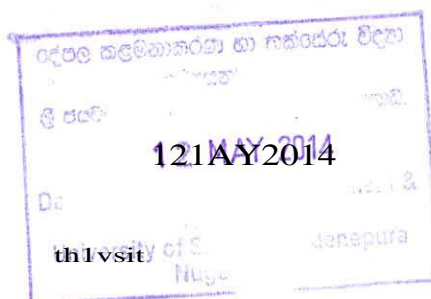


**A Study of Affected Households’  
Attitude towards the Mode of  
Compensation for Land Acquisition in  
Colombo-Kandy Alternative Highway  
Project**

**S.H.U. De Silva**



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Mode of Compensation for Land Acquisition in  
Colombo-Kandy Alternative Highway Project**

**Dissertation Submitted to the University of Sri Jayewardenepura as a  
Partial Fulfillment for the Requirements of the Final Examination of  
the M.Sc. in Real Estate Management and Valuation Degree**

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## Student's Declaration

The work described in this dissertation was carried out under the supervision of Mrs. N.C. Wickramaarachchi and any report on this has not been submitted in whole or in part to any university or any other institute for another degree /examination or any other purpose.

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Signature

06.05.2014

### Supervisor's Declaration

Hereby, I certify that Mr. S.H.U. De Silva. (Registration No: GS/ M.Sc./ REMV/ 3406/ 08) duly completed the research titled "An Analysis of Possible Issues Faced by "Affected households' attitude towards the mode of compensation for Land Acquisition in Colombo - Kandy Alternative Highway Project" under my supervision and recommended to submit for the evaluation.



.....  
Signature of the Supervisor

.....  
Signature of the 2<sup>nd</sup> examiner

.....  
Signature and the official stamp of the Head

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## Abbreviations

ADB	– Asian Development Bank
AP	– Affected Persons
BOI	– Board of Investment of Sri Lanka
CKAH	– Colombo – Kandy Alternative Highway
CNS	– Corridor North-South
DPs	– Displaced Persons
DS	– Divisional Secretariat
ESD	– Environmental and Social Development Division
GND	– Grama Niladari Divisions
LAA	– Land Acquisition Act
LARC	– Land Acquisition Resettlement Committee
NIRP	– National Involuntary Re-Settlement Policy
OCH	– Outer Circular Highway
PEA	– Protect Executing Agency
RAP	– Resettlement Action Plan
RDA	– Road Development Authority
RP	– Resettlement Plans
U.K.	– United Kingdom
WB	– World Bank

## **Abstract**

Acquisition of Lands for public purpose leads to many issues of local residents of the development area. In particular the acquisition takes place when there is a public purpose to fulfill. With the fulfillment of public purpose the outcome will result is a benefit to the public. Land acquisition is a result of massive infrastructure development which is in progress along with the result of rapid increase of population, urbanization and transition. This will raise the living standards of its people through sustainable development. Looking at opportunities to maximize the public benefit government considers development opportunities at right time and phase will result in the economic growth of the country. Literature shows that there are different types of common issues such as social and economic with respect to the compensation based on land to land or money to land faced by residents due to acquisition of lands in different countries. The main purpose of this study is to analyze possible issues faced by households due to land acquisition and categorize issues. Issues faced by the residents were analyzed to identify the possible issues and categorized accordingly.

There are many researches that have been carried out in this thematic area. Mixed method of data collection was applied in this study. The survey was focused to collect information on opinion of affected parties. Unit of analysis was community who faced social and economic issues relating to the mode of compensation. A total population of 827 affected people was considered as the sample covering the areas of Gampaha District and 3 areas were employed for this purpose. Total population used as a sample size and the analysis was done using Statistical Package for Social Science (SPSS) computer software. Structured interviews were held to ascertain their opinions on steps whichever necessary to identify the possible issues including socio-economic and demographic variables. Findings of the study indicate that agricultural land holders are losing their income and attitude towards the compensation is land to land.

**Key Words:** Land Acquisition, Issues of Socio-Economic and Demographic Variables

## CHAPTER ONE

### Introduction

#### 1.1 Background of the Study

The land is a scarce natural resource and one of the main factors of production for human activities. When a development take place the land pays a major role. No development with the land can take place without a proper property rights.

The adverse consequences resulting from land acquisition for public purposes have become a worldwide issue with the social and economic aspects which attracts growing public interest and concern. International development agencies and national governments have adapted policies and practices to mitigate or minimize these consequences if they can't be avoided. At present, in Sri Lanka a huge investment is made annually for road development, for example Rs.133.7 billion in year 2012 requiring a large extent of land from the public (Annual Report - CBSL, 2012). In addition, modern roads constructed by the Road Development Authority need construct roads wider than the roads constructed in the past and hence they need more land and space. As most of the road projects are improvements and rehabilitation of existing roads going through densely populated developed areas, a large number of people are affected by land acquisition. As a result, while a colossal amount of funds requires for compensation payments for road development projects, an increasing number of people are becoming adversely affected victims of the road development.

In 2010, the economic infrastructure development program of the government focused on all areas of infrastructure including development of roads supporting a regionally balanced economic growth (Annual Report - CBSL, 2010).

According to the Work Bank (1996) 84% of total lands are owned by the government of Sri Lanka. 43% of the lands used for Agricultural purposes which covered about 2.79 million Hectares. Out of this about 53% are owned by the government. Though

there are many lands owned by the government, it is essential to acquire lands for the development purpose.

In order to solve the land supply, the government use acquisition as a tool for development projects. Hence land acquisition is a way out to solve problems with land ownership and land owners reluctance to offer their lands for development projects.

Land acquisition can be defined as the acquisition of ownership of private property by the government on behalf of the public using special acquisition governing laws, for the use of the community. Sometimes, the expressions "expropriation" and "compulsory purchase" are also used to mean such transfer of ownership of a land.

The principle that governs for the land acquisition is payment of compensation to the land owner no better off or worse off. Therefore reasonable compensation has to be made to the owner of the land when pay the compensation by the government. This payment of compensation is a question in most of the time and there are grievances by land owners saying mode of compensation is not satisfied due to reasons of insufficient amount of compensation or not filling the requirement they used to enjoy before acquisition. This is part of the other issues faced by them and also can be considered as one of the major issue.

It is argued that the land originally belonged to the community at large, and therefore, what is being achieved through compulsory acquisition is just an attempt to reach the status ante. The community is merely taking over what belonged to the community.

Compulsory Purchase laws were enacted in Sri Lanka when the Land Acquisition Ordinance No.3 was passed in 1876. This was more similar to the Land Clauses Consolidation Act of 1845 prevailing in U.K. at the time. Also this has similarities to Indian Land Acquisition Act. When the land is needed for public purposes, the practice was governor called for a report from the Surveyor General. Thereupon the Government Agent notified through the Government Gazette, the intention of acquires the land and called for claims. A summary inquiry as to the value of the land

and amount of compensation was then made, followed by a tender of compensation to the owners (Gorden, 1938).

The compensation has suggested through different forms which were land to land or land to money. Land to land compensation took place, when the government decided to re-settle families to government identified lands. Then the owners of land did not have any option other than accepting the government allocation. Other than the said the most common method of compensation is cash grants for the value of the land acquired. This method has a long procedure and the compensation has to be paid on the basis of Market Value. If there are any further damages, the land owner has a right to claim for the damaged occurred. This can be seen as universal issue which has not settled. In Sri Lanka, the compensation is paid through several laws. Those are Land Acquisition Act (LAA) No. 9 of 1950, Land Reform (Special Provinces) Act No.14 of 1986, Urban Development Authority Law, No.41 of 1978, National Housing Development Authority Act, No.17 of 1979, Mahaweli Authority of Sri Lanka Act, No 23 of 1979, Walawe Land Act, No.11 of 1958, Town planning Schemes, Colombo District (Low Lying Areas) Reclamation and Development Board Law No.15 of 1968, Non Performing Organization Act 11 of 2011, Greater Colombo Economic Commission (GCEC) Act, No.4 of 1978, Ceiling on Housing Property Act, No.1 of 1973. However, for special circumstances, "Cabinet Papers" have been submitted by Cabinet Ministers to pay additional compensations other than the Land Acquisition Act by setting up of "Land Acquisition and Resettlement Committees". This is confirmed the further payment of additional compensation than the existing payment methods.

Other than the compensation, there are several consequences arose due to land acquisition. International development agencies and developed countries have adopted adequate social safeguard policies, administrative procedures and practices to avoid or mitigate adverse impacts caused by land acquisition. The global obligation towards social safeguard issues has bearings on the United Nation Convention on Universal Declaration of Human Rights (1948) and subsequent human right conventions adopted by European Economic Commission (European Convention of Human Rights, Article 1 protects private possession, 1998). Similarly, the adherence