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Land Transactions in Rural India: pro-poor growth or poverty-inducing displacement?

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List of Abbreviations

ABD	Accumulation by Dispossession
CPM	Communist Party of India (Marxist)
DFID	UK Government Department for International Development
DSP	Durgapur Steel Plant
GDP	Gross Domestic Product
GOI	Government of India
IFIs	International Financial Institutions
LAA	Land Acquisition Act
MDGs	Millennium Development Goals
MWC	Mahindra World City
OECD	Organisation for Economic Co-operation and Development
PPG	Pro-poor Growth
R&R	Rehabilitation and Resettlement
SAIL	Steel Authority of India Limited
SCs	Scheduled Castes
SEZ	Special Economic Zone
STs	Scheduled Tribes
UN	United Nations
UNDP	United Nations Development Programme

Introduction

This study explores the following research question:

Can transferring agricultural land into industrial use be part of a pro-poor growth strategy for rural India, or does the development-induced displacement actually create poverty?

This study does this by contrasting pro-poor growth – a concept that is shown to have become increasingly dominant in academic and policy realms – with a conception of growth that is ultimately poverty-creating¹. By applying these two conceptions of growth to land transactions in rural India, this study analyses several case-studies through a unique poverty-reduction lens, rather than engaging a human rights perspective of land transactions or issuing normative statements on the desirability of such growth. While case-studies of disruptive displacement in rural India dominate the development and human rights literature, the paradoxical consensus among economists is for further Indian industrialisation. Pro-poor approaches to rural industrialisation and transfers of agricultural land are hoped to bridge this divide but remain relatively untested, hence the rationale for this research.

While showing that India's land transactions do not have to be poverty-inducing, the study's main findings suggest the consensual rhetoric on pro-poor growth is overly optimistic for India's agrarian transition. Transactions are found to be simultaneously poverty-reducing and poverty-creating for different sections of society, although poverty-reduction can require a longer time-period to occur. Key determinants of a land transfer's impact on poverty are drawn out, such as the employment-elasticity of growth, and the mobility and education of affected farmers. A central theme is that due

¹ Termed here accumulation by dispossession

to a lack of authoritative data on displaced peoples and the economic impact of transactions, the lacuna in the literature will remain without further research.

The study proceeds as follows: Chapter 1 sets the context of India's rural economy and the centrality of land; Chapter 2 reviews the economic growth literature to pose the dominant pro-poor growth perspective against the conception of accumulation by dispossession; Chapter 3 identifies how these growth theories might appear in Indian land transactions; Chapter 4 summarises the empirical evidence and analyses three case-studies of land transactions to assess which conception of growth is most apt for rural India; Chapter 5 draws out the most pertinent themes from the case-studies and wider literature; and Chapter 6 concludes with the implications and limitations of the study.

Chapter 1 – Context and Methods

1.1 India's growth and sectoral imbalances

Following independence in 1947, India's economy experienced three decades of slow yet steady per capita growth of around 1.5-2% – termed the “Hindu rate of growth” (Rodrik & Subramanian, 2004). Many argue that a combination of pro-business policy shifts in the 1980s (Kohli, 2006) and liberalising economic reforms in 1991 (Ahluwalia, 2002) have helped the trend growth rate shoot up to closer to 7-8% (World Bank, 2011). Despite this upsurge, questions remain over the sustainability of India's future economic growth. While current policy debates revolve around high inflation, widespread corruption and a lack of ‘second-generation reforms’ (The Economist, 2012), this study will focus on the longer-term structural imbalances of India's economy and the obstacles to its resolution.

A fundamental aspect of economic growth and development is the transition of labour and land from low-productivity sectors to higher value-added use in industry and services (Perkins, et al., 2006), as notably set out in the Lewis (1954) model. India's industrial growth in the post-independence era was considerable but stagnation from the mid-1960s led to industry's sectoral share being less than historically expected in developing countries (Varshney, 1984; Singh & Dasgupta, 2005). Indeed between 1978 and 2004, industry's share of GDP only increased from 24 to 28% while services jumped from 32 to 50% (Bosworth & Collins, 2008). Service sector growth has thus been impressive, yet over half of the labour-force is still employed in the agricultural sector (Government of India [GOI], 2011a) where the marginal product of labour remains close to zero (Morris & Pandey, 2007). To remedy India's structural imbalance, economic theory suggests that further transition of inputs (land, labour and capital) from agricultural to industrial use is required. Here it is the transfer of **land** that is analysed.

Alternative development paths have been suggested, notably increasing the productivity of small-scale agriculture (Lipton, 2009) or relying on continued service sector growth (Das, et al., 2011). Both are important at the margins but rather than engage in this extensive debate this study restricts itself to the agrarian-industrial transition recognised as vital by India's Planning Commission (1997, 2002, 2007).

1.2 Land in rural India

India's rural economy raises several obstacles to smooth land transfers, most significantly the abundance of rural poverty and the scarcity of land. Firstly, the extent of poverty-reduction during recent economic growth is the subject of lively scholarly debate² but even official estimates of rural poverty are high at 40% (GOI, 2009) and India's poor human development is amplified in rural areas (Desai, et al., 2010). Land is of enormous social importance; it is integral to the livelihoods of the majority of rural Indians and landlessness is highly correlated with rural poverty (Mearns, 1999; Deininger, et al., 2007), hence this study assesses land transactions with explicit reference to their impact on poverty. Secondly, despite being a large country, India's population of 1.2 billion (GOI, 2011b) means land is densely populated even in rural areas and any land acquisition is likely to displace people in large numbers (Morris & Pandey, 2007). Furthermore, undeveloped land markets, small average holdings, and poorly maintained land records mean any transfer of land is a complicated process – intensified by the fact land often acts as insurance in the absence of industrial employment or social security (Mearns, 1999). Consequently, if future economic growth is intrinsic to poverty-reduction, but this growth also relies on the transition of densely populated agricultural land so intrinsic to the rural poor, there is a danger that rural industrialisation may prove **not** to be a poverty-reducing process. This shall be tested using two contrasting conceptions of growth explained in Chapter 2.

² See Deaton&Dreze, 2002; Ghosh&Pal, 2007; Patnaik,2007

1.3 Methodology

The analysis in Chapter 4 assembles case-studies of rural land transactions from disparate sources within the secondary literature, supplemented with primary information from government reports, project websites, and press coverage. Although, the case-studies have been analysed individually previously, this study uniquely assimilates them for comparison under the analytical lens of poverty-reduction to evaluate how they feed into larger debates on growth.

Where possible, multiple sources are used to help corroborate information and avoid biases. Press clippings were found using the Lexis-Nexis database to assist in the validation of data, although overreliance on media reports was avoided due to both corporate biases (Fernandes, 2011) and the emotive issues at hand. However, data availability proved problematic and the diversity of sources for some case-studies proved less than desirable – an unavoidable limitation of this study.

Certain criteria were established in an attempt to avoid arbitrary selection. As advised by Gerring (2004), the number of cases needed to be limited to avoid spreading analysis too thin, but equally not overly reliant on one isolated land transaction. Constraining the analysis to one region could be illuminating but given India's geographical diversity and the macro theme of growth, variation was sought to better illustrate the broader picture. While not claiming to be representative, a measured selection technique that counters biases can still result in a balanced analysis (Small, 2009).

Provisional research found the literature to be dominated by studies written from a human rights perspective that understandably focus on land transactions where households are forcibly displaced and inadequately compensated. While incorporating such cases, this overrepresentation has been countered by actively seeking out more 'successful' land transactions which may be underreported due to their often unremarkable nature. Importantly, this allows the analysis to draw-out possibly replicable best practices.

The scope of analysis was limited by focusing on the agricultural to industry transition with a contemporary focus. However, in order to evaluate the dynamics involved, one older land transaction is also analysed to assess differences between short- and long-term impacts. The lack of long-term economic data resulting from recent transactions is acknowledged as a limitation.

The final cases analysed include: an overview of displacement; a failed acquisition; special economic zones; and a successful but historical case.

1.4 Defining poverty

Exactly what constitutes poverty and how to measure it in an Indian context is an important issue here. The debates over measurement and definition (see Deaton&Kozel, 2005) are acknowledged but not entered into. Instead this study restricts itself to more qualitative analysis rather than a strict headcount of those below a pre-determined poverty line. This approach is somewhat driven by data limitations but also heavily influenced by the human development literature [e.g (UNDP, 1990; Sen, 1999)]. Thus, a multidimensional, holistic definition of poverty, of the type developed by Alkire *et al.* (2011) is used for the evaluation of land transactions with extra emphasis on the prospect of employment in the post-displacement phase.

Chapter 2 – The Growth Debates

This section will engage with different perspectives on economic growth. Critically reviewing the literature, it analyses the evolving current consensus regarding pro-poor growth. This is subsequently contrasted with an alternative conception of growth that suggests the growth process also *creates* poverty, a theory termed accumulation by dispossession. The binary distinction – pro-poor vs. accumulation by dispossession – is over-simplified but necessary here as both are proposed as hypotheses to test against the manner of land transactions in rural India.

2.1 Pro-poor growth

2.1.1 Evolution of growth theories

Although a recent phenomenon, pro-poor growth³ emerged from the development policy debates of the 20th century and especially linked to economic growth literature and the evolving consensus at international financial institutions (IFIs) such as the World Bank.

In the post-war era, neoclassical growth models such as Solow's (1956) predicted international convergence due to diminishing returns for developed countries. Economic 'take-off'⁴ was seen as dependent on capital accumulation and technological progress. It was assumed these inputs were best provided via the wealthy but growth would, in turn, bring jobs and economic opportunity to the masses. This belief that all of society would share in the growth process has come to be termed "trickle-down theory" (Todaro & Smith, 2009, p. 841). Results were initially positive as developing countries experienced relatively sustained economic growth in the 1950s and 1960s (United Nations, 2006). However, amid increasingly inequality in the 1970s, signs that this growth was not 'trickling down' were increasingly acknowledged. Chenery *et al.*'s 1974 *Redistribution with Growth* was a significant departure from the mainstream, proposing a fundamental redirection of development

³ Interchangeably termed 'inclusive', 'broad-based' or 'shared' growth (McKinley, 2007)

⁴ As Rostow (1960) named it

policy that would reduce poverty by more equitably sharing the benefits of growth. Yet despite this report being commissioned by the World Bank, the policies of the IFIs continued to align more closely with providing the inputs for growth rather than redistributing the outputs (Birdsall & Londono, 1997).

The 1980s witnessed the rise of the ‘Washington Consensus’⁵ with emphasis on structural adjustment policies rooted in neo-liberalism. Again, poverty was regarded as best solved via market-led economic growth, which required restricting government intervention and reducing social spending (Weeks, 2007). While the pertinence of such reforms for developing countries is debateable⁶, the failure to deliver growth was clear: Easterly (2001) finds minimal increases in developing country per capita incomes during 1980–1998.

The World Bank’s World Development Report on poverty and the first UNDP Human Development Report, both published in 1990, signalled a return to prominence of poverty-reduction alongside growth as they pushed for basic social services and safety-nets for the poor. This “New Poverty Agenda” (Lipton & Maxwell, 1992, p.1) recognised the persistence of inequality and poverty despite periods of economic expansion. Since 1990 this ‘agenda’ has soared in significance for academics and policy-makers alike as action to ensure growth is poverty-reducing intensifies. This pro-poor growth strategy was endorsed most emphatically by the UN’s Millennium Development Goals (MDGs) and volume 1 of India’s current five-year plan is even titled *Inclusive Growth*. While alternative perspectives remain at the margins, the assumption that growth can be made pro-poor and inclusive clearly dominates international policy arenas.

2.1.2 What is pro-poor growth?

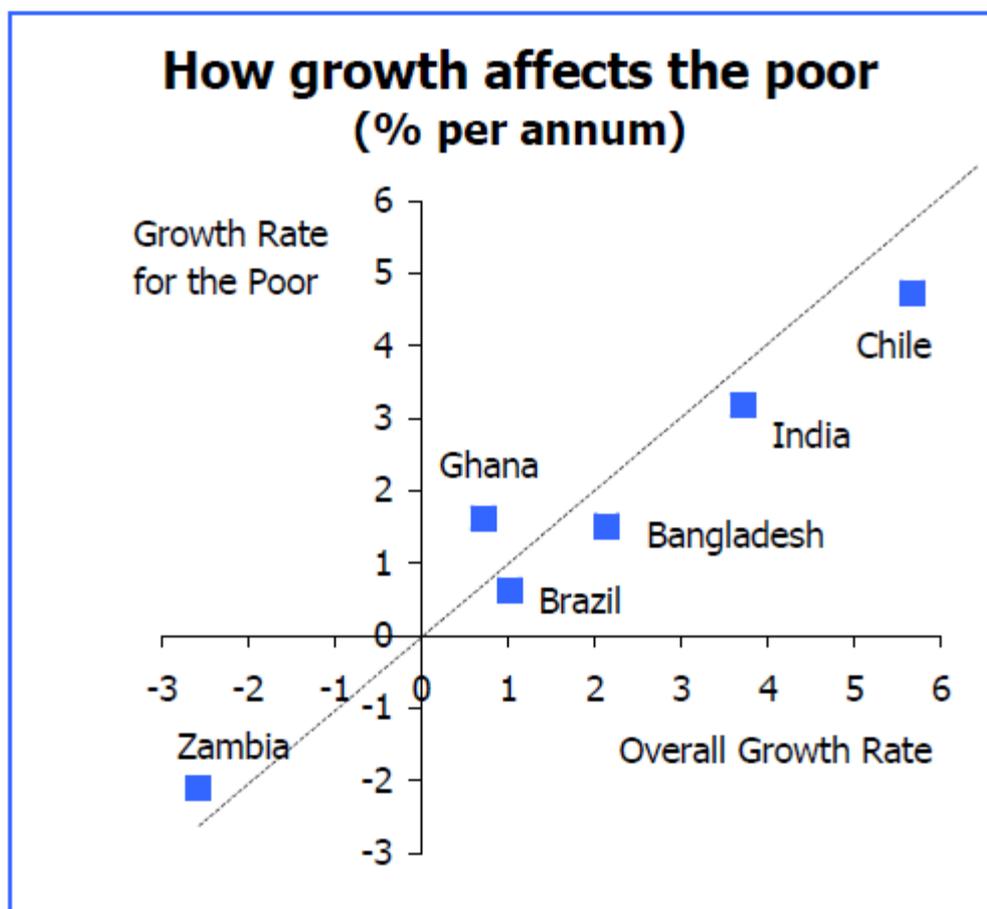
Most simply, growth is pro-poor when it reduces poverty (Ravallion, 2004). This definition of *absolute* pro-poor growth has been subject to considerable debate, as other scholars suggest a dual

⁵ Famously coined by Williamson (1990)

⁶ See: Stiglitz, 1999; Rodrik, 2006

focus on growth and greater equity (McKinley, 2007). Kakwani&Pernia (2000) propose a *relative* definition: growth is only pro-poor if it benefits the poor proportionally more than the non-poor. With respect to graph 1, the former simply commends scoring positively on the y-axis, the latter acknowledges a country's growth as pro-poor if it places above the 45° line. India's growth was thus *absolutely*, but not *relatively*, pro-poor in the period represented in graph 1⁷.

Graph 1



Source: DFID, 2004, p. 1

Data for mid-1980s to late-1990s

Development practitioners and institutions have generally avoided the academic wrangling over precise definitions for pro-poor growth, focusing pragmatically on absolute poverty-reduction with reductions in inequality a welcome aside (OECD, 2001; DFID, 2004a; World Bank, 2009). Exactly how

⁷ Although the discussion surrounding India's recent poverty and inequality trends is both enormous and enduring. See: Deaton&Dreze (2002); Bhalla (2003).

growth is manipulated to ensure it helps the poor is a crucial matter of public policy. While many policy recommendations appear similar to the mainstream rhetoric of former decades – increasing incentives for investment, improving access to markets and reducing vulnerability are set out by DFID (2004b) for example – there is a renewed emphasis on enhancing productivity in the rural economy (Klasen, 2004). Pro-poor economists Dollar & Kraay (2001; 2004) argue that growth alone can generate more effective poverty-reduction than redistribution, although suitable redistributive policies are commonly cited as necessary to improve poverty-reduction (Klasen, 2004).

Acknowledging the importance of human capital, and the direct and indirect benefits that improving the capabilities of the poor can have, is also an increasingly central component of pro-poor strategies (Ravallion, 2004; Lopez, 2004); especially so given the inconsistent relationship between growth and improvements in health and education (Dreze & Sen, 1989). In sum, market economics is still at the core of pro-poor growth strategies but caveats are introduced to try and ensure growth is shared by rich and poor alike.

2.2 Accumulation by Dispossession

While the rhetoric on pro-poor growth may have intensified in recent decades, there still exists a heterodox conception of economic growth that is less encouraging in its outlook on poverty-reduction. This alternative takes issue not with the sentiment, but with the theoretical and – most importantly – empirical reality of pro-poor growth. This study will term it “accumulation by dispossession” (AbD) following Harvey (2003), and the fundamental hypothesis it provokes regarding poverty-reduction is that growth does not offset all the costs of the ‘losers’. Growth therefore is not Pareto improving⁸, as suggested by pro-poor growth advocates, but is inherently poverty-creating.

The origins of AbD lie in Marx’s theory of primitive accumulation, an era of commodification and privatisation of land and labour that was supposedly a violent but necessary pre-cursor to capitalist

⁸ Making someone better off without making anyone else worse off (Feldstein, 1999)

relations (Marx, 1976). The link with land and displacement is clearest when Marx described primitive accumulation as a “historical process of divorcing the producer from the means of production...transforming the social means of subsistence and of production into capital... [and] the immediate producers into wage labourers” (cited in Glassman, 2006, p.610). Harvey (2003) builds on Marx’s contribution to suggest surplus capital needs a productive outlet, provided by as yet uncommodified assets⁹ that can be released by extra-economic means.

With expertise on the rural Indian economy, Harriss-White (2006) has also argued that growth in the capitalist system is a poverty-creating process despite attempts to mitigate such impacts through social transfers. Distancing herself from a purely Marxist reading, Harriss-White accepts that growth can create wealth for the poor, not just the capitalists, and that non-capitalist modes of production can also be poverty-creating. However, she questions how the MDGs can be achieved by highlighting some poverty-creating aspects of capitalism, several of which are directly relevant here such as a lack of employment suitable for the workforce or unregulated environmental destruction. Most pertinent is the suggestion that during the preconditions stage labour must be made mobile and is dispossessed of assets such as land, a process “sure to create poverty” (Harriss-White, 2006, p.1242).

Such appropriations and marginalisation of the poor is not just ‘primary’ as Marx suggested. Harriss-White (2006) and Brass (2011) argue it continues at advanced stages of development, and Harvey suggests “its most vicious and inhumane manifestations are in the most vulnerable and degraded regions” (2003, p.173). AbD is thus particularly relevant to land transitions in the agrarian Indian economy (Basu, 2007).

⁹ Subsistence agricultural land in our study

Chapter 3 – Growth theories applied to rural India

In order to evaluate the case-studies in Chapter 3, it is necessary to identify the characteristics poverty-reducing growth or AbD might have in the rural Indian context and with respect to land transactions.

Encouragingly Datt & Ravallion (1999) show growth in rural regions to be more poverty-reducing than in urban areas. Crucially, however, the same authors argue that growth in the primary and tertiary sectors is more effective at reducing rural poverty than industrial growth or inter-sectoral transitions¹⁰ (Datt & Ravallion, 1996, p.19), thereby raising questions about how industrialising land transactions can be pro-poor.

Although growth alone has been shown to be pro-poor at times (Dollar & Kraay, 2001), the disruptive nature of land transfer is likely to require considerable redistribution to ensure the families displaced are beneficiaries. For land transactions to be part of an inclusive growth strategy, there needs to be an obvious boon to the local economy that can be shared by all sections of society with an emphasis on employment generation for the poor. Since many displaced households will be subsistence or marginalised agriculturalists (Deininger, et al., 2007), compensation cannot be solely in cash terms – alternative means of suitable livelihood generation are necessary. This preferably involves land-for-land compensation to ensure food-security is retained, with guaranteed employment¹¹ a second-best alternative (Cernea, 1996).

¹⁰ Such as the agriculture-industry transition studied here

¹¹ Although the evidence for job-creating, and thus inclusive, growth in India is not encouraging (See Datt&Ravallion, 2002; Mazumdar&Sarkar, 2004; Chamarbagwala, 2006; Kannan&Raveendran, 2009).

Table 1 – Key Risks and Impoverishment Processes with Displacement

	Risk	Description
1	Landlessness	Expropriation of land, resulting in loss of assets and future income
2	Joblessness	Unemployment if the project does not create sufficient jobs
3	Homelessness	Alienation from not just a family's land but from their community too
4	Marginalisation	Resulting from households' diminishing economic <i>and</i> social mobility
5	Morbidity and Mortality	Relocation-related illnesses and outbreaks of vector-borne diseases
6	Food Insecurity	Without land or replacement income, calorie intake falls immediately
7	Access to Commons	The poor rely on common forests, water-resources and grazing lands
8	Social Disarticulation	Losing social and moral networks of support can cause social anomie

Table 1 details eight key impoverishment risks – developed by Cernea (1997) and emphasised in the Indian case by Mahapatra (1999, pp.201-212) who also adds 'loss of education' as a ninth – that could encourage a AbD classification. Broader social impacts are elaborated upon in Mathur (2006) and Parasuraman (1999) which carry considerable weight if evaluating growth with regards holistic human development. These include breaking up community support networks and the extensive non-pecuniary losses resulting from landlessness in rural India – Padel & Das radically describe such development-induced displacement as “cultural genocide” (2008, p.110).

Given the overwhelming focus on poverty-reduction, the aforementioned provision of alternative livelihoods – land or employment – needs to be assessed primarily. However, a full evaluation of pro-poor growth also requires an awareness of land transactions' social impact.

3.1 Limiting Factors

In addition to the eight risks in table 1, three key factors are presented here that, due to the intricacies of the rural Indian context, may limit the potential for pro-poor growth to function as it is theorised.

3.1.1 Education

Education directly feeds into the possible employment opportunities for displaced households. Were the former agriculturalists sufficiently skilled, the prospects for employing the displaced in the

industries – either directly in the project that displaced them or in the associate service industries – would be enhanced (Mathur, 2006).

Dreze & Sen describe education as a “catalyst of social change” (2003, p.3) and the indirect benefits and empowerment education brings could offset the disruption of land transactions; for example, literate farmers are more likely to learn of and participate in the negotiation process (Jain, 2006). Despite there being high returns to basic education of farmers in rural areas (Duraisamy, 2002), educational attainment in rural India is poor¹² (Desai, et al., 2010). Until indicators such as literacy dramatically improve, across all groups, and public consultation is encouraged, the prospect of pro-poor land transactions may be limited in rural India.

3.1.2 Mobility and Migration

While the process of displacement is rarely smooth, the level of social and economic mobility of the resettled households can have a large impact. Increased mobility enhances a family’s or individual’s chances of finding new employment, a key aspect of the 2009 UNDP Human Development Report. This may involve rural-urban migration or simply to other rural areas where the non-farm economy is more vibrant.

Migration within India is low, especially for poorer and more marginalised socio-economic groups (Dubey, et al., 2006). Sociologist Kingsley Davis attributes this to the “prevalence of caste system, joint families, traditional values, diversity of language and culture, lack of education and predominance of agriculture and semi-feudal land relations” (cited in Kundu 2007, p.4), although the exact reasons would clearly differ with each project.

¹² Due to persistently low public expenditure (De & Endow, 2008) and issues with pupil-attendance (Dreze & Kingdon, 2001) among other factors

The prospect of displacement helping the reallocation of labour to higher productivity sectors and regions is therefore dampened by the low levels of migration and limited economic and social mobility, especially among marginalised communities for whom the spectre of AbD looms large.

3.1.3 Tribal and marginalised communities

The plight of *adivasi* (tribal) communities at the hands of development is elaborated by Baviskar (1996) who focuses on displacement associated with the Sardar Sarovar dam. The issues resulting from land acquisition for industrial ends are not dissimilar; communities residing on forestland can be classified as encroachers on state-owned land, which can lead to *adivasis* being excluded from rehabilitation and resettlement (R&R) packages (Mearns, 1999; Fernandes, 2008a). Similarly, the non-recognition of rights for non-permanent settlers such as share-croppers and migrant agricultural labourers can also lead to poverty-creation (Guha, 2005). Furthermore, census figures show over 93% of *adivasis* are employed in agriculture (cited in Shah, 2005, p.4896) and they were found to be the social group most susceptible to poverty by Sundaram & Tendulkar (2003). Thereby suggesting land transactions in tribal regions or areas with high rates of landlessness may encounter enhanced obstacles in being classified pro-poor.

3.2 Hypotheses to be tested

From the preceding analysis, two processes are necessary for land transactions to be part of a pro-poor growth (PPG) strategy:

PPG.1 Steps need to be taken to ensure that all stakeholders directly or indirectly affected by the industrial projects are compensated in the form of R&R packages. A pro-poor approach to resettlement in India should turn displacement into a developmental opportunity by rebuilding sustainable livelihoods (World Bank, 1994).

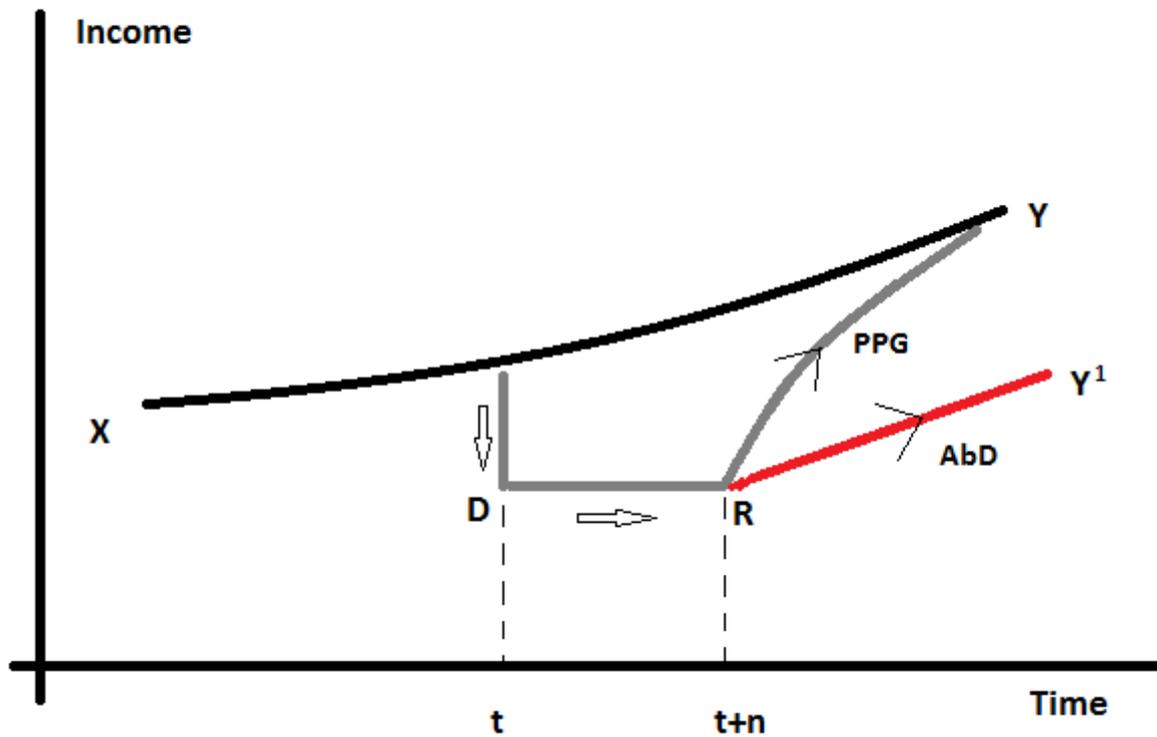
PPG.2 The project needs to contribute to regional economic growth with the benefits thereof accruing, to some extent, to the poor. The benefits may be indirectly redistributed via the state or may directly come in the form of diversified income opportunities, such as employment in the new industrial activity.

Conversely, the occurrence of AbD with rural land transactions will be characterised by the following traits:

AbD.1 The extra-economic means Harvey (2003) refers to will require a role for the state and the forcible eviction of land-owners using 'eminent domain' as provided by the Land Acquisition Act. This unwilling or forced displacement will create immediate poverty, especially for those rendered landless without alternative income sources.

AbD.2 The transfer of resources will be prioritised in favour of private capital as opposed to local workers. This means little consultation prior or post land acquisition, plus any future returns from the capital investment will continue to be appropriated with little redistribution. Jobs may go to 'imported' labour rather than the dispossessed farmers, for example.

AbD.3 The initial compensation and R&R packages will not be sufficient to ensure displaced households do not experience difficulties in maintaining their livelihoods or significant reductions in their incomes. Ultimately, a land transfer can be identified as AbD if the process is in any respect poverty-creating.

Graph 2: Income Curve During Displacement and Rehabilitation

Source: Author's own drawing, adjusted from Cernea (1996, p. 25) and Pearce (1999, p. 61)

These divergent classifications are illustrated on graph 2. Assuming a household is originally on the slightly increasing income curve **XY**, it is displaced at time **t** and experiences an immediate loss of assets so income drops to **D** and remains there until compensation. At time **t+n**, R&R packages set in and two income curves are possible: **RY** and **RY¹**. If part of a pro-poor growth process, the rehabilitation and development opportunities mean a household travels the **RY** income curve and rejoins **XY**. Otherwise the **RY¹** curve will be followed and the household will be significantly, and possibly enduringly, below the income they could have expected prior to the displacement at time **t**. This latter scenario will be classified AbD.

Chapter 4 – Empirical Evidence from India

Having set the context of India's development, introduced the role and possible impact of land transactions, and framed this within a larger debate on the nature of economic growth, this study will now evaluate these discussions with reference to several Indian case-studies. For brevity, a summary introduces the key themes from the empirical evidence and highlights the prevalence of AbD within the secondary-literature case-studies, before engaging with three case-studies in full.

4.1 Summary of general empirical evidence

During the first 60 years after independence, roughly 60 million Indians were displaced by development projects (Mathur, 2008, p.3). While dams have historically been associated with such displacement, the impact of rural industrialisation is also large – and increasing, not least due to demographic pressures (Jain & Bala, 2006). Reliable data on displaced peoples is ominously absent but Fernandes' (2008b) attempts to start a database suggest almost 10% of displacement is at the hands of industry.

Many case-studies on this displacement exist but are often written by sociologists or anthropologists, who justifiably focus on the upheaval this causes. This study's primary focus is on poverty-reduction but the same case-studies remain the best available sources. Disaggregating economic data to assess the growth impact of these industrial projects and their subsequent poverty-reduction on a macro-scale is nigh impossible. State-wise comparisons tentatively show the states with distinctly pro-business stances and successful industrialisation policies such as Gujarat and Maharashtra (Sud, 2009; Khan, 2010) do have better than average GDP growth rates (GOI, 2012a). Datt & Ravallion (1998; 1999) impressively analyse the overall poverty-reducing impact of Indian growth; however, incorporating the local impact – complicated by migration and a lack of

reliable time-series data – into this assessment proves difficult. Consequently, this study must use a more qualitative analysis of individual projects to provide a reliable evaluation of poverty-reduction.

Industrial development of all kinds can lead to displacement but mining projects alone displaced 2.55 million people in India between 1950 and 1990 according to Downing (2002, pp.6-7), who also cites a government report as admitting the displaced “often end up as exploited contract labourers trapped in perpetual poverty or they simply leave the area, to reappear in the slums of the city or as squatters” – a clear example of **AbD 1, 2 & 3**. Indeed, all three AbD traits are prevalent in much of the displacement literature that makes up the bulk of the Indian empirical evidence and will now be illustrated in turn.

Many examples in the popular press focus on the repression of political rights and *forceful* displacement (**AbD.1**) via the use of the Land Acquisition Act (LAA)¹³. Recent high-profile cases that have also drawn considerable scholarly attention include the violence at Nandigram due to the proposed building of chemical hub (Times of India, 2007a; 2007b; Sampat, 2010) or the entrenched opposition to an enormous \$12 billion investment by steel giants POSCO in Orissa (Wonacott, 2007; Panda, et al., 2008).

The role of private capital at the expense of local interests, **AbD.2**, is well acknowledged (e.g. Fernandes, 2006; Sampat, 2010) and especially pertinent here when leading to displacement *and* unemployment. Sud (2009) discusses this phenomenon in Gujarat’s liberalised economic environment, highlighting how a 7 billion rupee investment for a cement factory quickly led to a wildlife sanctuary being almost obliterated before being developed upon, regardless of the 20,000 people who relied on the previously protected area for animal fodder and forest produce. Pandey’s (1998) extensive fieldwork evaluating industrial projects’ effects on Orissa villages is another example as he shows how landlessness doubled and unemployment quadrupled due to the projects.

¹³ A result of the outcry has been drafting of a new LAA (GOI, 2011c) but this is yet to be passed by parliament (Economic Times, 2012)

Pandey's research is also one of many illustrations of poor R&R contributing to poverty-creation, i.e. **AbD.3**. Assuming the pre-project average income would increase in-line with inflation, he concludes each household would have, on average, an income 48% higher if they had not been subject to displacement (1998, p.183). The prevalence of inappropriate or insufficient R&R is emphasized by Singh (2008) more generally, while Fernandes (2008b, p.91) highlights the disproportionate impoverishment suffered by tribal communities. Despite constituting only 9% of India's population, tribal peoples make up 40% of displaced peoples and importantly, much of this displacement occurs on forestland where the tribals are not acknowledged as landowners so receive *no* compensation – a stark example of **AbD.3**.

Examples of either **PPG.1** or **PPG.2** are more elusive in the literature. On the one hand this suggests that land transactions in rural India are generally poverty-creating. On the other, however, this could be a result of the literature's human rights approach leading to an emphasis on the negative aspects of displacement over the, perhaps less shocking, aspects of post-project employment or progressive R&R. By taking a poverty-reduction lens of analysis to the three following case-studies, it is hoped this overrepresentation can be counter-balanced.

4.2 The Tata Nano in West Bengal and Gujarat

One of the most high profile agricultural-to-industry transitions is the recent failed attempt to build the Tata Nano¹⁴ factory at Singur, West Bengal. The troublesome land acquisition announced in 2006 and the opposition it raised eventually led to Tata pulling out of the project and shifting their base for the Nano to Sanand, Gujarat. The episode has been the subject of much scholarly debate in India giving us numerous accounts to analyse from a pro-poor or AbD growth angle.

¹⁴ The world's cheapest car (New York Times, 2008)

Only 1,000 acres was sought by Tata but land is a scarce resource in West Bengal¹⁵ and due to severe land fragmentation¹⁶ and the area being particularly fertile, a remarkable 12,000 separate deeds existed on the area (Khan, 2010). The factory was to create up to 2,000 jobs, with a further 8,000 jobs predicted to be created indirectly (Berland Kaul, 2010). Clearly not all households losing land could gain employment (**AbD.2**) and this was a concern of the early farmer protests, but it is important to recognise that almost three quarters accepted the government compensation and sold their land (Nielsen, 2010) (**PPG.1**).

Two competing accounts exist surrounding the opposition. Banerjee (2006) argues that this was a *peasant* resistance by the 50% of the population who were small and marginal landholders, whereas Mohanty (2007) contends the resistance was led by a “rural bourgeoisie” holding out for better packages. Roy’s (2011) fieldwork reflects on both interpretations and confirms that the unwilling households, though far from a bourgeoisie, were relatively well-off farmers with use of irrigation and pesticides, who occasionally had diversified income sources too. Nielson (2010) explains that due to fertile soils and extra income from jobs, subsistence agriculture was rare in the region and a project like Tata’s was initially welcomed as an opportunity to further diversify incomes (**PPG.2**). This is encouraging for a pro-poor growth transaction, which thrives on turning willing displacement into development opportunities.

Over half of the land was acquired but a small group of landowners were unyielding and continued their staunch opposition to the project and the unpopular R&R packages. Sarkar (2007, p.1440) shows how one acre of land was being compensated by roughly Rs 1.2million, which if invested immediately could earn 9% interest. This provides Rs 10,000 monthly income – almost thrice the previous income from that acre of land. Initially this sounds like an appropriate R&R package for pro-poor growth. Crucially, however, high inflation in recent years¹⁷ means the real rate of return is far

¹⁵ Indeed only 1% is barren land (Berland Kaul, 2010)

¹⁶ Partly due to West Bengal’s successful history of land reforms (Bandyopadhyay, 2003)

¹⁷ Averaging 9% since 2006 (World Bank, 2011)

lower whereas the nominal income from land increases with inflation – and the food security land provides also insulates from the particularly rampant food inflation (**AbD.3**). As such, even relatively generous cash compensation proves to be unsustainable unless real opportunities exist for the displaced to use this cash for alternative income generation.

Additionally, the biggest losers were the *bargadars* (sharecroppers) who were only offered 25% of the value for the land they worked on, a particularly prevalent scenario at Singur due to high-rates of absentee landlordism (Sarkar, 2007; Nielsen, 2010). This loss was intensified for the landless labourers and unregistered sharecroppers who were entirely unrecognised by the state and were offered no R&R despite their sources of income being acquired (**AbD.1&3**). For these groups at least, classification of this land transaction as anything but AbD is impossible.

The West Bengal government had offered several fiscal concessions and subsidies to attract Tata to Singur rather than a rival site in Uttarakhand. A minister justified these cheap loans on the grounds that after the project had started Rs 5 billion would accrue to state revenues annually (Chandra, 2008, p.42) but reports suggest the project had great symbolic value for the ruling Left Front government, who were willing to offer financial concessions rather than admit failure and lose considerable political capital (Nielsen, 2010). Ultimately, due to the initial subsidies, there was “not much leeway to make a more generous offer to the peasant occupants of the land” (Khan, 2010, p.84) (**AbD.2**). Opposition intensified, not necessarily against Tata or the industrialisation, but largely against the state government – organised by the opposition Trinamool Congress – for its mismanagement of the R&R (Roy, 2011). With no compromise on compensation reached and increasing politicisation, Tata announced in October 2008 they would be moving the plant to Sanand, Gujarat.

Much of the land at Sanand was already state-owned, with reports suggesting Tata were asked to pay only 40% of the market rate (Sud, 2008). While India’s federal states competing for direct investment of this sort should provide healthy competition and ensure capital is productive, thereby

maximising gains to local economies, the fact that this politically influenced competition comes at the cost of effective R&R packages is worrisome and negates the potential for pro-poor industrialisation. Furthermore, the move came at great cost to Tata, the West Bengal state and primarily the farmers who were rendered landless but then denied the opportunity to gain employment (Berland Kaul, 2010).

In sum, there proved to be a fine line between: (a) workers representation and opposition to a displacement process – that, for the landless and sharecroppers at least, very much resembled AbD – and (b) political wrangling from the Trinamool Congress and opportunism from larger landowners holding out for higher land prices when the marginal farmers have already sold. While pro-poor strategies place emphasis on participation and representation, it is important to recognise the dynamics of rural India where there is scope for this to be dominated by a rural elite at the expense of the poorest.

4.3 A SEZ in Rajasthan

Special Economic Zones (SEZs) aim at boosting economic growth by providing business-friendly policies and infrastructure within a defined region. Recognising the potential boon to rural industrialisation, the SEZs Act was announced with “creation of employment opportunities” an explicit aim (GOI, 2005a, p.8). This indicates **PPG.2** but the 2005 act intensified the acquisition of agricultural land prompting considerable debate over how beneficial SEZs are for the poor (Aggarwal, 2006; Fernandes, 2007). Although some question the economic impact of Indian SEZs (Palit & Bhattacharjee, 2008), the value of exports from SEZs was 3158.7 billion rupees in 2010/11 – an almost fifteen-fold increase over five years despite a global slowdown (GOI, 2011d). Given that SEZs now contribute almost 20% of total exports (Aggarwal, 2012,p.145), their impact on macroeconomic performance is clear, but their impact on poverty-reduction and the rural economy is less clear-cut.

Mahindra World City, Jaipur

Located on the site of several Rajasthani villages close to Jaipur, Mahindra World City (MWC) SEZ opened in 2008 as a 3,000 acre joint venture (74:26 split) between Mahindra and the Rajasthan state government. With exemptions from income, sales, service and all state taxes, the SEZ aims to attract corporate investment in sectors ranging from IT and engineering to handicrafts and jewellery, in an area the MWC brochure declares “the future of world-class business” (MWC, 2011). A press release suggests the SEZ will attract 100 billion rupees investment and create direct employment for approximately 100,000 people in addition to indirectly creating 150,000 jobs through related industries (*PPG.2*).

Aside from ambitious aims for its impact on the local economy, the developers also highlight the SEZ’s affiliation with a foundation for sustainable development, the Clinton Climate Initiative. A video on the MWC uses portraits the “hostile environmental conditions” of the “barren land” in ‘before’ shots, while the ‘after’ shots focus on the refurbished roads and sparkling office spaces (MWC, 2011). On paper the transaction of 3,000 acres of unproductive ‘wasteland’ to an industrial base that boosts local employment appears to be textbook example of pro-poor growth. However, further analysis of the acquisition and economic impact is needed.

The Rajasthan government’s role in the public-private partnership was largely to acquire the land as smoothly as possible. 1,000 acres of common grazing land was immediately acquired by the state government without public consultation, while eminent domain legislation was used for the 2,000 acres of private farmland. Again there was little prior consultation as most farmers only learned their land was being forcibly purchased when notice was given in the local newspapers (Levien, 2011 p.462), far from the participatory-led model envisaged by Jain (2006) (*AbD.1*). The farmland may have been monsoon-dependent and single-cropped but nonetheless “provided the basic means of subsistence and a not insignificant source of income when the rains were good” (Levien, 2011, p.467) – not quite the barren wasteland MWC’s publications indicate.

The LAA stipulates farmers be paid a fair market value for their land; however, prior to the MWC the land market was limited. Thus the land's value was pegged to its former agricultural value rather than its prospective commercial value, a huge differential. This was offset somewhat by an offer from the state government to return 25% of their previous land area as developed plots adjacent to the SEZ – a concession to reduce opposition and increase the speed of acquisition according to a spokesman (Layak, 2008). Given the local land market sprang into life following the announcement of the SEZ and average land prices increased twenty-fold (Levien, 2011, p.469), the opportunity arose for farmers to either sell this returned land for a significant sum or engage in entrepreneurial alternative livelihoods (**PPG.1**). Subsequently Gupta (2008, p. 176) described this as “one of the most efficient land acquisition processes in the country”.

This innovative compensation appears to be closer to a pro-poor strategy, yet analysis of the impact on different sections of society highlights the far from consistent benefits. Poor farmers who had all their land acquired had to sell their compensation plots at low prices prior to the land's appreciation, whereas those with social and economic capital could consult experts to better understand the process, hold-out, and negotiate higher prices. This is reflected in the average price different castes sold their land for: general castes received \$445,000/acre while SCs/STs received \$55,000 (Levien, 2011,p.472). The acquisition of the 1,000 acres of common land, previously used for grazing, has also impinged on the farmers rendered landless who now have to pay to herd their livestock – a cost borne overwhelmingly by the poorer farmers and SCs/STs who relied heavily on the commons (ibid, p.467) (**AbD.3**).

Considering the exponential gains to the developers, the inclusive nature of this transaction is again less obvious. Purchasing the 3,000 acres from the government cost the MWC \$23,000/acre, who are now selling it in the industrial zone at \$223,000/acre and over double that in the residential areas (Levien, 2011,p.460). After deducting the cost of developing the land, MWC are making 250% to 600% gains on their investment with the biggest returns coming on the residential plots (**AbD.2**). Of course profit for developers is part of a pro-poor growth industrialisation project but the mark-ups

achieved are more reminiscent of AbD. Importantly, returns are highest on residential land thereby encouraging the developers to engage in real estate prospecting rather than provide a genuine industrial base for future economic growth. As the MWC vice-chairman candidly explained in an interview: “You make money on housing and not on the infrastructure” (Business Standard, 2008).

Perhaps unsurprisingly then, despite being inaugurated in 2008 – with internationally renowned companies Infosys and Deutsche Bank as early investors – the SEZ is still only partially operational. Plans remain to open new areas and a ‘lifestyle zone’ once a critical mass of industry and employees is reached but the current number of employees is just over 4,000, a far cry from the 100,000 suggested at the outset (MWC, 2011). Only 14% of affected families gained some employment in MWC – largely from informal contractors – while higher salaried jobs went to graduates in business or accounting, wholly inappropriate for the displaced farmers where literacy is little over 50% (Levien, 2011, p.476) (**AbD.2&3**).

In summary, the most immediate effects of the MWC were the displacement and further impoverishment of the poorest farmers with little opportunity for employment. However, displaced households who originally had better economic and social mobility have gained financially from the stark appreciation of the compensatory land and are also better placed to gain employment in the MWC. When the handicrafts and jewellery sectors of the SEZ open, there may be more employment opportunities for less-skilled local labour. Equally the indirect employment impact, even if not the 150,000 suggested by MWC, may make the development more pro-poor. This remains to be seen and ultimately the overall impact cannot be thoroughly evaluated for several years and once better data on the local economy is available. Until then, this land transaction can be viewed as a clear case of AbD for the poorer farmers, but otherwise it fits closer to a pro-poor conception of growth due to the compensation and new livelihood opportunities afforded to the rest of society.

One matter that could prevent the expected future inclusiveness of this development is the developers’ incentives. The SEZ Act currently stipulates that only 50% of the land acquired has to be

used for productive purposes (Palit & Bhattacharjee, 2008) but unless this is raised there is a danger that SEZ developers continue to focus on residential plots as opposed to engendering employment-creating industrial zones.

4.3 Durgapur Steel Plant, West Bengal

In the late 1950s, a project launched to build Durgapur Steel Plant (DSP) and an accompanying new settlement in the Burdwan district of West Bengal. The plant was, and still is, administered by the Steel Authority of India Limited (SAIL), a public sector body at the heart of the post-independence drive for industrialisation. The best data on the DSP resettlement comes from Parasuraman's (1999) fieldwork in the 1990s. Revisiting the site of a land transaction after 30 years allows us to better analyse the longer term effects on the economy and displaced farmers.

During the project, over 11,000 acres of private farmland was acquired, with a further 5,000 acres coming from forestland. The scale of the resettlement – land was seized from almost 4,000 households across 37 villages – meant SAIL had to put in place comprehensive R&R packages and ensure a high degree of labour absorption to avoid unnecessary social upheaval. With 30 years hindsight, the impact on poverty in the region can be viewed rather successfully as will now be shown.

Villages that were wholly displaced were resettled nearby, which limited the break-up of communities. Cash compensation was paid for acquired land, unless the housing was also lost in which case a land-for-land scheme also operated which ensured no previous landholder was left landless. Importantly, on top of the cash and housing compensation, one adult male from each household that lost land (whether entirely or partially) was offered a job at the DSP (**PPG.1&2**). Some previously landless households, which have been shown to be big 'losers' in other displacement scenarios, were occasionally offered employment by SAIL. Though this still left a few

landless families without compensation of any kind, the vast majority were treated in a manner befitting a pro-poor growth strategy.

In 1990, a remarkable 64% of resettled households' principle earners were still in permanent jobs with SAIL and none of these households lived below the official poverty line. A second generation of workers are now taking on these jobs, although Parasuraman (p.110-111) acknowledges how these guaranteed jobs have led to under-educated workers and labour market inefficiencies – possibly at the expense of locals who did not initially get jobs. Indeed poverty rates among those households who, in 1990, relied on informal wage labour and cultivation (24% of resettled households) or were self-employed (12%) were higher than those employed by SAIL. Due to a lack of household data for the 1950s it is difficult to establish whether the numbers in poverty have increased or declined but given households that were not given guaranteed employment – those more likely to suffer poverty now – were often either landless or without an able adult male beforehand, it is fair to estimate that these were already marginalised households. Via reports from elderly informants, Parasuraman (p.112) indicates that economic opportunities and incomes have increased with the diversification from agriculture, so it is justifiably assumed that the general movement of locals has been out of poverty rather than into it (**PPG.1**).

Households in partially affected¹⁸ villages have seen an even clearer economic gain from the DSP. A significant proportion (46%) of households had the principle earner permanently employed by SAIL in 1990, with the majority of these households also retaining some agricultural land as an alternative income source. The opportunity for previously agriculturally dependent households to use cash compensation for land improvement but also diversify their livelihoods – either through jobs at the DSP or in the related service industries – has encouraged “significant economic and social progress” (Parasuraman, 1999, p.212). Analysing the gender dynamics, Parasuraman (1993, p.12) finds women were underemployed in the new industries, likely due to the discrimination in the provision of

¹⁸ Not every household had land acquired

compensatory jobs. However, women from poor and lower caste households actually found an increase in agricultural wage labour due to the men in the landed households now working in industry and therefore needing extra workers to tend their land. This extends to males from originally landless and sharecropper households who now faced increased demand for their agricultural labour and also had the opportunity to find industrial jobs **(PPG.2)**. Furthermore, the strong local influence of the CPM led to 2,500 previously landless households getting an acre of unused redistributed land. The social and economic impact of this redistribution was significant, enabling Dalit households to become independent of high caste landowners (Parasuraman, 1990) **(PPG.1)**.

Consequently, this land transaction has seen marked improvements in standard of living across social and economic groups, with previously landless households possibly the biggest gainers which would most certainly make it part of pro-poor growth. Tellingly, of all the households affected by the DSP, 8% were struggling to meet consumption needs in 1990 – well below the rural average of 37% in 1993¹⁹ (GOI, 2002).

Naturally difficulties have arisen with a project of this scale. The population growth in the new township was rapid and led to migrants residing in squatter settlements. Crook & Malaker's (1992) survey finds that Durgapur as a whole²⁰ scores comparatively well on infant mortality, a key human development indicator, but there were pockets of severe deprivation as a result of the squatter settlements. In some ways the population explosion is evidence of the successful industrialisation, but given the longer-term holistic lens for this case-study, it must be acknowledged that in an indirect fashion some poverty and deprivation remain – despite it being a generally positive case-study.

¹⁹ Using the same poverty line adjusted for inflation

²⁰ Including many households unaffected by the land acquisition

Chapter 5 – Discussion

All five hypotheses established in 3.2 have been identified across multiple case-studies, with AbD dominating the summary of evidence plus the Tata and MWC case-studies, while DSP overwhelmingly evidences pro-poor growth characteristics. Interestingly, they frequently occur simultaneously meaning one land transaction can be both an example of pro-poor growth and AbD. When and for whom these hypotheses occur is of significance.

5.1 Employment

A key benefit of the DSP case was the considerable absorption of displaced labour in the new industrial activity and the related diversification of income generation for formerly agriculturally dependent households. No doubt the transition brought upheaval for families at the time as farmers were forced to leave their cultivating past behind and learn new skills as industrial labourers. However, the option of guaranteed employment and the indirect boost to agricultural labourers helped smooth this process and 30 years later the initial upheaval appeared to be a forgotten aside amid low poverty rates. Such employment is so far noticeably missing at MWC, while it was not given the chance to develop at Singur.

Being a public sector project could also have positively affected the displacement experience at DSP. While the long run efficiency of public over private industries can be questioned, being able to coordinate all aspects of the project centrally – by SAIL – appears to have been beneficial for local communities. The cash compensation and land redistribution for the poorest families were fulfilled promises but most importantly the DSP provided guaranteed employment. If privately funded, the danger exists that similar guarantees would have been made – such as at MWC – but not delivered upon. Discrepancies in the employment provision of public and private projects, however, needs more research however.

5.2 Different impacts on heterogeneous communities

The impact of poverty certainly contrasted across different communities. In both Singur and MWC, it was the wealthier households who could either negotiate better compensation or hold-out for higher land prices, while the economically and socially marginalised farmers were forced into an early acceptance of their fate. Furthermore the landless households were frequently unrecognised, and Fernandes (2008b) is right to highlight the disproportionate poverty-inducing effect on SCs/STs. Conversely, the DSP case-study emphasized the possibility for pro-poor land transactions where the progressive R&R in addition to employment creation helped marginalised communities significantly benefit from the project. However, this unfortunately remains the exception and the scope for poverty-creation among the already marginalised appears clear.

5.3 Dynamics

While the Singur case and 4.1 highlighted the frequent resemblance of AbD at early stages of a land transaction²¹, it has also been recognised that pro-poor growth is more likely to emerge in a longer-term analysis. The DSP case evidences the potential returns that secure employment in the long-term can bring, more than off-setting the almost inevitable initial disruption. Of course a pro-poor growth strategy should limit the negative impact of displacement immediately – the land-for-land R&R at MWC was an attempt at this. But it may be the case that the initial suffering of AbD does not negate the potential for a long-run poverty-reducing effect.

An extreme, historical example of this is Britain's 19th century industrialisation, which Marx used as a reference point for his theory of primitive accumulation²². Although countless other factors are at hand, Britain now enjoys some of the lowest poverty rates in the world (World Bank, 2011). Therefore a long-run reading of Britain's industrial revolution might be classified as pro-poor growth.

²¹ Up to time t+n on graph 2 for example

²² Pre-cursor to AbD

Conceiving poverty as a flow, rather than a definitive movement of reduction or creation, also aids the analysis of India's land transactions. For example Krishna & Shariff (2011) show how, between 1993 and 2005, 22% entered rural poverty yet 18% moved out. Despite a 4% increase overall, that clearly needs corrective policies, it remains important to acknowledge and learn from the 18% poverty-reduction. Rather than occurring exclusively, simultaneous or subsequent AbD and pro-poor growth is possible and this study's analysis identifies movements both into and out of poverty at the hands of land transactions.

Learning from the positive DSP case-study, the dominant themes of the era must be acknowledged. Industrialisation was the cornerstone of newly-independent India's economic planning (Kohli, 2004), indeed it formed part of Nehru's national ideology which included a move away from agriculture – something he viewed as “primitive and culturally inferior” (Parekh, 1991, p.37). As such, the idea that the DSP was a necessary part of India's ‘modernisation’ may have contributed to a less vociferous opposition than might otherwise be expected. In the current age of technology, where information can be shared across villages, states and countries instantly, collective action to oppose development-induced displacement is more easily coordinated – evidenced at Singur and MWC. If this trend continues, aborted transactions such as Singur and Nandigram may become the norm with little prospect of the longer-term pro-poor benefits being realised.

5.4 Mobility and education

Emphasized in 3.1, both mobility and education proved limiting factors for pro-poor growth at Singur, MWC and DSP. Feeding into the differential impacts highlighted in 4.1, those with education were better equipped to find employment in the SEZ or DSP, while individuals or households with social and economic mobility dealt better with the disruptive effects of displacement at Singur and even turn the displacement into a developmental opportunity at MWC.

5.5 Land – environment and economy

Evidently the largest poverty-inducing impact has been the displacement of farmers. The logical answer then is to use sparsely populated or infertile land. However, as highlighted by Mearns (1999) and Deininger, et al. (2007), such spare land does not exist in India and, such as at MWC, even commons classified as barren wasteland provide an invaluable source of animal fodder and produce – particularly to smaller landowners or the landless. Furthermore, the Singur experience shows how due to the small average landholdings in India (GOI, 2005b), fertile land²³ is densely populated giving rise to significant displacement and increased transaction costs, which may be passed onto the displaced via reduced compensation. Negotiating with multiple landowners can also induce the hold out problem, which was found to disproportionately beneficial for wealthier households.

Valuation of land and thus providing appropriate compensation to the dispossessed was also seen to problematic in the rural Indian context. Using average past prices will invariably lead to undervaluation because transactions are rare and there is frequently a far from developed land-market while the potential future price of the land, once developed upon, can be exponentially higher than its previous value as agricultural land – as seen at Singur and MWC.

5.6 Literature issues

The study has identified lacunae within the literature, especially between different schools of social sciences, and overrepresentation of certain issues. While the dominant consensus on pro-poor growth, presented in 2.1, appears to be ill-founded with respect to land transactions in rural India, the summary in section 4.1 illustrates the overriding focus on displacement within the non-economic literature. Here the focus on poverty-reduction attempted to overcome the gulf between economists' calls for rural industrialisation on the one hand, and sociologists and anthropologists

²³ Also sought by industry due to its proximity to infrastructure

accounts of forced displacement, often from a human rights perspective, on the other. While both are understandable, the debate can only be advanced with recognition of both arguments.

Perera (2011) is right to criticise development institutions for overlooking the human rights discourse. However, this study suggests, like McDowell (1996, p.5), that economists *and* sociologists/anthropologists need to “break out of the cocoon of their academic disciplines” when it comes to studying the complex economic and social phenomenon associated with rural industrialisation. Cernea’s (1999) attempts to coalesce the divergent debates are therefore applauded but there still remains a dearth of local economic data allowing a comprehensive evaluation of land transactions. As such, Fernandes’ tireless work on documenting the plight of displaced peoples in India is also commended but his powerful conclusion that “the present pattern does not favour the poor, it positively goes against the poor” (Personal communication, 2012) remains flawed until longer-term economic data are available too.

Finally, the claims that the poverty-creation is the effect of an exploitative capitalist system (Basu, 2007; Bhaduri, 2007) are overblown. Although the pro-poor growth agenda is shown to be largely unsuitable for the rural Indian case, the potential for poverty-reducing land transactions was still identified and the need for a pragmatic industrialisation that prioritises the poor remains (Bardhan, et al., 2007).

Chapter 6 – Conclusions

6.1 Answering the research question

Can transferring agricultural land into industrial use be part of a pro-poor growth strategy for rural India, or does the development-induced displacement actually create poverty?

Rather than exclusively fitting into either a pro-poor or AbD conception of growth, this study has shown that land transactions in rural India are often reminiscent of both. The impact on poverty-reduction or creation differs significantly across communities affected, meaning both can occur simultaneously. While marginalised socio-economic groups often bear the brunt of the negative impacts, they can also be cut-off from the same positive externalities – such as progressive R&R packages or increases in local employment – that the, relatively, wealthier rural households enjoy.

The case-studies also suggest the dynamics of land transactions encourage an AbD interpretation at early stages when the social and economic upheaval of forced displacement is raw. With a longer-term analysis, the initial disruption and poverty-creation can fade in the face of employment opportunities to diversify household income sources. It remains to be seen, however, if the healing effect of time and economic opportunity are sufficient to consider more land transactions as pro-poor in nature. Education was identified as a key factor in limiting the possibility of poverty-reducing land transfers and is plausibly rectifiable given sustained policy-targeting. Another, mobility, appears more engrained however, as do the constraints of rural India's environmental and political economy.

6.2 Implications and suggestions for further research

The pro-poor growth rhetoric was found to be less applicable to rural India. To realign policy on land transfers towards poverty-reduction, macro-level economic analysis must acknowledge the displacement impacts elaborated by sociologists, and vice-versa. Otherwise economists will continue

to argue for greater industrialisation on the grounds of development without recognising that 'development' does not always result.

A further policy suggestion involves recognition of the limiting role poor education and social mobility has on poverty-reduction, although the direct effect of education on development is already well documented and emphasised (Sen, 1999). More specifically for land transfers, when drawing up R&R packages, policy makers must be cautious not to encompass 'the displaced' into one homogenous group but rather recognise the significantly varying impact on different socio-economic groups.

Implementing all the above requires renewed efforts for the collection of data on livelihoods, not only at the time of displacement as is currently done, but longer-term data too. This necessitates an amalgamation of methods in future research, mixing the in-depth local analysis currently being carried out with more quantitative data from household surveys and the regional economy.

6.3 Limitations

The most significant limitations stem from the same dearth of data or holistic studies of land transactions that were suggested in 5.2. Finding case-studies that analysed from anything but a human rights perspective or looked beyond the initial displacement phase proved difficult and though the use of the DSP case-study was an attempt to offset this, the sample could still be criticised for being unrepresentative. Further weaknesses listed in the methodology include the small sample-size and reliance on mainly secondary literature. In recognising these limitations, however, this study illustrates the pressing need for further research into the impact of land transactions on poverty-reduction in rural India.

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