

# Utilization of Compensation Money after Land Acquisition: A Case Study of Fatehabad District in Haryana

<sup>1</sup>Nikita and <sup>2</sup>Manoj Siwach

<sup>1</sup>Ph.D Scholar, Department of Economics, CDLU Sirsa

<sup>2</sup>Associate Professor, Department of Economics, CDLU Sirsa

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## ABSTRACT

*This paper is based on primary data collected from a household survey carried out in district fatehabad of Haryana, where the Government of Haryana acquired 1502.39 acres of land for Gorakhpur Nuclear Power Plant. A total of 70 households were selected from two randomly selected villages. We analyzed the utilization pattern of compensation money by respondents. The results revealed that 73.70 per cent of the compensation money was used for income-generating (investment) activities. Buying of agricultural land accounted for the highest share followed by expenditure on bank deposits, residential plots, new business, purchase of agricultural assets, lending money to others and education. 26.30 per cent of the compensation amount was used on non- income generating (consumption) activities. Deeper analysis revealed that land acquisition has not only affected the agriculture-based activities but also led to change in livelihood activities of farmers.*

## 1. Introduction

Industrialization has always been a continuous process for the economic development of the country. India is rising as one of the major economic competitor in world and attracting foreign capital in the country. At present, public sector units and multinational companies want to start up their projects at places having locational advantage. However, land is not easily available near big cities, most of them to be set up their projects in rural or semi-rural areas. In rural areas, the main occupation is agriculture and the main source of income is land. The farmers protest against land acquisition mainly due to low level of compensation. In short, land acquisition has effect the socio-economic conditions depending on the land to be acquired. As the farmers of Haryana completely depend on agriculture, this issues gain even greater importance. This research paper has tried to analyze the use of compensation money by the affected persons. The younger generation in some cases, divert a large part of compensation amount on non income generating activities (i.e. on wasteful consumption). This has very serious implications on livelihood in long run. This issue makes a primary data based study of use of compensated money very important. The present study is an attempt to analyze this issue in its depth and breath.

## 2. Review of Literature

Guha (2004) conducted a field investigation during 1995-97, in some villages of Medinipur district. The rural people of Medinipur district mainly depended on a combination of mono-crop agriculture and collection of forest products. It was quite surprising that the West Bengal government had acquired agricultural land for the industries although a huge uncultivable land lied just by the side of these agricultural lands. The study found that all the sampled households received monetary compensation and utilized it in more than one way. The maximum numbers of households (i.e. 45.05 per cent) spent the compensation money on domestic consumption, while, the

second-highest number of households (i.e. 40.27 per cent) deposited a part of the money in the bank. Only, 9.02 and 4.86 per cent of households spent their money for agricultural purposes like purchase of arable land and shallow tube wells respectively. The author has pointed out that the attitude of the government had become industrialist friendly. Jafriet *al.* (2011) surveyed the farmers of urban fringes into two villages namely Dhawan and Shivpuri. They found that the compensation money was utilized on two major heads i.e. for personal use and construction of houses. In Dhawan village, 69 per cent of landowners spent the amount on personal needs and 31 per cent had used in house construction. In Shivpuri village, 61 per cent of landowners spent the compensation amount on personal needs and 39.90 per cent on house construction. It was a matter of worry that the compensation money was used for investment purpose. Sangwan (2015) investigated the utilization of compensation amount and found that 40.71 per cent of households used their compensation money for buying agricultural land, while, 19.29 per cent of households used their money in buying plots/flats. Nearly 14.29, 12.14, and 13.57 per cent of households used their compensation amount on savings in banks, businesses, and repayment of loans respectively. Kajal and Yadav (2017) conducted a study on Industrial Development Induced Displacement and Resettlement Strategies, a Case Study of ten villages in IMT Manesar, Gurgaon. About, 74.40 per cent spent of the amount was utilized on buying luxury items or house construction or loan payment. 19.40 per cent compensation receivers had invested their compensation amount on income generation activities and 6.20 per cent invested on purchasing the land in other areas. The study revealed that most of the landowners did not know how to invest the money which they received in the form of compensation. In this background, the present study analyzes the utilization of the compensated money by the land losing households in district Fatehabad of Haryana.

### 3. Methodology

The essential information was collected through a household level survey. The main informants were the head of the households. For this study, a multistage purposive sampling technique was adopted. Gorakhpur Nuclear Power Plant was selected, where 1502.39 acres of land was acquired by the NPCIL to set up a nuclear power plant. The land was acquired by the state government from Kajalheri, Gorakhpur, Kumharia and Badopal villages. Two villages namely Gorakhpur, and Badopal were selected randomly for the study. At the final stage, a complete list of all households was prepared and 70 households were finalized for collection of information. During field surveys, problems arose when comparison of situations before and after the acquisition was being discussed with the respondents. The farmers did not maintain a record of their expenditure and they found it difficult to give exact answers on the basis of memory. However, their answers were cross checked by observing their lifestyle, social and economic condition.

### 4. Results and Discussion

The total amount disbursed to the respondents has been discussed in table 1. The respondents in this table have been categorized on the basis of total amount of compensation disbursed. It has been observed that the highest number of households (i.e. 21.4 per cent) got compensation in the range of 0.4 to <0.8 and 0.8 to < 1.20 crore rupees. About 18.5 per cent got compensation in the range of 2 crore rupees and above, 15.8 per cent households got compensation in 1.20 to < 1.60 crore range and 14.3 per cent of respondents got compensation from >0 to < 0.4 crore rupees range. Only 8.6 per cent of households received compensation in the range of 1.20 to < 1.60 crore rupees range.

The sample households have utilized the compensation amount either on productive assets or on non-income generating activities. Therefore, the findings of study have been presented through following two subparts:

- A. Findings on use of compensation money on consumption
- B. Findings on use of compensation money on investment

The details have been discussed below:

- A. *Findings on use of Compensation Money on Consumption:* The findings of the study have been shown in table 2 and 3 and highlighted in figure 1. The findings reveal that about 26.30 percent of the compensation money was used by the respondents on non-income generating activities. The respondents used compensation money largely to reconstruct their houses followed by expenditure on luxury items, social functions, and repayment of debts. Moving into comprehensive details, maximum expenditure (i.e. 13.10 per cent of the amount) was used on house repair. The second highest amount was used on luxury & consumer durables followed by expenditure on social purpose and repayment of debts with 5.90, 4.20, and 3.10 per cent of the total compensation amount respectively.

Nguyen *et.al* (2017) in their study of Hue, a medium-sized city in Central Vietnam, reported that furniture of the respondents had changed considerably as a result of the spending of compensation money.

The sub heads wise details of expenditure on consumption have been discussed below:

- i. Household renovation: Expenditure on household renovation segment remained the highest in all compensation ranges except 0.40 to <0.80 crore rupees sub category, where it was over taken by expenditure on social functions. It varied between 8.80 per cent in 0.40 to <0.80 crore rupees sub category to 26.70 per cent in 0.00 to <0.40 crore rupees sub category respectively.
- ii. Luxury and consumer durables items: The expenditure on luxury and consumer durables items ranged between 4.10 per cent in 0.40 to <0.80 crore rupees sub category to 8.30 per cent (in 0.00 to < 0.40 crore rupees sub category).
- iii. Social functions: The expenditure share on this head ranged between 0.70 (in 0.80 to <1.20 crore rupees category) to 11.20 per cent (in 0.40 to <0.80 crores rupees category) of the total utilized amount of compensation.
- iv. Repayment of debts: The percentage of expenditure on repayment of debts ranged between 0.70 (in 1.60 to <2.00 crore and 2.00 crore rupees & above sub categories) to 15.40 per cent (in 0.00 to < 0.40 crore rupees category) of the total utilized amount of compensation.

It has been pointed out that houses have utilized their money on numerous consumption items. Further, the percentage share of various components is almost high in the 0.00 to <0.40 crores rupees sub category. Guha (2004) conducted a field investigation of west Bengal during 1995-97 and found that the maximum numbers of households have spent compensation money on domestic consumption.

- B. *Findings on use of Compensation Money on Investment:* The outcomes of the study utilization of compensation money on various elements of investment in Fatehabad district have been presented in tables 2, 3 and highlighted in figure 2. The findings revealed that 73.70 per cent of the compensation money was used for investment purpose. Buying of agricultural land accounted for the highest share followed by expenditure on bank deposits, residential plots, business, purchase of agricultural assets, lending money to others and education with 38.40, 22.20, 4.20, 3.40, 2.10, 1.80 and 1.60 per cent share respectively.

The households who got a substantial amount of compensation money bought the land as well as deposited their money in banks to obtain interest. The share of bank deposits has been showing a good trend. Though the percentage share of other components was not very high, a good amount was used by the respondents on other components. This is a positive sign towards the sustainability of livelihoods of affected households. This percentage can be increased through training programs for farmers.

In a similar study, Singh (2015) examined the effects of the acquisition of agricultural land for a Special Economic Zone and found that a high share of compensation money was invested in income-generating activities such as purchasing of land (prominently agricultural land) and starting of their business. Some amount of compensation package was also

deposited in their banks. The sub heads wise details of expenditure on investment have been discussed below:

- i. Purchase of agricultural land: Expenditure on purchase of agricultural land, having the highest share in the investment, varied between 9.10 per cent in 0.00 to <0.40 crore rupees range to 47.40 per cent in 2.00 crore & above rupees range.
- ii. Bank deposits: Bank deposit is a form of investment asset. It emerged as the second highest sub head on which people have invested their amount. It varied between 13.70 per cent (in 1.60 to <2.00 crore rupees range) to 40.20 per cent (in 0.80 to <1.20 crore rupees range).
- iii. Residential plots: The expenditure on residential plots varied between 0.00 per cent (in 0.00 to <0.40 crore rupees range) and 5.60 per cent (in 0.80 to < 1.20 crore rupees range).
- iv. Establishment of new business: Only 3.40 per cent of the total utilized amount was invested on business. It varied between 0.40 and 7.20 per cent in various compensation ranges.
- v. Purchase of agriculture assets: About 2.10 per cent amount out of compensation money was utilized on the purchase of agricultural assets. The respondents in the compensation range from 0.80 to < 1.20 crore rupees had the highest (3.10 per cent) share.
- vi. Lending money to others: The expenditure on this head varied between 0.30 to 7.20 per cent of the total utilized amount.

- vii. Education of children: Only 1.60 per cent of the money was invested on education of children. The respondents in the range from 0.40 to < 0.80 crore rupees range spent the highest share (5.80 per cent) of the compensation money on the education of their children.

It may be summarized that maximum amount was invested on purchase of agricultural land and bank deposits.

## 5. Conclusion

Earlier research works (Guha 2004; Jafriet *al.* 2011; Sangwan (2015); Kajal and Yadav 2017) reported that land acquisition affected a large number of farmers and compelled them to change their primary activities. In Fatehabad, 26.30 per cent of the compensation money was used by the respondents on non-income generating activities. As far as consumption is concerned, maximum expenditure was incurred on house repair followed by luxury & consumer durables, social purpose and repayment of debts. 73.70 per cent of the compensation money was used for investment purpose. Buying of agricultural land accounted for the highest share followed by expenditure on bank deposits, residential plots, new business, purchase of agricultural assets, lending money to others and education. We may conclude that, Fatehabad had used a major share of compensation amount on income-generating activities.

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**Table 1**  
**Categorization of Respondents on the basis of Compensation Amount Disbursed**

Sr. No.	Compensation range (in rupees)	Number of Households
1	From > 0 to < 0.4 crore	10 (14.3)
2	0.4 to < 0.8 crore	15 (21.4)
3	0.8 to < 1.20 crore	15 (21.4)
4	1.20 to < 1.60 crore	11 (15.8)
5	1.60 to < 2.00 crore	06 (8.6)
6	2.00 crore & above	13 (18.5)
<b>Total</b>		<b>70 (100)</b>

Source Primary survey

Note: Figures in parentheses represent percentage figures

**Table 2**  
**Utilization Pattern of Compensation Amount in District Fatehabad**

(In lakh rupees)

Sr. No.	Components		Total
1	Consumption	House renovation	400.00(13.10)
		Luxury and consumer durables	182.15(5.90)
		Social functions	129.20(4.20)
		Repayment of debts	93.10(3.10)
<b>Sub total</b>			<b>804.45(26.30)</b>
2.	Investment	Purchased agricultural land	1180.50(38.40)
		Bank deposits	676.00(22.20)
		Residential plot	135.00(4.20)
		New business	105.30(3.40)
		Purchase of agriculture assets	63.50(2.10)
		Lending to others	55.50(1.80)
		Education	49.15(1.60)
<b>Sub total</b>			<b>2264.95(73.70)</b>
<b>Total Utilized Compensation Amount</b>			<b>3069.40(100)</b>

Source: Primary Survey

Note: Figures in parentheses represent percentage figures

**Table 3**  
**Utilization Pattern in Different Compensation Ranges in District Fatehabad**

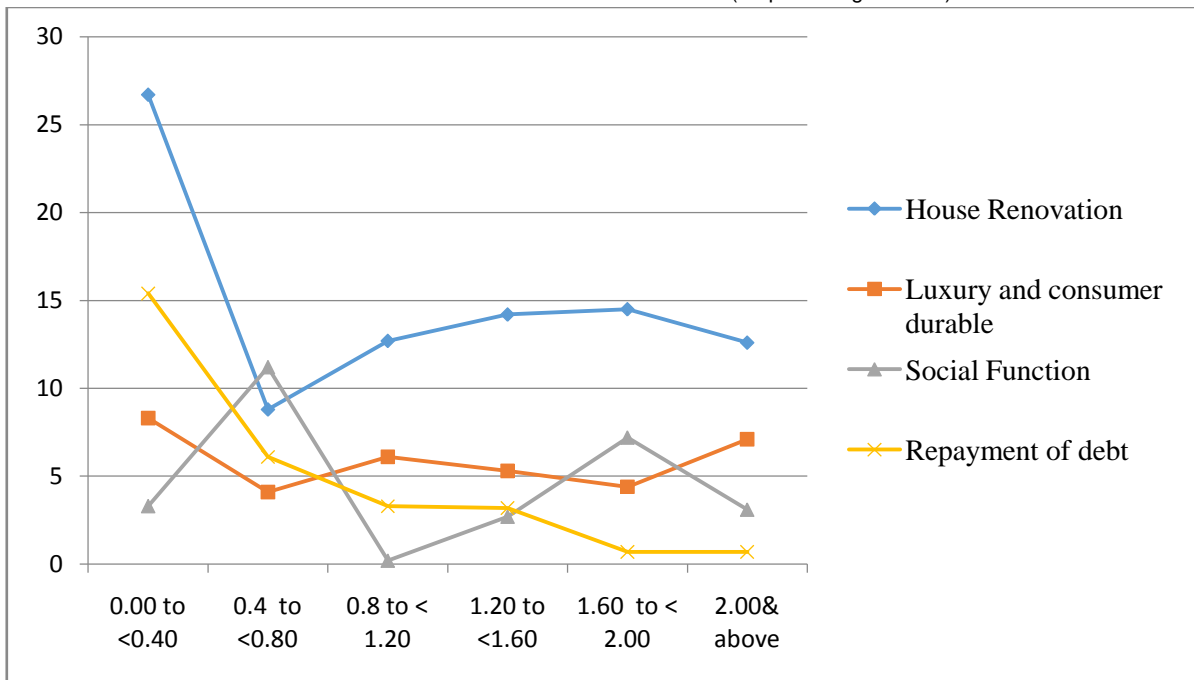
(In crore rupees)

Sr. No.	Components	Compensation Range						
		0.00 to < 0.40	0.40 to < 0.80	0.80 to < 1.20	1.20 to < 1.60	1.60 to < 2.00	2.00 & above	
1	Consumption	House renovation	29.50 (26.70)	41.50 (8.80)	79.50 (12.70)	71.50 (14.20)	45.50 (14.50)	132.50 (12.60)
		Luxury and consumer durables	9.10 (8.30)	19.25 (4.10)	38.40 (6.10)	27.35 (5.30)	14.05 (4.40)	74.00 (7.10)
		Social functions	3.70 (3.30)	52.50 (11.20)	4.00 (0.70)	14.00 (2.70)	22.00 (7.20)	33.00 (3.10)
		Repayment of debts	17.00 (15.40)	28.65 (6.10)	20.75 (3.30)	16.60 (3.20)	2.5 (0.70)	7.60 (0.70)
<b>Sub heads</b>		<b>59.30 (53.70)</b>	<b>141.90 (30.20)</b>	<b>142.65 (22.80)</b>	<b>129.45 (25.40)</b>	<b>84.05 (26.80)</b>	<b>247.10 (23.50)</b>	
2	Investment	Purchase of agricultural land	10.00 (9.10)	138.00 (29.30)	163.50 (26.50)	239.00 (46.90)	135.00 (43.30)	495.00 (47.40)
		Bank deposit	25.00 (22.80)	98.00 (20.80)	251.00 (40.20)	83.00 (16.20)	43.00 (13.70)	176.00 (16.80)
		Residential plot	0.00 (0.00)	25.00 (5.40)	35.00 (5.60)	21.00 (4.30)	6.00 (1.90)	48.00 (4.50)
		New business	8.00 (7.20)	29.00 (6.20)	2.80 (0.40)	8.50 (1.70)	14.00 (4.50)	43.00 (4.10)
		Purchase of agriculture assets	2.00 (1.80)	8.50 (1.80)	19.00 (3.10)	11.50 (2.20)	0.50 (0.20)	22.00 (2.20)
		Lending money to others	6.00 (5.40)	1.50 (0.50)	8.00 (1.20)	13.50 (2.60)	22.50 (7.20)	4.00 (0.30)
		Education	0.00 (0.00)	27.50 (5.80)	1.60 (0.20)	3.55 (0.70)	7.50 (2.40)	9.00 (0.90)
<b>Sub heads</b>		<b>51.00 (46.30)</b>	<b>327.50 (69.80)</b>	<b>480.90 (77.20)</b>	<b>380.05 (74.60)</b>	<b>228.50 (73.20)</b>	<b>797.00 (76.50)</b>	
<b>Total Utilized Compensation Amount</b>		<b>110.30 (100)</b>	<b>469.40 (100)</b>	<b>623.55 (100)</b>	<b>509.50 (100)</b>	<b>312.55 (100)</b>	<b>1044.10 (100)</b>	

Source: Primary Survey

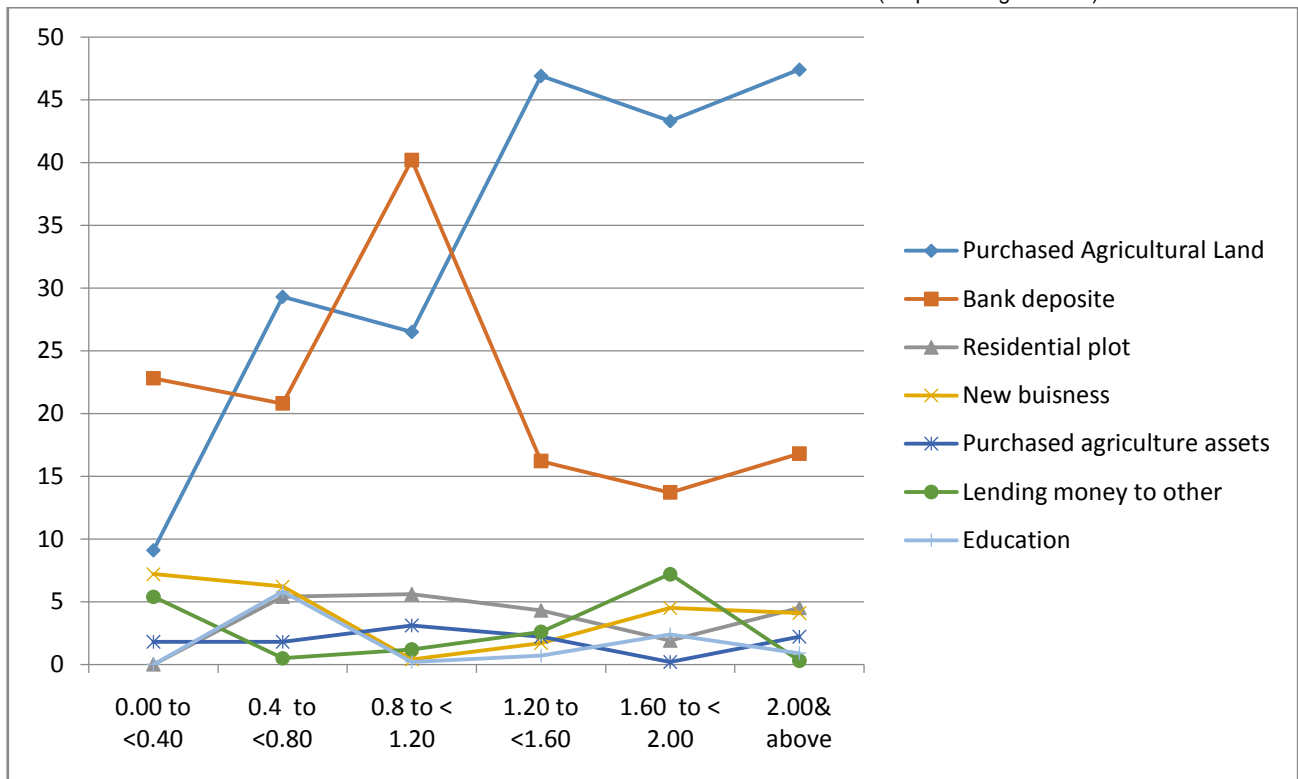
Note: Figures in parentheses represent percentage figure

**Figure 1**  
**Pattern of Consumption Expenditure in Different Compensation Ranges in District Fatehabad**  
 (As percentage of total)



Source: Primary Survey  
 Note: The compensation range is in crore rupees

**Figure 2**  
**Pattern of Investment Expenditure in Different compensation Ranges in District Fatehabad**  
 (As percentage of total)



Source: Primary Survey  
 Note: The compensation range is in crore rupees