs.10,500 to Rs.5000.

In the period from 1971 to 1985 also, the real MV Rates registered declining trends. The estimated real LAC MV Rates declined from Rs.3000 to Rs.2000 whereas the estimated real ADJ MV Rates declined from Rs.6000 to Rs.3000.
ENHANCEMENTS IN RATES OF MARKET VALUE OF LAND ACQUIRED IN DELHI:

ENHANCEMENT IN REAL MV RATES: DELHI
(LAC & ADJ)(1957-60)

ENHANCEMENT IN REAL MV RATES: DELHI
(LAC & ADJ)(1960-63)
The analysis shows that in general, the real MV Rates of LAC and ADJ showed declining trends during the period from 1957 to 1985.
Real C Rates Awarded per bigha by LACS and ADJS from 1957 to 1985: A Temporal Analysis

The real C Rates awarded per bigha by the LACs and ADJs was calculated by deflating the nominal values by the price-index.

During the period from 1957 to 1960, the two C Rates registered declining trends. The real estimated LAC C Rate declined negligibly from Rs.3500 whereas the estimated real ADJ C Rate declined from Rs.37,000 to Rs.26,000.

During the period from 1960 to 1962, whereas the estimated real LAC C Rate remained constant at Rs.3000, the estimated real ADJ C Rate declined from Rs.19,000 to Rs.18,000.

During the period from 1963 to 1970, the estimated real LAC C Rate declined from Rs.6500 to Rs.5000 whereas the estimated real ADJ C Rate declined from Rs.40,000 to Rs.13,000.

The period from 1971 to 1985 also registered declining trends in the two C Rates. The estimated real LAC C Rate declined from Rs.3500 to Rs.2500 whereas the estimated real ADJ C Rate declined from Rs.12,000 to Rs.10,000.
ENHANCEMENTS IN RATES OF MARKET VALUE OF LAND ACQUIRED IN DELHI:

**ENHANCEMENT IN REAL C RATES: DELHI**

(LAC & ADJI)\(^{1960-62}\)

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**ENHANCEMENT IN REAL C RATES: DELHI**

(LAC & ADJI)\(^{1963-70}\)
The above analysis shows that in general, the real C Rate awarded by the LACs and ADJs declined overtime from 1957 to 1985.

**Real LAC and ADJ MV Rates in Delhi (1960-87) : (Year of Award)**

In the above temporal analysis, the time of reference taken was the date of notification u/s 4. The award is drawn or MV Rate is determined with reference to date 4. However, the real LAC and ADJ MV Rates were also analysed with reference to the date of award.

During the period from 1960-1964, the two MV Rates declined. The estimated real LAC MV Rates declined negligibly from Rs.2500 whereas the estimated real ADJ MV Rate declined from Rs.6000 to Rs.5250.

During the period from 1965 to 1971 again the two MV Rates registered declining trends. The estimated real LAC MV Rates declined from Rs.2500 to Rs.1000 whereas the real ADJ MV Rates declined from Rs.12500 to Rs.1500.

During the period from 1972 to 1980, the two MV Rates still showed declining trends. The estimated real LAC MV Rates declined from Rs.3000 to Rs.500 whereas the estimated real ADJ MV Rates declined from Rs.6000 to Rs.1000.

However, the period from 1981 to 1987 registered increasing trends in the two MV Rates. The estimated real LAC MV Rates increased from Rs.600 to Rs.2000 whereas the estimated real ADJ MV Rates increased from Rs.2200 to Rs.3800.
Real LAC and ADJ C Rates in Delhi (1980-87)

During the period from 1960 to 1964, the real LAC C Rate showed a constant trend while the real ADJ C Rate registered a declining trend. The estimated real LAC C Rate remained constant of Rs.2500 while estimated real ADJ C Rate declined from Rs.35,000 to Rs.20,000.

In the period from 1965 to 1971, there was a small decline in the LAC C Rate. The estimated real LAC C Rate declined from Rs.2500 to Rs.2000, whereas the estimated real ADJ C Rate declined from Rs.38,000 to Rs.2000.

The decline in the two C Rate continued in the period from 1972 to 1980. The estimated real LAC C Rate declined from Rs.3000 to Rs.600 while the estimated real ADJ C Rate declined from Rs.14,000 to Rs.4000.

During the period from 1981 to 1987, however, the two C Rates registered increasing trends. The estimated real LAC C Rate increased from Rs.500 to Rs.3500 whereas the estimated real ADJ C Rate increased from Rs.6000 to Rs.12,000.

The above temporal analysis shows that generally, the nominal LAC MV Rates and C Rates declined in the period up to 1971.

In the period from 1972 onwards they registered increasing trends. However, the real MV Rates and C Rates registered declining trends in all the periods up to 1985. Real MV Rates and C Rates even when taken with reference to the year of award, showed declining trends during the period from 1960 to 1981.

Only in the period from 1981 to 1987, they registered increasing trends. It might have been primarily due to the Amended L.A.Act.

Secondly, the rate of decline and increment have been higher in case of ADJ MV Rates and C Rates than those in LAC rates and C Rates. It also shows that LAC and ADJ MV Rates, on the whole, have followed the same trends overtime from 1957 to 1985.

Growth Rates of MV Rates and C Rates Assessed by the LACS and ADJS in Delhi (Year of Award)
The growth rate of MV Rates and C Rates as assessed by the LACs and ADJs were calculated for the period from 1960 to 1987 taking the year of award as the year of reference to find the movement in these rates. The nominal LAC MV Rates registered a growth rate of 4.14% as against the growth rate of 4.41% in nominal ADJ MV Rates.

However, the real LAC and ADJ MV Rates at the same time registered a negative growth of -2.5% and -2.25% respectively implying that over the period from 1960 to 1987 the LAC and ADJ MV Rates declined if an allowance is made of the Price Index which grew at a rate of 6.8% during the same period. The growth rate of nominal C Rate per bigha by the LAC grew at 5.8% as compared to that by ADJ of 3.33%.

It shows that not only the C Rate of ADJ grew at a lower rate than the MV Rate of ADJ but the C Rate of ADJ also grew at a lower rate than that of the LAC. The real growth rate of C Rate by the LAC was -0.94 and that of the ADJ was -3.26% implying that even the C Rates by the LAC and ADJ grew negatively during the period with ADJ rate being higher than that of the LAC.

The above analysis shows that whereas, in case of nominal and real rates of market value, the MV Rates assessed by the ADJs grew at a higher rates than those by the LACs, in case of C Rates, the MV Rates determined by the LACs grew at a higher rates than those by the ADJs.

ADJ and HC MV Rates in Delhi from 1957 TO 1971 : A Regional Distribution

Out of 150 judgments relating to enhancement in rates of market value by the LACs, the MV Rates were further enhanced in 71 cases from the ADJ to the HC.

A graph arranging the ADJ MV Rates in ascending order shows that with variation the HC MV Rates also increased in the same pattern. The ADJ MV Rates varied from Rs.200 per bigha in ME region to Rs.30,000 in N region whereas the HC MV Rate varied from Rs.300 in ME region to Rs.40,000 in N region over space.
ADJ and HC C Rates in Delhi: A Regional Distribution

Over space, the C Rates by the Courts of ADJs and HC showed varying distribution without any particular pattern.

On the whole, it seemed that the HC C Rate registered greater increase with the higher ADJ C Rate. The variation in ADJ C Rate ranged from Rs.440 in ME region to Rs.1.56 lakhs in Delhi region.

LAC and HC MV Rates from 1957 to 1971: A Regional Distribution

In 71 cases, the MV Rates were enhanced from the LAC to HC. The sample was taken to analyse the two MV Rates spatially. The LAC MV Rates were arranged in ascending order to find the patterns of relative HC MV Rates that might emerge.

The graph shows that there was variations in the HC MV Rates and to some extent the difference was smaller for higher LAC MV Rates.

The regional MV Rates varied in case of LAC MV Rates from Rs.50 in MW to Rs.13,000 in DS whereas the HC MV Rates varied from Rs.300 in MW region to Rs.40,000 in N region.
LAC and HC C Rates from 1957 to 1971: A Regional Distribution

Since the High Court judgment took long time to come, the judgments of years up to 1988 related to the notification only up to 1971. Thus, as far as the High Court rates are concerned, the analysis could only be made for the period from 1957 to 1971.

The graph of LAC and HC C Rates per bigha showed that there was vast difference between the two and there was no definite pattern in the two C Rates.

The LAC C Rates varied spatially, from Rs.57.50 in MW region to Rs.14,800 in DS region whereas the HC C Rate varied from Rs.665 in MW region to Rs.2 lakhs in DS region.

Nominal LAC and HC MV Rates in Delhi from 1957 to 1971: A Temporal Analysis

To analyse the temporal trends in the two MV Rates the awards were arranged with reference to the year of notification u/s 4.

During the period from 1957 to 1960, the two MV Rates showed increasing trends with MV Rates of increase in HC MV Rates higher than that of the LAC MV Rates. The estimated LAC MV Rates increased from Rs.2000 to Rs.3000 whereas the estimated HC MV Rates increased from Rs.6000 to Rs.9500.

During the period from 1967 to 1972 also, the two MV Rates registered increasing trends. The estimated LAC MV Rates increased from Rs.3000 to Rs.5000 whereas the estimated HC MV Rates increased from about Rs.9500 to Rs.20,500.

Nominal LAC and HC C Rates in Delhi from 1957 to 1971: A Temporal Analysis

The C Rate per bigha by the LACs and the HC during the period from 1957 to 1960, registered increasing trends. The estimated nominal LAC C Rates increased from Rs.2000 to Rs.4000 whereas the estimated nominal HC C Rates increased from Rs.24,000 to Rs.44,000 showing a higher increase in rates.

During the period from 1961 to 1972 also, the two rates registered increasing trends although the increase in LAC C Rates over this period were very low. The estimated nominal LAC
C Rates increased from Rs.5000 to Rs.6000 whereas the estimated nominal HC C Rates increased from Rs.40,000 to Rs.73,000 again showing that the rate of increase in HC rates was far higher than those of the LAC rates.

**Real LAC and HC MV Rates in Delhi from 1957 to 1971 : A Temporal Analysis**

The real MV Rates were calculated by taking into account the respective annual price index.

During the period from 1957 to 1960, the two MV Rates showed increasing trends. The estimated real LAC MV Rates increased from about Rs.2500 to Rs.3000 whereas the estimated real HC MV Rates increased from Rs.8500 to Rs.10,000.

During the period from 1961 to 1971, the two MV Rates registered increasing trends, but the increase in LAC MV Rates was only nominal. The estimated real LAC MV Rates stayed at Rs.3000 whereas the estimated real HC MV Rates increased from Rs.10,000 to Rs.15,000.

**Real LAC and HC C Rates in Delhi from 1957 to 1971 : A Temporal Analysis**

During the period from 1957 to 1960, the two C Rates registered increasing trends though the increase in LAC C Rates was very low. The estimated real LAC C Rates increased from Rs.2000 to Rs.3000 whereas the estimated real HC C Rate rates increased from Rs.25,000 to Rs.45,000.

During the period from 1961 to 1971, the two C Rates almost showed constant trends. The estimated real LAC C Rates declined from Rs.5000 to Rs.4500 whereas the estimated real HC C Rates increased from Rs.25000 to Rs.45,000.

The above analysis shows that although the nominal C Rates in case of LAC and HC increased during the period from 1957 to 1971, the real C Rates were almost constant in respect of both LAC and HC C Rates during the period from 1961 to 1971.
Secondly, the two C Rates broadly followed the same trends but the rate of increase in case of HC C Rates was much higher than that in the LAC C Rates.
Real MV Rates and C Rates of LACS and HC in Delhi from 1962 to 1982 (Year of Award) : A Temporal Analysis

The same rates were also analysed with reference to the year in which the award was drawn.

During the period from 1962 to 1964, the two rates registered almost a constant trend. The estimated real LAC rates remained constant at Rs.2200 registering hardly an increase of Rs.100 whereas the estimated real HC MV Rate remained constant at Rs.8000.

During the period from 1965 to 1982, the two rates registered declining trends. The estimated real LAC MV Rates declined from Rs.2600 to Rs.2400 whereas the estimated real HC MV Rates declined from Rs.12,200 to Rs.4000.

The real C Rates showed different trends in respect of two rates. In case of LAC C Rates, the estimated LAC C Rates remained almost a constant at Rs.3500 whereas the estimated real HC C Rate declined from Rs.40,000 to Rs.32,000.

During the period from 1965 to 1982 also, the pattern of trend was same. The estimated real LAC C Rate remained almost constant at Rs.4000 whereas the estimated real HC C Rate declined from Rs.56,000 to Rs.10,000.

The above analysis shows that real MV Rates and C Rates in respect of either LAC or HC did not show any increasing trend during the period from 1962 to 1985 if the rates are taken with reference to the year of award.

Whereas the LAC rates generally remained constant on the average, the HC rates registered declining trends during the same period.

Analysis of Nominal MV Rates and C Rates : LAC, ADJ and HC

LAC - ADJ

To analyse the difference in the MV Rates assessed at three levels of LAC, ADJ and the HC, averages were taken of these MV Rates from their respective samples.
From the first sample consisting of 173 MV Rates, the average LAC and ADJ MV Rates were calculated in respect of market value and the C Rate on the MV Rates so assessed.

The only difference between the nominal MV Rates of market value is not sufficient to assess the real difference. More material is the difference between the actual C MV Rates which finally came into existence on the basis of these rates of market value. It is the final C Rate which is important for the State as well as the land-owner since the C Rate so calculated takes into account the time factor through the interest.

Thus, the real assessment between the LAC and ADJ rates can be made through the actual C Rates.

In the first sample, the average nominal MV Rate assessed by the LACs was Rs.4026 as compared to Rs.15,565 of MV Rate assessed by the ADJs. The C Rates of the LACs, on the other hand, was Rs.7226 as compared to Rs.41,514 that of the ADJs.

It shows that whereas the nominal MV Rate increased from Rs.4226 to Rs.15,565, the C Rate increased many times in case of ADJ rates as is visible in the graph.

In terms of MV Rates, the average ADJ rate was only about 386% of the average LAC rate. On the other hand, the average C Rate was 574% of the average LAC C Rate.

It shows that at the actual C Rate, the ADJ C Rate was 188% more than the LAC C Rate. It also means that due to enhancement, the State had to pay 188% more than what it had to pay if the same enhancement had been given at the level of LAC itself.

The percentage increase in LAC MV Rate and C Rate defined as \( \frac{C\text{ Rate} - \text{MV Rate}}{\text{MV Rate}} \times 100 \) was 79% whereas in case of ADJ rates it was 166%. The difference of 87% in the two rates was due to the time factor that had gone into the final determination of C Rate at the level of ADJ.

In other words, the MV Rate increased only 3.86 times but the actual rate increased 5.74 times or almost 1.88 times more than that of the LAC rate. The increase, thus, was about 286% in the MV Rate whereas it was about 474% in case of C Rate.
ENHANCEMENTS IN RATES OF MARKET VALUE OF LAND ACQUIRED IN DELHI:

NOMINAL & REAL RATES OF MARKET VALUE
LAC, ADJ & HC (PERCENTAGE DIFFERENCE)

PERCENTAGE INCREASE

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GRAPH 8.17

NOMINAL & REAL RATES OF MARKET VALUE
LAC, ADJ & HC (RATIOS)

RATIOS

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<th>TYPE OF AWARD</th>
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<th>(HC2-ADJ2)</th>
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GRAPH 8.18
The rates were further enhanced from the Courts of ADJs to the HC. In a sample of 71 rates, the relation between the two MV Rates was analysed.

The average ADJ MV Rate was Rs.6710 as compared to the average HC MV Rate of Rs.10,750. The average C Rate of ADJ, on the other hand, was Rs.25,504 as compared to Rs.43,406 that of the HC.

The MV Rate of HC was 160% or 1.6 times of the ADJ MV Rate or the increase was 60% over and above the ADJ MV Rate. The C Rate of HC was however, 170% or 1.7 times of the ADJ rate. It means that in case of C Rates, the increase became 70% or 10% more than chart was in MV Rates.

It shows that even from ADJ to HC the time factor increased the liability on the part of the State.

Within themselves, the C Rate of ADJ was 380% or 3.8 times its MV Rate or the increase was 280% while the C Rate of HC was 403% or 4.03 times its MV Rate or the increase was as much as 303%. It again shows that at the level of HC, the proportion of C Rate above the MV Rate was very large.
LAC - HC

To analyse the difference between the LAC and HC rates, the same sample of 71 observations was taken to calculate the respective LAC and HC averages.

The average LAC MV Rate was Rs.3167 against the Rs.10,750 HC MV Rate. On the other hand, the average C Rate was Rs.3890 in case of LAC and Rs.44,161 in case of HC. The average HC MV Rate was, thus, 339% or 3.39 times the MV Rate of LAC. The increase was 239% over and above the MV Rate of LAC. In case of C Rates, the HC C Rate was 1135% or 11.35 times the LAC C Rate.

The difference of increase between the MV Rates and the C Rates of LAC and HC which was as large as 796% (1135-339) or about 800% and is attributed primarily to the time factor for which the State had to pay almost 8 times more the initial LAC rate in addition to the increase in MV Rate assessed by the HC.

Within themselves, whereas the C Rate assessed by the LAC was 122% or 1.2 times of its MV Rate, the C Rate of HC was 410% or 4.1 times of its MV Rate.

The above analysis clearly shows that the increase in C Rates from the LAC to ADJ and from ADJ to HC was much larger than the increase in respective MV Rates.

The increase also went on increasing with the change in the levels of assessment and every time the increase over and above the MV Rate was greater than the MV Rate assessed by the previous level or agency.

It implies that the State had to pay more for the delay than the increase in the MV Rate assessed by the higher authority. The last sample established the fact that whereas the HC MV Rate increased only 3.39 times of the LAC MV Rate, the actual C Rate increased as much as 11.35 times. It means that State had to pay unnecessarily about 8 times more beside the increase in MV Rate.

It not only reflects upon the short sighted economic management on the part of the State but also substantially casts doubts over the authenticity of the rates assessed by the LACs and even the ADJs.

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And if the C Rates of HC are compared to the L & DO rates even after making allowance for development charges or even to the Outer Delhi/rural Delhi, one may cast doubts over the whole range of rates assessed by any authority under the Land Acquisition Act in Delhi.

*The graph clearly brings out that whereas the MV Rates steadily increased from LAC to ADJ to HC, the increase in C Rates was far greater than the MV Rates.*

**Components of Compensation**

As already described in foregoing chapters, the total compensation comprises market value, interest, solatium, additional amount u/s 23(1-A) over the market value assessed by the LAC or the Courts.

Logically, if the land is acquired in time, the compensation will be higher than the market value only by the amount of solatium and additional amount u/s 23(1-A).

The three amounts may be called the actual compensation and together have been designated as sub-total. The rest of the part is constituted by the interest component and is an indicator of the time factor that went into the land acquisition process.

The time may be due to any factor but largely it can be attributed to improper planning and management of the land acquisition process itself.

The proportions of these components were calculated in respect of LAC & ADJ in the first sample, and in respect of LAC & HC in the third sample. The components were defined as sub-total indicating the actual compensation and interest.

In the first sample, the average LAC award had about 93% of the sub-total and only 7% of the interest component whereas in the average award of ADJ the sub-total declined to about 44% and interest component increased, on the other hand, to about 52%.
COMPONENTS OF COMPENSATION
LAC & ADJ

SUBTOTAL 93%
LAC

INT. 4 7%
INT. 34/28 52%

SUBTOTAL 44%
ADJ

INT. 4 4%
INT. 34/28 52%

GRAPH 8.20 INT. = INTEREST (SAMPLE -1)

COMPONENTS OF COMPENSATION
LAC & HC

SUBTOTAL 96%
LAC

INT. 4 2%
INT. 28/34 60%

SUBTOTAL 37%
HC

GRAPH 8.21 INT. = INTEREST (SAMPLE 3)
In the second sample, the average LAC award had about 96% of sub-total component and only 4% of interest component whereas in the average HC award the sub-total component decline to about 37% and the interest component increased to about 63%.

The above analysis shows that the component of actual compensation fell substantially at the levels of ADJ and HC. At the ADJ level, the interest component increased to 52% of the total compensation paid and it further increased to 63% at the HC level.

It implies that the liability of time factor occurring due to improper planning and management of the land acquisition process increased with the higher levels to the extent that the proportion of actual compensation that the State had intended to pay became smaller than what it had to pay.

In other words, ironically the State did not have an intention to pay whatever it had to pay at the level of ADJ and HC and in actuality paid higher amounts due to its own poor economic management.

One could think that, perhaps, the State could have avoided this additional liability by compensating the land owners at proper rates at the level of LACs only. Paradoxically the State had to spend more in a bid to save.

In other words, the economics of land acquisition process was not properly understood and a short term economic gain resulted in a long term higher loss. For the owners of land also it might not have been a very acceptable choice since it made them wait a longer time with real value of their compensation eroding overtime due to increasing inflation beside putting them in uncertainty of future.

Growth Rates in MV Rates and C Rates Awarded by LACs, ADJs and HC

In the first sample, the MV Rate of LAC registered a growth rate of 6.53% as against the 6.16% by the ADJ during the sample period from 1957 to 1985. During the same period, the C Rate by the LAC registered a growth rate of 6.51% i.e. almost the same as compared to the 4.29% by the ADJ.
It shows that the growth rates in the MV Rates as well in the C Rates were lower for the ADJ than for the LAC and relatively the C Rates of ADJ grew at a slower rate than its MV Rate.

To assess the growth in the real rates, the growth rates in the annual price index was calculated for the same time period. The growth rate of UNMCPI Index was 6.5%. This growth rate made the growth rate of real MV Rates and C Rates of LAC almost zero while the real MV Rate and C Rate by the ADJ became negative i.e. -0.32% and -2.07% respectively.

In case of second sample, the MV Rate assessed by the LAC registered a growth rate of 13.3% as compared to that of 10.5% by the ADJ and 12% by the HC. The C Rate by the LAC, on the other hand, registered a growth rate of 13.1% as compared to that of 7.4% by the ADJ and by the HC.

It shows that during the period from 1957 to 1971, the growth rates in MV Rate and C Rate of LAC were higher than those of either ADJ or HC.

However, between ADJ and HC, the growth rates were higher for both the rates of HC than those of the ADJs. The Price Index grew at 5.5% during the same period implying that real rates were lower than the nominal rates but positive.
In the third sample, the growth rates of MV Rate assessed by the LAC was 13.7% as compared to 14% of that by the HC. The C Rate by the LAC registered a growth rate of 13.3% as against the growth rate of 11.4% by the HC.

It shows that whereas the growth in MV Rate of the LAC was lower than that of the HC, the growth in C Rate was higher than that of the HC. The Price Index grew at 5.41% during the same period lowering the real growth rates of MV Rate and C Rate.

However, all stayed positive above 5%. The real LAC MV Rate grew at 8% as compared to that of 8.2% of HC while the real LAC C Rate grew at 7.5% as compared to 5.7% that of HC.

**Averages—MV Rates and C Rates**

A comparative assessment of the average rates of market value and compensation by the LACs, ADJs and HC is made relating to the period from 1957 to 1971 only.

It shows that in case of MV Rate, nominal and real, there was not much difference. Similarly the C Rate was also not much higher than the MV Rate.

The average MV Rate steadily rose from LAC to the ADJ to HC but the C Rate increased relatively many times between LAC & ADJ, ADJ & HC, and LAC & HC.
Growth Rates of MV Rates and C Rates by LACS, ADJS and HC (Year of Award)

In the previous analysis the growth rates were calculated by making a time series of MV Rates and C Rates with reference to the year of notification u/s 4, the year for which the market
In the following analysis, growth rates were calculated with reference to the year of award.

In the second sample, the LAC MV Rate registered the highest growth rates over the period from 1962 to 1980 of 7.12% followed by 5.2% of HC and 3.75% of ADJ. The growth C Rate was also highest in respect of LAC at 7.3% followed by 3.8% of HC and 2.4% of ADJ. The UNMCPI Index grew at 6.15% during the same period. The analysis shows that rates assessed by LAC and HC grew faster than those of ADJs.

In the third sample, the MV Rate in respect of LAC at 5.3% was higher than that of 4% of HC. The C Rate was similarly higher in case of LAC at 6.9% than that of 3.3% of HC. The UNMCPI Index grew at 6.25% during the same period from 1957 to 1982 making the real MV Rates of LAC of -0.95 and of ADJ -2.1 grow negatively.

The growth rate of real LAC C Rate was positive but very low at 0.64 but the same was negative at -2.7% in respect of HC.

The analysis shows that the MV Rate and C Rate were higher for LAC than for HC but the C Rate registered a higher growth rate than the MV Rate while in case of HC the growth rate of MV Rate was higher than the C Rate.

**Time Analysis of the Land Acquisition Process**

In the foregoing analysis, the MV Rates and the C Rates were analysed from the various viewpoints. The relationship between the MV Rate and C Rate was also analysed.

Broadly, the proportion of market value declined along with solatium etc. with the award being made by the higher Courts. The primary reason was the time factor for which the interest had to be paid.

The whole acquisition process generally passes through the stages of notification u/s 4, drawing of award wherein the market value is assessed, possession of land so acquired, judgment by the higher courts i.e Courts of ADJ and HC and finally, the remittance of compensation to the
respective Courts by the office of the LAC. The average time period taken at these four stages was calculated from the two samples under study.

In the first sample comprising of 173 rates of LACs and ADJs, the time was calculated in terms of years. Since the figures of remittance were not available in all the cases, an average was made from the available cases and it was applied to cases where figures were not available for analysis purposes.

On the average, it took about 6 and 1/2 years from the date of notification u/s 4 to the date of award. For the taking over the possession it took about seven years from date u/s 4. *The judgment by the Court of ADJ was made in about 18 years from the date u/s 4. And finally it took about 20 years for the Office of the LAC to remit the enhanced amount to the Court of the ADJ.*
In the second sample where 71 cases were taken to calculate the average time taken for the above four stages from the LAC to the HC, the award was drawn on the average in about 5 years from the date u/s 4 and possession was taken in about 5 and 1/2 years from the same date. For the judgment by the HC, it took about 21 years and finally the enhanced compensation was remitted in about 24 years from the date u/s 4.

The above analysis shows that in terms of time the land acquisition process took something that one would not normally expect.

The first award was drawn between 5 to 6 years at the level of LAC. The time period is not satisfactory either from the view point of the State or from the view-point of the land owner.

Possession was taken within a year from the date of award but the Court Judgment came after unreasonably long period. At ADJ level it took 18 years and at HC it took 21 years to pass judgments meaning that the land owner had to wait for another 12 years for the first enhancement from the year of award and another 3 years for the third enhancement at the HC level.

It took almost another 2 years and 3 years respectively just to get the payment of compensation at the ADJ and HC levels.
In total, a land owner would wait for 24 years for his award of land to be final when he would rarely go further to the highest court i.e the Supreme Court.

Such kind of land acquisition process which took on the average from 20 to 24 years to complete, has serious economic and social implications both for the State and for the land owners.

For the land owner, it may be almost ruin his life, if he largely depended on it and for the State it may imply undue economic liability and erosion of its legitimacy.

Secondly, such time consuming process would be extremely discriminatory and tended to benefit only such owners who were relatively better off and could afford prolonged litigation to get the market value of their land enhanced in relation to petty and uneducated land owners who would end up at first or second level itself at much lower rates of market value.

**Actual and Estimated Compensation in Delhi (1960-89)**

Till now only average and relational values of MV Rates by the LACs and ADJs were analysed. The possible absolute economic cost of the land acquisition process can be judged from the actual compensation and enhancement assessed for the land acquired.

The projections on the basis of past data relating to the compensation and enhancement were made for the next 5 years. They were made separately for the data relating to the L & B Office and the Deputy Commissioner’s Office.

**Actual and Estimated Compensation**

The year-wise figures are given in the Table. The actual compensation has risen to more than 90 crores in 1989. On the basis of projections the compensation per year could increase up to Rs.40 crores in 1995.

Though there is some difference in the figures available from two Offices, the average projection is almost the same.
Actual and Estimated Enhancements

The time series data available from the two Offices were different as is clear from the table. According to DC Office, the enhancement in the year 1989 was about Rs.25 crores, while that according to L & B series was only Rs.15 crores in the year 1986.

However, the two series were projected up to the year 1995 just to give a broad estimate of the future liabilities to the State in terms of enhanced compensation.

According to DC Office series, the estimated enhancement in 1995 would be around Rs.22 crores per year whereas as per the L & B Office series, it would be around Rs.11 crores per year.

The graph of actual enhancements by both the series shows that absolute values of enhancement are rising overtime in the late years. The graph shows that from the year up to 1989 to next five years whereas the absolute values of compensation declines in case of DC Office. In case of L & B Office, the figure declines from about Rs.290 crores to Rs.210 crores.

On the other hand, the actual figures of enhancement, in case of L & B Office, increases from 105 crores up to 1989 to about Rs.115 crores during the period 1990-95.

The graph of average estimated values shows that in case of D.C.Office the estimated average compensation increases from above Rs.1.1 crores up to 1989 to about Rs.3.9 crores per year during 1990-95. The same for L & B Office increases from about Rs.1 crore to Rs.3.7 crores during the same period. The estimated average enhancement on the other hand, in case of DC Office from about Rs.0.4 crores to 1 crore per year during 1990-95 whereas the same in case of L & B increases from about Rs.0.1 crore to about Rs.2.9 crores per year.

*The figures show that in future, the enhancement per year is going to be increased and as per the L & B series, the increase will be higher than the total compensation and proportionately larger than the compensation.*
Growth Rates in Compensation and Enhancement

As per the compiled data, the growth in the compensation was around 16% as compared to the 10% of DC Office series and 8% of L & B series. The growth rate of enhancement of D.C. Office was 18% as compared to the 17% that of L & B series.
It clearly shows that in any case the growth rate in total enhancement exceeds the growth rate of total compensation in Delhi. It means that in future, the enhancement incurred by the State will be higher than the actual compensation paid.

*It may be noted that there is a time-lag between the compensation and enhancement of the same land.*

Up to 1971, the State was acquiring land without actually paying for enhancement since most of awards drawn up to 1971, were pending in the Courts for enhancements.

From 1971 onwards enhancement expenditure started occurring.

From 1990 onwards, the position will be just opposite of what occurred prior to 1971 i.e the State will be incurring the expenditure on enhancement more than on the compensation meaning that the total expenditure will increase whereas the land acquired will be lesser and lesser and at a point of time there will be expenditure without any land against it.

*This reflects upon the State’s economic management of the land acquisition process.*