

## Development induced displacement of rural communities in India: A critical review

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**Abstract.** This article analyses the impact of recent development-led displacement on rural communities, emphasising particularly their loss of land and of access to common land. Displacement of rural communities from their natural habitats results in a host of socio-economic impacts. This study will focus mainly on farmers and tribal communities in India - as to how they have been affected by the modernisation process, especially since the adoption of neoliberal economic reforms. For a rural community the displacement is a traumatic both in terms livelihoods and from a cultural perspective. The paper examines the issues of displacement of the rural communities, especially in tribal areas that have been relatively isolated from the outside world. Modernisation-induced displacement becomes important due to its impact on the rural communities through land alienation which has resulted in protests by the affected communities. The study finds a gap in the literature regarding the impact of development projects on the socio-economic conditions of the rural communities.

**Keywords.** India, Rural community, Modernisation, Land-displacement, Resettlement and sustainability.

**JEL.** Q0, Q1, Q58.

### 1. Introduction

The paper attempts to focus on the rural communities, who are increasingly being affected by the so-called modernisation drive in the name of development. The interest of the rural community is often ignored by the policy makers on the name of the “greater good”. Displacement and the loss of traditional livelihoods of the rural communities and environmental impacts are not properly examined, especially since the neoliberal (i.e. pro-market reforms) was launched in early 1990s in India (Siddiqui, 2016a; 2015a). The most obvious form of displacement involves dislocation from one’s habitats. Such involuntary or forced displacement is usually in recent Indian cases usually the consequence of large-scale development of infrastructure, mining, and recreation facilities.

Criticism has often pointed to inadequate attention given to the resettlement issues, especially by policy makers and the media. Cernea (2000) argues that only focusing only on economic issues can overlook other crucial matters such as social and cultural relationships and the problems of re-establishment in a new location. Displacement often exacerbates rather than mitigates economic insecurity, by causing alienation from land and localities, from ethnic and community groups and from their access to public property. The displaced rural communities lose kin networks that may provide the context for routine social activities - collective identities, especially for females, which may assist them during the time of duress and insecurity. (Siddiqui, 2016a). People lose access to

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material resources for the reproduction of daily activity and preservation of social, community and natural environment.

The issue of Displacement is often seen as a necessary evil in order to modernise and construct industries and infrastructure such as dams, mining, roads, and power projects, which are intended to serve the “greater good”. This study will mainly focus on the issue of involuntary displacement in India. The growing conflict arising from large scale developmental activities in many parts of India has not been properly studied. There is a need to revisit this issue, especially since the launching of neoliberal economic policies in India.

The drive for land acquisition on the name of modernisation and development has been the reason behind the rise in protests by the farmers and tribal people across the country. The focus on economic issues overlooks other no less important issues, such as social and cultural ones, which may prove to be crucial in building links and networks in the new environment. These protests and violence increasingly question the so-called “greater good”. The protest in Bhatta-Parsaul of Noida in Uttar Pradesh state indicates another centre of violence provoked by an attempt to displace the farmers. In fact, whether it is Bhatta-Parsaul in UP, Nandigram in West Bengal, Chhattisgarh, Jarkhand, Andhra Pradesh, Kerala, and also in Tamil Nadu all point the need to examine the matter immediately (Sharma, 2009; Chenoy, 2007).

In the violence witnessed in Nandigram in West Bengal state in 2007, where 14 people were killed while protesting against the notification of [land] acquisition of 25,000 acres of land under for the SEZ (Special Economic Zone) project of Indonesian Salem chemicals (Patnaik, 2007; Chenoy, 2007) (and also in Bhatta-Parsaul in UP, Jagatsinghpur in Orissa, Jaitpur in Maharashtra and so on), the government has used the police force to control and intimidate any genuine protest against its land grab policies. For instance, in Bhatta-Parsaul Noida UP state about 6,000 acres of land is being acquired by the Jaiprakash Associate Company to build luxury township facilities and the 165 km Yamuna Expressway. In total the land of 1,225 villages is to be acquired for the Expressway. This land has been taken under the colonial Land Acquisition Act of 1894 from farmers at US\$6 per square meter by the government, while it was sold to developers at US\$ 134.50 per square meter - i.e. a 200,000% increase in price (Samrat 2008; Sharma and Singh 2009). It appears that such land dispossession contributes to injustice, landlessness and violence. This paper will also discuss the recent Land Acquisition, Rehabilitation and Resettlement (LARR) Bill 2013 passed by the Parliament (Land Act, 2013).

It seems that inadequate attention has been paid to the process of resettlement in India. Moreover, a deeper evaluation of this issue provides a different picture of the disastrous impact on the local communities, who have been forced to move. This study seeks to bring out a critical evaluation on this subject in the light of past experiences and outlines an approach to a more humane and equitable policy, as an alternative to that which has caused so much violence and distress in the affected rural communities. The study will also draw attention to other countries' experience for a better understanding of this subject area.

Various studies have highlighted the displacement and rehabilitation problems and begun to question specific projects and developmental policies which induce displacement (Iyer, 2007; WCD, 2000). However, there is a lack of study questioning the logic of industrialisation based on ‘free market’ policies to benefit a few while creating losses for many. Therefore, it seems important to briefly to examine globalisation, which is closely linked with the introduction of neoliberal economic policies and also with the fact of international financial capital playing an increasingly greater role in financing the infrastructure and mega projects in the developing countries. Against this background, the paper undertakes a critical examination of the literature in the field of development-induced displacement - primarily in India, but also in other developing countries. It is worth to revisit Karl Polanyi work, who noted nearly seven decades ago “To allow the market

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mechanism to be the sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society. For the alleged commodity 'labour power' cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this peculiar commodity... Robbed of the protective covering of cultural institutions, human being would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime and starvation" (Polanyi, 1944:73).

The existing literature on the issue of displacement can be broadly categorised as falling into two groups. One group sees displacement to be an inevitable outcome of modernisation. They suggest that the only policy option is to minimise the adverse impact of displacement (Picciotto, 2001; Cernea, 2000). For them resettlement becomes the key focus issue. The other group considers displacement as a manifestation of a crisis in development itself. Here displacement is not seen as an unwanted but inevitable outcome of well-meaning processes of development, but as evidence of uneven distribution of gains and losses. This view is most effectively articulated by the protest movements and the opposition to such projects (Parasuraman, 1999). Parasuraman argues that development projects as examples of structural biases favour a minority group "while millions of people pay the price without reaping any benefits" (Parasuraman, 1999, p.39). He finds unfair outcomes in relation to land acquisition, socio-economic consequences of displacement, and conditions of resettlement. According to him, displacement is inherent in the policy of development as currently carried out and he suggests for a reconsideration of the large projects such as that may have led to large-scale displacement (p265). It seems that the neoliberal economic reforms are geared to enhance the process of accumulation by dispossession and that under recent globalisation the financial capital sees new opportunities to invest overseas and earn higher profits<sup>1</sup>.

The question also arises why has China achieved better outcomes on resettlement than many other developing countries? Picciotto *et al.*, (2001) find that China's performance is far better on the issues of resettlement than India. According to him, China's unique performance is primarily due to 'its system of government and vision', which saw resettlement programmes 'as an opportunity and not as burden'. "In particular [Chinese experiences in the Shiukou and Yantan projects] their success with income restoration of resettlers is attributed to the skilful use of available resources: 'orchards on terraced slopes; bamboo and tea on the steeper slopes; forestry on the steepest slopes; goats in the drier hills; integrated fish, duck and hog farms near lake; oyster beds and fish cages in the lake; and pigs and mushrooms in confined spaces next to the house'" (Picciotto *et al.*, 2001, p.11).

Globalisation is seen as another opportunity by international capital to dispose of and displace communities, states and nations that are seen as impediment towards market integration (Siddiqui, 2010). The Indian government acquires land from the people and then hands it over to the corporate sector and real estate developers. International capital finds investment areas like real estate and urban property very attractive in emerging market economies such as India. The commodification of land is fuelling the corporate land acquisition in India, both through the creation of SEZs and through foreign direct investment. Under trade and capital liberalisation international capital finds higher profits to invest in

<sup>1</sup>David Harvey explains that accumulation by dispossession includes, "The commodification and privatisation of land and forceful expulsion of peasant population...; conversion of various property rights (i.e. common, collective and state) into exclusive private property rights...; commodification of labour power and suppression of alternative form of production and consumption...use of credit system as a radical means of accumulation by dispossession. The state, with its monopoly of violence and definitions of legality, plays a crucial role in both backing and promoting this process" (2005).

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mining and urban property development (Siddiqui, 2016b). Global finance is much larger compared to the value of real goods and services produced in the world (Harvey 2005).

For example, with the opening of the Indian economy to [the] foreign monopolies, international financial institutions were increasingly offered to finance [such] mega projects. However, with growing protests and opposition to such projects by the local people, these international institutions began to demand adequate (market based) compensation from the government. But such developments still ignore the interests of larger rural communities affected by such development i.e. agricultural labourers, artisans, fishermen, sharecroppers and other service providers with no formal title on land (Wade, 2011).

Displacement is on the rise because of current intensification of capitalist modernity led by neoliberal globalisation, now under the conditions of more forceful accumulation<sup>2</sup>. At present, both massive displacement and impoverishment are created by capitalist modernisation. Traditional production systems are based on diversity and hence are more suitable for conservation and hence are more suitable conservation and sustainability. Production in these communities is oriented towards subsistence, self-sufficiency rather than accumulation (Escobar, 2001).

Finally in the development and modernisation debate the issues of sustainable development<sup>3</sup> have become an important issue in international forums, especially since the publication of the report of the World Commission on Environment and Development (WECD, 1987) also known as *Our Common Future*. It was seen as first major international initiative to raise the awareness of the government and public about the complexity of relationships between economic growth, needs of the people and sustainable development (Siddiqui, 1994).

## 2. Modernisation paradigm

The forced or involuntary movement of people has been carried out by the state for development purposes. The displacement from their habitations has been carried out in the name of the development for greater benefits to serve “national interests”. But even a cursory examination of the historical record in India makes clear that a disturbing number of such projects have had a catastrophic impact in displacing population, while often resulting in long drawn conflict between communities and the state. Cernea argues that the population that are affected are generally too weak in economic and political terms to make their voices heard to force change.

As Cernea (2000) has pointed out, there is an important difference between displacement caused directly through development projects and that caused by natural disaster or impoverished life opportunity. According to him, forced re-settlement involves little “pull”, being almost exclusively “push”. This is the result of government decision as to who will pay and who will benefit from such projects. Involuntary displacement from such projects undertaken for developmental purposes is always permanent unlike natural disaster, where people are dislocated temporarily.

There are broadly two types of discussions taking place on this issue namely: those who argue for faster economic growth and others stress on the issues of displacement and environmental protection (Iyer, 2007). There is a need to understand the choices to be made especially with respect to large projects that are considered crucial to economic growth but are detrimental in ecological or environmental terms.

<sup>2</sup>For experiences in South America, see ZNET’s Columbia Watch (e.g. Report by J Podur & M Rosental, [Retrieved from]).

<sup>3</sup>Sustainable development is supposed to improve the well being of people over time. A sustainable society a well articulated productive knowledge and the capacity for mutual self-help.

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India's economic liberalisation was launched in 1991 aiming to promote market forces. Since the adoption of neoliberal reforms, foreign investors have increased their presence in India. Various collaboration and joint ventures projects have been launched. For example, in recent years as many as 341 SEZs have been approved and set up across India. It seems that the major policy change was growth centred. It did not make any reference to long standing problems of the Indian economy such as landlessness, resettlement and environmental degradation. However, the Indian economy is predominantly rural in character. This is evidenced from the fact that in 2013, about 74% of its population lived in some half million villages. India's two-thirds workforce engaged in agricultural sector, and this sector contributed about 26% of the GDP in 2013 (Siddiqui, 2015a). Nearly three-quarters of the population is surviving on one-quarter of the output, meaning persistence of huge income inequality between agricultural and non-agricultural sectors.

On the name of efficiency in agriculture sector, the World Bank and other mainstream economists support increased capital intervention and commodification of land. For instance, the World Bank (2010) argues in favour of large scale land acquisition as a way to increase rural investments and as a result to reduce poverty. The Bank suggests that large-scale land acquisition can be vehicle for poverty reduction. The report further suggests that increased private capital investment in agriculture will create more jobs and new opportunities for contract farmers (World Bank, 2010).

The Bank also claims that land acquisition could reduce poverty by making better use of underutilised land (World Bank, 2010:77). The study cites the examples of large scale mechanised production of soya and grains in North America and Argentina. The study notes, "near-industrial methods of quality control and production at low cost, managed by high quality agronomists using land leased by corporations that pay high rents for land, making it advantages for landholder to cease their own production" (World Bank, 2010:33). The report does not provide any concrete evidence of job creation due to increased mechanisation in large farms. The World Bank would like to see reversal of land reforms in developing countries. It seems that the only success criteria are growth rates, efficiency and profits. The study favours a laissez-faire approach in which private investors take command from small and medium farmers into contract farmers arguing that, "productivity and welfare enhancing transactions can occur without the need for active intervention by the state" (World Bank, 2010:34).

Contrary to the World Bank's (2010) above claims, Li (2011) finds in Indonesia that the influx of capital in agriculture did not result into job creation; it rather widened rural inequality and increased involvement of private capital. No jobs were created for affected people, as initially claimed. Li finds in Indonesia that, "Where large scale plantation and smallholders' contract schemes have a long history...the predicament of people who are displaced from their 'inefficient' farms in a context where generalised capitalist system fails to provide them with an alternative livelihood or living wage" (Li, 2011:281). Li further notes that, "large scale farming not only fails to reduce poverty, it actually produces it" (p.285).

In fact, the World Bank's led 'Structural Adjustment Programmes (also known as neoliberal reforms) were launched in the developing countries during the 1980s and 1990s with the adoption of pro-market policies. Under these neo-economic reforms, the subsidies to the agriculture sector were withdrawn and private investment was to replace public investment.

After the sharp rise in food prices in 2008, the global food companies sought to strengthen vertical integration of the global supply chains, with the aim to ensure security of supply and to take the benefits of liberalisation in trade and investment, which was aimed ultimately to raise their profits and strengthen their control over markets (Siddiqui, 2008). Foreign direct investment (FDI) in agriculture began to rise as a result. According to an UNCTAD (2009) report,

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FDI in the agriculture sector rose from an average of US\$ 600 million annually in 1990s to an average of US\$ 3 billion in 2008 (UNCTAD, 2009). Researchers have predicted that investors will replace food crops by cash crops producing either non-food commodities – for instance, energy crops-or exporting all or most of the production abroad thus, worsening the situation of food availability in the host country(see De Schutter, 2011; Singh, 1999; Chopra, 1998).

It also appears that the World Bank (2010) report overlooks the governance issue in the developing countries and how effectively these countries could manage investment in especially mining and agriculture, which is expected to contribute towards poverty reduction and overall improve the conditions of rural population. For example, there is huge corruption and illegal mining has been exposed in central India. For example, the controversies about POSCO and Vedanta projects in Orissa, which acquired large tracts of land for mining purposes. Besides displacing people, the projects have damaged ecology and local environment. The mining sector in India has increasingly seen quick profits to be made with combination of illegality and corruption. This has got further encouragement because after economic liberalisation, mining has been given huge opportunity for capital accumulation to those have the money and right connection. Fortunes are being made by people with money and power, who extract mineral resources at the expense of local populations, whose traditional livelihood are destroyed. The mining and quarrying sector currently contributes only 2% of India's GDP. For example, the notorious recent corruption case of Reddy brothers who were known to have benefitted from their close relationship with the BJP leader Yeddyurappa in Karnataka (Manor, 2011).

Mining is quite important for various states in India but among onshore areas and states dominates such as Andhra Pradesh (12.3% share in states' total production by value), Chhattisgarh (9.2%), Jarkhand (9%) and Orissa (11.9%). These regions are also home to large tribal populations and these are also the regions where violent political movements i.e. Maoists insurgency are on the rise in recent years (Manor, 2011).

### 3. The displacement scenario

Displacement is described as the dislocation of people from their native place and region. This could mean loss of economic livelihoods and communities<sup>4</sup>. National parks, dams, industries and infrastructure are being built in India by displacing rural communities and their livelihoods. The displaced hardly received any benefits from these so-called developmental projects.

There is disagreement over exact number of displaced people. It seems likely that no less than 40-50 million people have been displaced during the last six decades. Various studies on displacement point out that the earlier phase until 1980. Later phase was marked by meagre compensation towards the affected people and lack of any attempt to understand the issues of rehabilitation of the displaced people. Most of the affected people were from poor households and with the displacement they were further marginalised due to loss of their livelihoods. The involuntary displacement<sup>5</sup>of people due to acquisition of their land for developmental activities across India is a major issue. Such displacements have resulted in widespread protests across the country. People have been protesting about major projects such as Sardar Sarovar, Salient Valley, the Manglore Thermal Power, the Dabhol power, Maha Mumbai Special Economic Zones, the Nandigram SEZ, the Singur Tata Motors and so on. In India people continue to be involuntary dislocated and the goal of resettlement remains

<sup>4</sup>For more discussions on Central America regarding the commercialisation and export of Agricultural Commodities (see Siddiqui 1998).

<sup>5</sup>The multilateral donor agency has broadly defined displacement to include not only physical eviction, but also denial of access to survival and livelihood resources (see Cernea 2000). However, in this paper we have restricted to the term displacement to physical eviction.

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exceedingly difficult to achieve. Moreover, the aims of sustainable development, where people are better than they were before resettlement, were far from being achieved. Seeing this issue merely in financial terms seems to be inappropriate and mistaken. Compensation by itself cannot fully restore and improve levels of income of those who have been involuntary displaced.

In the 1990s, development-induced displacement emerged as a major concern and also a challenge for Indian social researchers. Concern arose because of the dramatic rise in developmental projects and urban expansion in the 1990s fuelled by liberalising the domestic markets and construction of dams and urban development coupled with disastrous outcomes in resettlement experiences. This led to an increase in popular resentment and protest, which brought the issue to the forefront (Parasuraman, 1999; Fernandes & Asif, 1997).

The Upper Krishna irrigation project (i.e. dams and reservoir) displaced about 300,000 people. Loss of livelihoods and displacement has become a recurring feature of the Singrauli region of Madhya Pradesh mainly due to construction of dams and mining. Displacement in the Singrauli region began first by the construction of *Rihand* dam and *Govind Sagar* Reservoir in the 1960s. Later on in 1980 Thermal power projects were set up, which led to expansion of coal mining in the region. All these activities have initiated a series of displacement and loss of livelihoods of the people in the region (Sharma & Singh, 2009).

The Sardar Sarovar project has affected nearly 300 villages, with 163,000 people have been displaced, among them the tribal population has been severely affected, see Table 1, (Parasuraman, 1999:167; Singh, 1997). In fact, it seems that the colonial land acquisition Act 1894 ignores that fact that in a rural economy land is the sustenance not merely of land owners but also to the agriculture labourers and other rural service groups. To attract private investors and profits has become the sole criterion (Singh, 1997). Force is being used to evict the people from their homes and lands, where they may have lived for generations: such action is unjust and inhumane and could not be justified in truly democratic sense. On this issue the government seems to be bent on advocating and protecting the interest of tiny corporate sector. As MedhaPathkar, one of the leading figures in the movement against Narmada project points out: “Even with rights recognised, risks assessed and stakeholders identified, existing iniquitous power relations would too easily allow developers to dominate and distort such process... Understanding this takes us beyond a faith in negotiations” (WCD, 2000:320-21).

**Table 1.** *The percentage of tribal population displaced due to constructions of large dams in India.*

Name of the Project	State	Population Facing Displacement	Percentage of Tribal Population
Karjan	Gujarat	11,600	100.00
Sardar Sarovar	Gujarat	200,000	57.60
Daman Ganga	Gujarat	8,700	48.70
Ukai	Gujarat	52,000	18.92
Maheshwar	Madhya Pradesh	20,000	60.00
Bodhghat	Madhya Pradesh	12,700	74.91
Icha	Bihar	30,800	80.00
Chandil	Bihar	37,600	87.92
KoelKaro	Bihar	66,000	88.00
Maithon & Panchet	Bihar	93,874	56.46
Masan Reservoir	Bihar	3,700	31.00
Mahi Bajaj Sagar	Rajasthan	38,400	76.28
Polavaram	Andhra Pradesh	150,000	52.90
Ichampalli	Andhra Pradesh&Maharashtra	38,100	76.28
Tultuli	Maharashtra	13,600	51.61
Upper Indravati	Orissa	18,500	90.20
Bhakra	Himachal Pradesh	36,000	34.76
Pong	Himachal Pradesh	80,000	56.25

**Source:** Ministry of Rural Development: New Delhi, Government figures. [Retrieved from].

<sup>6</sup>Tribal people are the most marginal groups in India who are forest nomads, with long history of exploitation under the colonial and post-colonial regimes.

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According to the Central Water Commission, over 3,300 dams have been built in India since independence and some 100 more are under construction. Another study of 54 large dams carried out by Indian Institute of Public Administration in New Delhi calculated that the average number of people displaced by a large dam is 44,182. Over 21,000 families have been uprooted. Although Pong dam was constructed more than three decades ago, the displaced people still have not received the any government rehabilitation measures.

The displacement caused by dams and large scale irrigation projects has drawn increased attention in recent years. Researchers have emphasised that project proposals have seldom included an assessment of the displacement, costs of rehabilitation have been either overlooked or not properly taken into the total project costs (Singh, 1997). The authorities until recently have not considered the rehabilitation issues and their primary concerns were to generate electricity and irrigation. It is often found that the number of people actually displaced was much higher than stated in the official project documents. For example, in the case of Bargi dam project on Narmada river in Madhya Pradesh, the authorities claimed only 101 villages would be submerged. However, when reservoir was filled, the number of villages actually submerged turned out to be 162 (Singh, 1997). The government report does not take into account the backwater effect i.e. the rise of water level as the reservoir begin to silt up.

The government of India now admits that several million people displaced by dams, mines, industries, power plants etc. are still 'awaiting rehabilitation', a figure regarded very conservative by most independent researchers. The developmental projects are always put forward as development for national interest. The communities, who lost their livelihoods for so-called 'greater good' and national interest, would be making this sacrifice to benefit the entire nation (India Today, 2007).

Involuntary displacement occurred due to the need to build dams, transportation, power generation, urban development and so on. It is claimed that such projects creates employment and improves services. However, they also displace people from their land, destroy community and cultural heritage and raise major issues of social justice and equity. In India, for example, researchers found that the country's developmental projects since independence have displaced more than 20 million people. And most of these people have not been rehabilitated. The rehabilitation programmes since independence have performed miserably. Displacement of the people also took place from the protected areas, also known as wild life conservation (India Today, 2007).

At least 50 million people have been displaced since independence under the colonial Land Acquisition Act of 1894. Most of these people are difficult to trace, living in urban shanty towns across the big cities in India. Despite the years of protests on the issue of displacement and rehabilitation little progress has been done to ameliorate the sufferings of the affected people. Despite this situation, the government has announced its policy on National Resettlement and Rehabilitation Policy (NRRP) in 2007, stating: "through a careful quantification of costs and benefits that will accrue to society at large, of the desirability and justifiability of each project. The adverse impact on affected families - economic environmental, social and cultural - needs to be accessed in a participatory and transparent manner" (Sampat, 2008:25).

On the issue of displacement risks, Cernea (2000) has identified key vital components such as: landlessness, joblessness, homelessness, marginalisation, food insecurity, community disarticulation, and loss of access to common property resources. According to him, preventing these factors would mean reversing the risks. He emphasises that land is the basis of people's productive system in agrarian society and if it is not replaced by steady income generating employment the consequences would lead towards impoverishment. Cernea (2000) notes: "Expropriation of land removes the main foundation upon which people's productive systems, commercial activities, and livelihoods are



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constructed. This is the principal form of de-capitalisation and pauperisation of displaced people, as they lose both natural and man-made capital". As Cernea further cites, Reddy finds that landlessness rose sharply from 20% before displacement to 72% after in the coal mining region of Singrauli (p.3663).

In recent years states like Gujarat, Haryana, Jarkhand, Madhya Pradesh and West Bengal have displaced very large numbers of people in order to acquire land for SEZs which were expected to attract millions of US dollars on nearly a half-million acres of land. It was also claimed that these investments would create more than half a million jobs, but due to high mechanisation and automation job creation was far less than expected. Mechanisation appears to be the main reason for high job costs. For example, the average size of coal mines increased from 150 acres in 1976 to 800 acres 1995, but it created fewer jobs (Fernandes & Asif, 1997:74-75). Various studies have pointed out that nearly 50 million people have been displaced since independence due to developmental projects - among them 40 % was tribal, 20 % dalits (untouchable castes) and 20 % were from backward castes<sup>7</sup> (Singh, 1997).

The Land Acquisition, Rehabilitation and Resettlement Act (LARR) 2013 seeks to rectify the shortcomings of the colonial Land Acquisition Act of 1894 (LAA) regarding the transfer of land from agriculture to other so-called developmental activities. Despite some small beneficial provisions, the Bill contains various limitations such as that it completely ignores the socio-economic reality of the issue of compensation. Contrary to what is claimed, the Bill still leaves an open door for government to favour private businesses. The Bill is also prone to litigation over compensation and most likely would be more profitable for rich than poor. It tries to rationalise involuntary acquisition of land due to growing needs for industrialisation and urbanisation. The Bill is supposed to pay the owners the "market value" of the land and other property. However, in practice the market value is determined on the basis of "circle rate" and the sale deeds of similar property. However, in the provisions due to various restrictions of land use, the price of agriculture land is actually suppressed. And also to save stamp duty charges, the price shown in a sale deed is generally lower than the actual transaction price. The "circle rates" is fixed by the government, are often outdate and below the market price. (LARR, 2013, Ministry of Rural Development)<sup>8</sup>.

With compulsory acquisition, there is a strong possibility that owners lack information about the value of their property. In the absence of information, fairness and efficiency of the compensation cannot be guaranteed. In fact, the law requires the compensation to be paid on the basis of market value of property. However, the determination of the market price is a complicated issue. This is determined by the prices of similar properties that have been traded in the market. This opens room for litigation which may be time consuming and expensive. It is more profitable for the owners of high value properties than those owning low value properties because the rich could apply more efforts and resources in terms of quality of lawyers etc. According to the 2013 Land Bill, it is the problem for the owner to probe market value because the land records regarding the types of land are solely possessed by the government (LARR, 2013).

### 4. Corporate industrialisation

The government enacted the Special Economic Zones (SEZs) Act in 2005. Under this act, the government has approved formally 404 projects, involving 54,280 hectares of land, action which is seen by the policy makers as a new solution leading towards growth and development, which is in the line with the global neoliberal discourse. Since the 1991 neoliberal reforms, the government is seen as a promoter of corporate-led growth, where the states are supposed to

<sup>7</sup>For more on eviction issues and impact on tribal population, see Bhatia (1997).

<sup>8</sup>See [Retrieved from].

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acquire the land for SEZs and transfer the land to the private developers (Siddiqui, 2012). Here the issue of displacement is being transferred to the private arena and compensation is to be negotiated through the market, the state keeping itself outside the rehabilitation responsibilities (Brand, 2001).

Since the 1980s export-led growth has been prescribed by the international financial agencies as the only option available for developing countries for achieving economic growth, industrialisation and creation of employment opportunities. This policy was wholeheartedly adopted in 1991 when the Indian government experienced an acute balance of payment crisis and had to ask for an IMF bailout. As a result, India was asked to open its economy to foreign capital. In 2005 the SEZ Act was approved by the Parliament, despite the opposition from the people and various organisations. It was claimed that it would attract huge amount of foreign capital and technology leading towards job creation along with efficiency and competition.

Seeing the realities in India the fact is that at present the only industrial development option possible under neoliberal policy is corporate-led industrialisation. Due to the existence of mass poverty and inequality in rural areas, such industrialisation is bound to be against the interest of the majority of the rural population (Girdner & Siddiqui, 2008). Moreover, according to various studies, for nearly the last twenty four years since the adoption of the neoliberal policy its impact on job creation has been dismal (Brand, 2001; Chenoy, 2007). For example, between 1991 and 2013, the number of persons employed in organised manufacturing has remained constant in absolute terms, notwithstanding an 8 % annual growth rate in manufacturing output. Patnaik (2007) examines the issues of industrialisation and job creation from a wider perspective and argues that “The argument that industrialisation is necessary because it will take surplus labour out of agriculture is completely baseless. True, in the case of the advanced capitalist countries industrialisation was accompanied by a shift of surplus labour out of agriculture but that is because such surplus labour simply migrated to the “new world” (where native population were forcibly driven off its land); in addition unemployment was exported to the colonies in the form of de-industrialisation” (p.1893).

Patnaik further notes “tragedies like Nandigram are inherent in the operation of a neoliberal policy regime. These tragedies are being debated as a conflict between needs of industrialisation and the peasantry, as if the corporate nature of that industrialisation did not matter. Nandigram should make us look beyond scapegoats at the process of “accumulation through encroachment”, which neoliberalism has unleashed in the country” (p.1893).

The industries need to be promoted, but at the same time, the government must ensure that the destructive effects upon the people, who face dispossession are minimised. But that cannot be realised if corporate industrialisation is only available option, under such a regime the state’s leading role is being replaced by markets. In the name of “virtues of free-markets” and competition, monopolists are given enormous power to undermine the very competition they are claiming to establish. In India what we witness at present is not capitalists competing against one another for state government projects, but state governments competing against one another to attract investors. There is a need for deeper understanding of the real process of primitive accumulation of capital, which is taking place through encroachments, which neoliberalism has enforced in India at much faster rate than earlier period in the developing countries (Siddiqui, 2015b).

The proponents of the “free market” policy view the land grab as an economic opportunity for the rural poor (World Bank, 2010). They insist on the need for land market governance, while critics see a major threat to the lives and livelihoods on the rural poor. According to them such a grab of land would lead towards increased rural socio-economic inequalities and must be opposed. The World Bank (2010) provides suggestions ‘for responsible agriculture investment’. It supports new investment in agriculture, while acknowledging that in rural areas

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land purchase has taken place largely where buyers could exploit corrupt or indebted governments with little ability to regulate the transactions or by targeting the rural poor and expelling them from their lands. The World Bank report does ignore the important questions of winner and losers and what would be consequences of such policies in terms of social, political and rural power configuration. The political economy of land is centred on food, mineral and ecology (Siddiqui, 2008; 1996). The key issues are who owns the land and what is being done with the appropriated surplus.

The question arises: what changes in agrarian structures are emerging? What rural differentiation in terms of class is emerging following changes in land ownership, organisation of production and exchange? The question is whether the safeguards have been put in place for the rural poor. That could be done through the active participation of rural poor in safeguarding their political and economic interests through political mobilisation (Siddiqui, 2015b).

However if the affected people get organised the outcomes could be better. For instance, the Silent Valley project in Kerala, which is one of the richest habitats of fauna and flora in South Asia, was threatened by hydroelectric power project. The movement to oppose the power project was led by a radical organisation called *Kerala Sahitya Shastra Parishad*. The organisation was also involved in spreading literacy and raising awareness of science and healthcare among the local inhabitants. Due to protest the power project was cancelled by the government and this unique bio-diversity area was saved from destruction. Another movement opposed the privatisation of Bharat Aluminium Company (BALCO) in Chattisgarh state, which is also located in the tribal areas. The land was initially taken over by the government to be used for public purposes but was sold to private company. The protesters contacted the Supreme Court, but judgement came in favour of the government.

In western India, the construction of dams for reservoirs across the Narmada River was led by *Narmada Bachao Andolan* (Wade, 2011). However, despite the protest movement, dams were constructed and these projects have displaced thousands of tribal people. In 1993, after a long struggle and protest finally, the World Bank cancelled the loan for Sardar Sarovar project on Narmada. This is the first time an international financial institution has gone back from its previous commitments due to environmental and rehabilitation reasons. However, World Bank funding was criticised by NGOs and by local people on the Polonroeste road project, which is located in the north-west of Brazil. This road project was supposed to be 1500 km long and pass through the densely populated south-central area to connect with the sparsely populated Amazon region in 1987. The protestors, fearing damage to forests and the natural environment, demanded changes in the Banks' funding, and the Bank was forced to suspend its loan until the government show some progress on its commitments (Wade, 2011).

The Narmada project is an inter-state development scheme, which was seen as an enormous opportunity for hydro power and irrigation. It was supposed to be one of the largest water reservoir projects in the world. There were several big and small dams to be built including a big dam called the Sardar Sarovar dam, which would be as high as 45 storey building and over nine km long at the crest. Its reservoir would be more than 200 km long and would ultimately displace 40,000 households. The proposed canals would spread for 7500 km and irrigate about 2 million hectares of land, but displace 68,000 households (Wade, 2011:45). Wade notes, "resistance to the Narmada projects began as a "bottom up" social movement (in contrast to Polonroeste), led by Indian NGOs working in the Narmada valley. Their resistance sparked a campaign within India that drew unprecedented support from the middle-class public, among whom it signalled a profound shift away from Nehru's "hardware" notion of progress... The transnational campaign against Narmada stiffened senior management's commitment to environmental assessment procedures and the creation of a large environmental complex. But the main effect came later. In response to years of

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pressure the Bank cancelled its involvement with the Sardar Sarovar in 1993 – the first time the Bank has cancelled a loan anywhere in the world on environmental or social grounds” (Wade, 2011:45). In 2006, when *Narmada Bachao Andolan* opposed the raising of the Sardar Sarovar dam from 110 to 121 meters, its leader Medha Patkar sat on fast bringing the issue of rehabilitation to prominence and the Indian Supreme court was approached to provide hearing on this matter (Patel, 1994).

The Land Acquisition Act 1894 was used to discipline people under whom private land could be acquired by the government for “public purpose”. The compensation was to be paid not a negotiated sum but a figure reached by government officials. The proposed amount could be challenged in court but objections could be procedural or about valuation and not on the public purpose for which government proposed to take over private property, which was not open to being contested. Moreover, this legislation related only to challenges about compensation for land and property acquired and not about rehabilitation of the displaced people (Iyer, 2007:3104). Although, the government rejected the World Commission on Dams (2000) report, but with the publication of this report in 1998 an anti-dam movement had forced the government to rethink on environmental and resettlement policies.

### 5. Conclusion

The study suggests the current policy to acquire land for the corporate sector is highly controversial and only benefits a tiny minority, while adversely affecting many in rural India. Land acquisition without the prior consent of the owner cannot be justified on any ground. The Land Acquisition Act of 1894 does not take into account the conditions of land and the purpose of acquisition is not properly explained to the affected rural communities. In fact, there is not only the issue of compensation and rehabilitation but also the question of the development strategy. The Land Acquisition Act of 1894 in principle is about the forest land not owned by individuals, are state property. But at the same time the state also has the right to define a public purpose and deprive individuals of their sustenance. However, the recent LARR 2013 (Land Bill, 2013), despite some small measures to take into the grievances of the rural communities, it is tainted towards to enhance corporate interests.

Today in India about two-thirds of the people depend on the land. A critical issue gaining ground is whether or not those who lose out in the process of development have been consulted at all. Should they be entitled to take part in deciding on the future management of natural resources, which are integral part of their livelihood and existence? In practice, the rural poor and tribal communities are treated as citizens without rights and deprived of their livelihood without their consent. While on these developmental projects most of the jobs are filled with outsiders because those who lose their land and livelihoods lack the suitable skills required for the job.<sup>9</sup>

The international financial institutions lend support to liberalise, which is seen as a means of increasing economic efficiency, but in fact it is a policy tool to promote capital accumulation for the small minority, while creating landlessness and misery for the majority of the people. Therefore, it is incorrect to treat land merely as productive elements as commodity. Such approach may very well overlook its cultural heritage significance. It could also neglect its social status, community and cultural aspects.

<sup>9</sup>Mathur (1999) notes that the people in Singrauli region in India gave up their lands for the reconstruction of power plants have often no access to electricity. He adds, planners view the projects as a means of eradicating poverty makes little sense to those who lose their lands and livelihoods. According to him, development projects are largely being seen as inimical to peoples’ interest and they are in fact contributing towards worsening rather than improving their situation.

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In the Indian economy agriculture plays an important role in shaping the socio-economic and cultural wellbeing of people. Their involuntary displacement raises complex issues in academic debates and in policy discussions and at times provokes protests by affected people. In fact, the neoliberal reforms have been a shift away from land reforms to removal of government protection of agricultural land against its use for industrial and commercial purposes. This also coincided with drastic reduction of government subsidies for agriculture sector (Siddiqui, 2012).

In a predominantly rural country like India, agriculture development should be a prerequisite for an overall balanced development. Agriculture investment must benefit the rural poor rather than big corporations. Investment must take place in order to reduce hunger and malnutrition in rural India rather than aggravating these problems. A coordinated strategy is needed to promote responsible investment to address these issues aiming to uplift the living conditions of majority of the rural inhabitants.

India does not need a land grab policy to benefit the corporate sector but land conservation policy, which conserves eco-systems and maintains biodiversity. The government should invest more in the agriculture sector in order to increase production and create jobs in rural sectors, not on the basis of 'free market' policies but through empowering small and marginal farmers and agricultural labourers and thus raising their incomes and food security.

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