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RESEARCH ARTICLE

# Land acquisition in India: The political-economy of changing the law

Sanjoy Chakravorty

## ABSTRACT

This article examines the contentious issue of land acquisition in India, focusing on the deeply regressive system in operation from independence to the mid-2000s that caused wipeouts for millions of families, the flash of resistance to acquisitions starting around 2006-2007, the creation of a new law in 2013 to enhance justice and rights, and an attempt in 2014-2015 to amend that new law. The central questions that arise from this process are: why did a regressive system last so long? and, why did it die in the last decade? These are best answered in a political-economy framework in which increasing political competition has challenged the electoral mathematics of 'majoritarianism' and increased the viability of 'wedge issue' politics.

## ARTICLE HISTORY

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## KEYWORDS

India, Land acquisition, Political-economy, Law, Policy

## 摘要

印度的土地征收：法律变更的政治经济分析。 本文探讨了印度土地征收这一具有争议性的问题，重点讨论了自印度独立起至2000年代中期实行的极其退化的土地征收制度，该制度曾使成千上万的家庭惨遭毁灭；发生在2006-7年左右的一阵对土地征收抵抗的热潮；在2013年为加强公正和权力而设立的新法律，以及在2014-5年间对新法律尝试进行的修改。这一过程中所引发的核心问题是：为何一种退化的制度竟持续实行了如此之久？这种制度又是何会在过去十年中衰落？这两个问题在政治经济学的框架中得到了最好的回答。日趋激烈的政治竞争对“多数主义”的选举制度发起挑战，并提高了“制造分化对方支持者问题”的政治行为的可行性。

## 关键词

印度, 土地征收, 政治经济, 法律, 政策

## RESUMEN

Adquisición de tierras en la India: La economía política del cambio de ley. En este artículo se examina la cuestión polémica de la adquisición de tierras en la India, prestando atención al sistema profundamente regresivo aplicado desde la independencia hasta mediados de 2000 que causó la completa destrucción de millones de familias, así como el auge de la resistencia contra las adquisiciones que empezó alrededor de 2006 y 2007, la creación de una nueva ley en 2013 para mejorar la justicia y los derechos, y un intento

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entre 2014 y 2015 de enmendar esa nueva ley. Las cuestiones centrales que se plantean a partir de este proceso son: ¿por qué duró durante tanto tiempo un sistema regresivo? y ¿por qué murió en la última década? Estas cuestiones son más fáciles de contestar en un marco político y económico en el que la creciente competencia política ha puesto en tela de juicio las matemáticas electorales del “mayoritarismo” y ha aumentado la viabilidad de la política como tema divisivo.

#### **PALABRAS CLAVE**

India, Adquisición de tierras, Economía política, Ley, Política

#### **АННОТАЦИЯ**

Приобретение земли в Индии: политическая экономия изменений в законодательстве. В статье рассматривается проблема приобретения земли в Индии. Особое внимание уделяется глубоко архаичной системе, использовавшейся со времен приобретения независимости до середины 2000-х гг., которая привела к отселению миллионов семей, затем к вспышке сопротивления, начиная примерно с 2006–2007 г., к созданию нового закона в 2013 г. в целях восстановления справедливости и прав человека и к попытке внести изменения в закон в 2014–2015 гг. Основные вопросы, которые ставятся в исследовании: почему архаичная система сохранялась так долго и почему в последнее десятилетие происходит отказ от нее? Ответить на эти вопросы можно в рамках политико-экономического анализа, согласно которому повышение политической конкуренции изменило систему “мажоритаризма” и повысило политическую значимость описываемых проблем.

#### **КЛЮЧЕВЫЕ СЛОВА**

Индия, приобретение земли, политическая экономия, право, политика

Land acquisition (or eminent domain) is one of the most contentious issues in India. It has been called India’s ‘biggest problem’ by a range of politicians and policy-makers—a position that is itself revealing in a country with widespread poverty, corruption, deficits in human development indicators, and inequality. Whether or not it is India’s biggest problem, there is no doubt that the issue affects every group in society: farmers and industrialists, home-buyers and slum-dwellers, the left, the right, and all ideological or opportunistic political agents in between. The issue is so contentious and large in political terms that at least one state government (in West Bengal) that had been in power for 34 continuous years was toppled by it, and more important, a national land acquisition law that had been used for over a hundred years (from 1894, in colonial India) was replaced by a new law in 2013, which the party that won the national election in 2014 almost immediately sought to replace—unsuccessfully, so far.

There are many important questions that arise out of the experience and evidence from almost 70 years of land acquisition in India, but in this article the focus is on two central ones: (1) Why, despite very large scale land acquisition, conversion, and displacement in the first six decades after independence, was there little resistance or political mobilization against it then? (2) Why, despite the continuing deep precariousness of the Indian farmer, the large amounts of money to be made from acquisition now, and the relatively small scale of acquisition, is there so much political mobilization against it now?

This article is an attempt to answer these questions, and in the process a singular argument is presented. The first part of the argument—that the Indian state has seriously mishandled past land acquisitions—is well-established. The second part of the argument—that is less understood and much less agreed upon—is that the Indian state will continue to mishandle

future land acquisitions. But the mistakes of the future will largely be in the opposite direction of the mistakes of the past. Before the mid-2000s, the state's approach to land acquisition was deeply regressive and created wipeouts for millions of households. The recently enacted legislation on land acquisition will reverse that process; it will create windfalls for owners whose land is acquired and thereby generate a tax on the rest of society. This effect will be felt most strongly in India's cities and their surrounding regions; so much so, that the new legislation is likely to lead to the end of the use of eminent domain in urban areas.

The material is presented in three parts. The first is a summary of the findings from 60-plus years of land takings and conversions in independent India. The data include quantities of takings and affected populations and compensations and show how regressive this process has been. The second is a presentation of some of the important details of the new land acquisition law, a demonstration of its economic challenges, and an outline of the events and discourse after the enactment of the new law—specifically, an attempt by a new regime to amend the new law that was less than one year old. The third and final section is focused on an explanation for these events and the core questions they raise—why did a regressive system last so long, and why did it die in the last decade—in terms of the increasing viability of 'wedge issue' politics in a polity marked by increasing political competition.

## I. SIX DECADES OF LAND ACQUISITION

In 2013, the Indian parliament passed the 'Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement' Bill (henceforth LARR 2013). The law was created by the United Progressive Coalition (UPA) led by the Congress party and was supported by all the major political parties, including the main opposition, the Bharatiya Janata Party (BJP). LARR 2013 replaced legislation that had been much-criticized for being a colonial-era law, the Land Acquisition Act of 1894 (henceforth LAA 1894), which had been amended twice in independent India, in 1962 and 1984, both of which had increased the state's taking powers.

Though the old land acquisition law had indeed been created by the colonial authorities, its real use (and abuse) took place in independent India. The postcolonial state under Prime Minister Nehru needed a law to enable land acquisition on a scale that had never been attempted before in India, because vast quantities of land were required to jump-start the developmental vision that guided policy in the new nation. The colonial state never had such an industrial vision for India; indeed, it was antithetical to the colonial enterprise. The newly independent Indian state, therefore, found it very convenient to have at hand a ready-made colonial law that solved two critical problems that made land acquisition preferable to purchase: it bypassed the significant transaction costs associated with negotiating with the millions of owners of the very fragmented holdings, and it wiped away all title disputes by fiat. Hence, the colonial law (LAA 1894) became critical to the postcolonial Indian state's transition to an industrial development model.

It is doubtful that land acquisition on such scale had ever been done anywhere other than in revolutionary communist states like the Soviet Union and China, where private property rights in land were abolished. On this newly acquired land in India were installed numerous dam and irrigation systems (like Bhakra Nangal and Hirakud, extending to more than 5000 medium and large dams), industrial townships (like Durgapur, Raurkela, Bhilai, etc.), mines (for coal, iron ore, bauxite, etc.), and new and expanded roads, highways, train lines, airports, and so on. The economic geography of contemporary India was created by the Land Acquisition Act of 1894.

## Measuring acquisition and displacement

There is no accepted account of how much land was taken or how many people were affected by the takings. The state has not kept track of the quantity of land taken or population displaced—neither the national state nor individual states (that, by constitutional authority, actually undertake acquisitions). Since there are no summary statistics available from the state, it is necessary to rely on estimates created by independent scholars. Despite the ‘politics of counting’ inherent in this situation, and the subjective assumptions built into any such accounting exercise, the recent methods used by independent scholars are quite robust.

A significant source of subjectivity arises from the fact that there is little agreement on who and what should be counted. Broadly, there are three categories of affected people: (1) Land-losers: who are the title-holders or owners of the acquired land and are the directly displaced people; (2) Livelihood-losers: who are not landowners but are nonetheless displaced and deprived of their livelihoods—which are derived from lease contracts, or as farm labour, or as service-provider to the displaced communities; livelihood-losers can and frequently do outnumber land-losers; (3) Common property resource (CPR) users: who are the users, but not owners, of commonly or jointly held forest, fodder, and water resources; these are typically tribal communities that do not have traditions of private landownership. In the literature, the first group is called displaced persons (DP), and the second, project affected people (PAP). CPR-users are increasingly counted among the PAP.

The state, in using LAA 1894, generally refused to count livelihood-losers as displaced people and refused to compensate them. But perhaps the harshest treatment was reserved for the CPR-users. Because CPR land is not private land, the state did not even count it as acquired land. This creates a profound problem of accountability. India’s poorest groups—typically tribal groups (or Adivasis) and scheduled castes (or Dalits, the most marginalized groups in India’s caste hierarchy)—who have the least private property (especially land), are the most heavily dependent on community resources. The Indian state has alienated CPRs from their users by law over and over again. Various ‘forest acts’ have taken these lands from their using-communities for commercial or ecological reasons; for example, to harvest timber or to preserve forest land (see Gadgil and Guha, 1995 on the paradox of ‘ecosystem people’ being ousted to preserve the elite imagination of ecosystems). When these CPRs are alienated, large numbers of people lose their livelihoods and sources of sustainability. How many? It is almost impossible to estimate these numbers with any accuracy.

The measurement of land acquisition and its impacts has become a small sub-field in Indian sociology and Walter Fernandes is arguably its most important scholar. Fernandes (1998) estimated that at the national scale 21.3 million DPs and PAPs were created in 1951–1990. Fernandes (2004) provided further details and updates. His estimate for the total DP/PAP in 1947–2000 was ‘probably around 50 million’. Total land acquisition in 1951–1995 for all projects was estimated to be 50 million acres, including 17 million acres of forests and 15 million acres of CPR. Fernandes (2008a) updated the estimates to more than 60 million DPs/PAPs in 1947–2000. More details are available on dams (Singh, 1997), on mining (Fernandes, 2008b), and on steel plants and dams (Parasuraman, 1999).

It is possible to draw three major conclusions from the data reported in Table 1 (compiled and partially updated by Lobo & Kumar, 2009 from the work of Fernandes and others):

### *Fifty million people were adversely affected*

It is possible that upwards of 50 million acres of agricultural and non-agricultural land (including forests)—somewhere around 10% of the nation’s usable land—were converted to

**Table 1.** Number of displaced and project affected persons for selected states and major categories.

State	Period	Water	Transp.	Welfare/Admin	Environ	Industry	Mines	Other	Total
Andhra Pradesh	1951–1995	1865	47	38	136	540	101	490	3216
Assam	1947–2004	449	169	746	265	58	41	191	1919
Goa	1965–1995	6	43	7	0	1	0	3	61
Gujarat	1965–1995	2379	1356	45	26	141	4	124	4075
Jharkhand	1951–1995	233	0	0	510	88	403	314	1548
Kerala	1947–2000	134	152	17	15	223	0	12	552
Odisha	1947–2000	800	0	0	108	158	300	100	1466
West Bengal	1947–2004	1724	1164	1674	785	404	418	775	6944
TOTAL		7590	2931	2526	1845	1613	1267	2009	19781
Share (%)		38.4	14.8	12.8	9.3	8.2	6.4	10.2	100.0

All figures are in thousands. Significant categories not detailed here include urban projects, defence, and power (all are included in the category 'Other'). Source: Adapted from Lobo and Kumar (2009).

different uses in independent India. As a result of these land use conversions, upwards of 50 million people, possibly as many as 60 million people, were affected. Land-losers alone number far less than these upper bounds. They are still unacceptably large. But the true impact—which includes livelihood-losers and CPR-losers—is staggering.

### *Ninety percent were displaced for state projects*

The state was directly responsible for the vast majority of this impact. The really large categories of displacement-impact in [Table 1](#) are all entirely in the domain of the state—water (over 38%), transportation (almost 15%), welfare and administration (almost 13%), and environment (over 9%) are the top categories. The two categories where the private sector had a significant but not exclusive or even dominant role (in a nation where the state occupied the ‘commanding heights of the economy’) are industry and mines, which together account for less than 15% of the total impact. Therefore, it is reasonable to argue that the private sector was responsible for 10% or less of the total impact; the state was responsible for 90% or more.

### *Adivasis were the most severely affected*

A disproportionate burden of this displacement fell on India’s Adivasi (tribal) population; also disproportionately burdened, but possibly not as heavily as the Adivasis, were Dalits and other socially marginalized groups. The former were impacted primarily as a result of the conversion of CPRs. The latter were affected less as land-losers (since they owned little land) but more as livelihood-losers on taken lands. Both groups received little or no compensation because they were generally not the owners of the acquired or converted land.

### **Compensation, resettlement, and rehabilitation**

There is little systematic data on compensation for land acquisition. There are several reasons for this, including significant variation in acquisition policies from state to state and from project to project and even within projects. There is variation in who gets counted, whether the payment is in land or cash or both, whether the type of project or location or fertility of land makes a difference, and whether any resettlement/rehabilitation is made available. Moreover, since the compensation information is both valuable and potentially explosive, all governments have developed a culture of secrecy over it. Nonetheless, there are scattered data available on compensation for land acquisition (especially from litigated acquisitions).

Some projects have been studied in depth, including the Bhakra Nangal dam (Manthan Adhyayan Kendra, 2009), which Nehru called a ‘new temple of resurgent India’, and the Hirakud dam, which submerged about 240 villages and took about 170,000 acres from about 22,000 families in the 1950s; the payment per acre ranged between Rs 50 and 200 (in current values these figures are approximately Rs 1500–6000 per acre).<sup>1</sup> There are comprehensive data available in Lobo and Kumar’s (2009) work on Gujarat. Their analysis shows that water projects, which use the most land, pay the least (around Rs 0.15 million/acre in the 2000s); and transportation and urban development projects pay the most—on average, in 2001–2006, about Rs 0.3 million/acre for transportation and close to Rs 1.5 million/acre for urban development.

The source of the most accessible and detailed (but unorganized) information on land acquisition—including the specifics of compensation and location—is the archive of court judgments on land acquisition cases. Chakravorty (2013) has a compendium of such cases (interested readers can look them up at [www.indiankanoon.org](http://www.indiankanoon.org)). There are three patterns that run through most litigation on land acquisition. First, the land acquisition officer sets a low compensation level. Second, courts set the compensation at higher levels, often at much higher levels. Third, the final judgment comes many years, even decades, after the land was acquired.

The land acquisition officer, arguably the most important figure (operating at the ground or district level), tends to set the acquisition price at a low level. This level was as low as Rs 12,000 per acre as recently as the mid-1980s in a region as well-located as Saidapet in Tamil Nadu, for land on which the Madras Export Processing Zone was eventually established (where land probably costs more than Rs 150 million/acre now). As recently as the late 1990s, the compensation rate was set well under Rs 0.1 million/acre for an irrigation project in Karnataka. In the 1960s the courts generally increased compensation by a factor of 1.5–2; by the 1980s and into the 2000s the courts were increasing compensation by factors of 15–20 or even higher in many cases; see, in particular, Ram Singh's (2012) systematic analysis of land acquisition litigation and compensation in the courts of Delhi, Punjab, and Haryana.

The record of the state on resettlement and rehabilitation has ranged from unsatisfactory to unacceptable. Cernea (1999, p. 20) argued that 'because government agencies employ the weight of the state and the force of law to impose expropriation and displacement, it is incumbent upon the same government to also enable those displaced to get back on their feet and benefit from the development for the sake of which they are displaced'. The large literature on resettlement and rehabilitation in India, including good reviews and analysis by Modi (2009), Parasuraman (1999), and Fernandes (2008a), leaves little doubt that the state in India failed to meet this basic obligation.

### Giving and taking, from different people

The argument that as far as land is concerned, the Indian state was simultaneously a 'giving' state (that redistributed some land through measures like the abolition of the feudal zamindari system and various tenancy reform and land ceiling acts) and a 'taking' state, the bare outlines of which are sketched above, is detailed in Chakravorty (2013). The redistributive 'giving' state largely failed in its professed objectives; at most 6% of agricultural land was redistributed (more than one-third of which happened in two of the smaller states—Kerala and West Bengal—under communist governments), and the distribution of land was more unequal after 60 years of independence than it had been at independence or at the beginning of the twentieth century (see Sharma, 1994; Rawal, 2008; on detailed data on the distribution of agricultural land)—a condition caused less by state failures than by the continuous fragmentation of agricultural land as the rural population almost tripled between 1951 and 2011.

The prime objective of the 'taking' state was to enhance public welfare through irrigation, electrification, industrialization, conservation, transportation, and commerce by converting selected lands to developmental use. The problem was that the population that benefitted from the development projects was fundamentally different from the population that was displaced. This is not a version of the oft-repeated argument of 'accumulation by dispossession' (which could apply if the dispossession was for private sector use, which it largely was not); rather it is a phenomenon that is more aptly called 'development by dispossession' or 'spatial mismatch'. Accumulation by dispossession (Harvey, 2003) is an argument favoured by Marxist and Neomaxist critics of capitalist development (see Roy, 2011 for a populist take, Bidwai, 2007 for a journalistic treatment, and Banerjee-Guha, 2010; Levien, 2013 for academic approaches). All these approaches, heartfelt as they are about the many injustices of land acquisition in India, fail to understand the complexity of the political economy of the process and are inadequate in analytical terms. The fact is this: the independent Indian state dispossessed many of its citizens for the benefit of many more of its other citizens, to undertake conventional state development projects, and that dispossession for private capital was miniscule in comparison (even if it increased in recent years).

The benefits of land takings generally flow to lands that have not been taken; in situations where the benefits of takings are generated on the taken land, the original people of the land are not present to take advantage. Land prices increase with better infrastructure and development,



but these increases benefit people whose land has not been taken. Because there is a spatial mismatch between the costs and benefits of land-based development projects, the beneficiaries are effectively subsidized by the displaced. There are two subsidies: an indirect one that makes projects cheaper through poor compensation for the displaced, and a direct one whereby the beneficiaries of the projects get benefits (like water or electricity) for free or at a price that is well below its real cost. Land acquisition by the Indian state was a profoundly regressive process—it redistributed the benefits of land use from the poor to the less-poor and the non-poor.

## II. ACQUISITION IN A BOOMING LAND MARKET

The new acquisition law (LARR 2013), designed by rhetoric and intent to mitigate the problems of the previous law, and to quell the rising tide of resistance to acquisition, including several cases of extreme state violence, has five important elements:

(1) Increased compensation for farmers—market prices are doubled in urban and quadrupled in rural areas. (2) Expanded coverage of compensation—non-owners facing livelihood-loss are compensated. (3) Rehabilitation and resettlement of people evicted from their lands is made compulsory. (4) Informed consent of land-losers is mandatory—but only when the acquisition has any private sector involvement (whereby there must be prior consent from at least 70–80% of landowners depending on the extent of private capital involvement in specific projects). (5) Social impact assessments to determine a project’s impact on people’s livelihoods; more specifically, to identify all affected persons. The first three elements contribute to the direct price of acquisition (which are also the direct benefits for land- and livelihood-losers); the latter two elements contribute to the indirect price (transaction and opportunity costs).

How does one analyse the welfare consequences of this new law? On the one hand, the benefits for the land- and livelihood-losers are long overdue; on the other hand, the arbitrary multiplication of ‘market price’ in India’s booming land market is likely to generate a significant social tax that will enrich just one particular class of landowner. The law is a political solution (overpayment) to a problem of political economy (development). At the heart of the problem is a failure to understand India’s land markets and the boom that has made land prices in much of the nation arguably the highest in the world.

There are four types of land markets in India. Type A regions—in all of India’s urban and peri-urban regions and several rural regions (for example, in all of Punjab and Haryana and much of Tamil Nadu and Kerala)—are those where the market price of land is several multiples of the reservation price (which is the price below which a seller will not sell unless forced to). Type B regions—in most settings that are close to urban areas, not just the major cities, but also provincial towns and district centres—are those in which there is little or no gap between market and reservation price because of the rise in land prices. These will soon become Type A regions. Type C regions are those with limited market activity and information and a sizable but unknown gap between reservation and market price. Many deep rural areas are in this condition, especially the least urbanized regions of the poorer states, and ‘scheduled areas’ (where laws have inhibited the formation of land markets). Type D regions are those where the land is priceless because community and cultural values place these lands outside the realm of the market. These are often sacred lands and should remain off-market.

The LARR 2013 has been designed for the deep rural Type C regions and may, with some modifications, indeed be appropriate for them. But the ‘one size fits all approach’ in LARR is inappropriate for the other three types of lands. The framers of this law clearly have not thought through its consequences. These consequences are so large, that where land is needed most, that is, where land use is most likely to change—in peri-urban India—this law will simply end acquisition (see [Table 2](#) for a simple scheme on how LARR is likely to affect future acquisitions). Most acquisitions—for public or private use—will no longer be affordable. Not

**Table 2.** Acquisition cost scenarios after LARR.

	<b>Capital-intensive (power plants, manufacturing industry)</b>	<b>Land-intensive (water, transportation, housing, resource extraction, conservation)</b>
Metropolitan regions	Unaffordable	Unaffordable
Urban periphery and Type A/B Rural regions	Expensive	Very expensive to unaffordable
Type C (remote) Rural regions	Affordable	Affordable to expensive

An illustration with two projects:

- (1) a 1000 MW thermal power plant, with a capital cost of Rs 60 billion that requires 1000 acres of land.
- (2) a four-lane highway that, per km of length, requires 3.7 acres of land and costs Rs 60 million to build.

At the edge of metropolises the effective land acquisition cost for the power plant would be three times the cost of plant and equipment (Rs 200 billion for land, Rs 60 billion for plant). For the highway, the cost of land would be 12 times the other costs of the highway (for every km: Rs 740 million for land and Rs 60 million for construction). At the other end of the price spectrum, in remote rural regions, the effective acquisition cost of land for the power plant (Rs 2.5–5 billion) would be a small and easily affordable fraction of the capital cost (Rs 60 billion). The highway too would be affordable; the land cost (Rs 10–20 million) would be substantial fraction of the remaining costs (Rs 60 million), but not unaffordable. It follows that acquisition prices in the middle zone, around smaller urban settlements and in prosperous rural regions, will depend on the base or market price. Generally, land for capital-intensive projects will be expensive but a smaller and more affordable portion of the total cost than land for land-intensive projects, many of which may well become unaffordable.

all of this increase will come from the new law. A significant proportion will come from the very large increase in the price of land in all urban and many rural areas.

This is very important. The price of land in India has exploded in the last decade (for reasons that cannot be detailed here). It is now very likely the highest in the world. The most expensive land in the country (in south-central Mumbai) is as pricey as the most expensive land almost anywhere (including midtown Manhattan in New York and Shibuya and Shinjuku in Tokyo). The average price of land in Bangalore or Bhopal or Guwahati is several multiples higher than in comparable American cities (Atlanta or Austin or Tucson). The price of land on the urban fringe in India is 20 (or more) times higher than that of similar land in America or Europe—upwards of Rs 100 million/acre around Mumbai and Delhi and no less than Rs 20 million/acre near any significant city. The available evidence suggests that the current market price of remote, low-productivity rural land (Type C land from the schema above) is not less than Rs 0.5 million/acre anywhere in the country; Rajshekhar's (2013) compilation of farmland prices from 26 villages in remote areas in seven states shows that, with one exception, prices are no less than Rs 1 million/acre anywhere, going up to Rs 6 million/acre in remote areas in Odisha and Uttar Pradesh. Well-connected land (whether it is productive or not) costs at least Rs 10 million/acre in states like Punjab and Haryana.

To put these prices in context: the average price of farmland in the United States is Rs 0.15 million/acre (USD 2200). The lowest prices (less than Rs 0.05 million/acre) are in barren states like New Mexico, and the highest (Rs 0.7 million/acre) are in the urbanized states of New Jersey (sandwiched between New York City and Philadelphia) and Rhode Island (between New York City and Boston). Therefore, the price of farmland in India is completely unconnected from agricultural productivity; depending on location, it is roughly 5–100 times larger. The price multiplication formula in LARR 2013 is designed to make direct payments that are 20–400 times larger than the earnings that would be possible by keeping the land in

agriculture in perpetuity. As a result, the distributional impact of acquisition has been reversed: from a deeply regressive one that frequently devastated land- and livelihood-losers to one that creates a windfall for land-losers (not livelihood-losers) and generates a tax on the rest of the population (see Ghatak & Ghosh, 2015; Ninan, 2014).

Therefore, the pricing mechanism of LARR 2013 will severely constrain urban development, the provision of public goods, and industrialization. The constraints will not be evenly spread between states, but will additionally disadvantage states that are land-poor, have fragmented land, and are more urbanized. There will be new windfall gainers, specifically landowners in many rural and especially peri-urban regions. The political problem of resistance to land acquisition will be much diminished—which is what the lawmakers want, no doubt—but an even bigger development challenge will be created.

### Singur and Sanand

Consider the notorious case of Singur, about 30 km from the outskirts of Kolkata, where the West Bengal government acquired about 1000 acres of land for Tata Motors to build a factory to manufacture the Nano (the world's 'cheapest car') in 2006. This story is well-known not only to those who follow the news in India, but to ordinary citizens too—it was a turning point in the contemporary narrative of land acquisition in the nation. The state government paid about Rs 1 million per acre, which was Rs 0.2–0.3 million less than the market price for about 40% of the land. The owners of this land resisted the acquisition and came to be called the 'unwilling sellers'. Ms Mamata Banerjee, a firebrand regional politician, used this dissent as a wedge to drive Tata Motors out of Singur, West Bengal, to Sanand, Gujarat. Later, in 2011, Ms. Banerjee used this wedge issue to topple the communist government in the state that had been continuously in power for 34 years.

In Sanand, the state of Gujarat, led by Chief Minister Narendra Modi (who became prime minister of India in 2014), provided a package of government-owned and acquired land (paying acquisition prices of around Rs 5 million per acre). Today, Sanand is an emerging 'global auto hub' (Das, 2015) and Singur a desolate landscape of desperate farmers. If the same Singur acquisition is attempted with LARR rules now, the land-losers will be paid in excess of Rs 5 million per acre. The additional costs for livelihood-losers and resettlement and rehabilitation will total another Rs 3.5 million per acre. Added to this Rs 8.5 million per acre (which is 50+ times the average price in the United States) will be the costs of waiting for 4–5 years to complete the acquisition process (Madhavan, 2013). Would the Singur landowners reject this windfall? It seems irrational and unlikely, but what if they did? What would a project developer do when it failed to get the land after 4–5 years? What are costs of waiting? Who pays these costs?

### After LARR

These were surely among the questions that drove the Bharatiya Janata Party (BJP) to propose an amendment to LARR in 2014–2015. This is the same BJP that had voted for the LARR when the law was passed in 2013; the same BJP that had achieved a massive victory in the parliamentary elections in 2014, led by Narendra Modi, the same chief minister of Gujarat who had managed to entice the Tata Nano factory from Singur to Sanand, and who preached a 'Gujarat model of development' for all of India. The BJP amendment sought to remove the 'informed consent' and 'social impact assessment' requirements in LARR for a range of projects, including those relating to defence and national security, rural infrastructure, affordable housing, industrial corridors, and infrastructure. These changes would probably reduce the acquisition time for these project types by several years and thereby significantly lower the indirect costs of acquisition. It is likely that the BJP took this approach with the certainty that land-losers would not refuse their windfalls, especially in peri-urban regions, which is where

most future acquisition will take place. Therefore, they implicitly argued (but never explicitly and openly, from the best available evidence) that there was no reason to raise opportunity costs for both land-acquirers and land-losers by waiting.

One assumes that they were aware, as were other political parties, of the condition of Indian agriculture revealed again in the NSSO's 70th round on agriculture (covering 2012–2013): that average monthly family income (from farm and non-farm activities combined) for farming households was less than Rs 6500 (about USD 100); that over 75% of farming households earned even less than this average; that in states like Bihar and West Bengal this average was below Rs 4000. These findings were confirmed in the initial data from the Socio Economic and Caste Census of 2011: in almost 75% of rural households, the monthly income of the highest-earning member was less than Rs 5000; this condition existed for over 83% and 86% of Dalit and Adivasi households, respectively. Thirty percent of rural households were landless; they and another 20% of rural households derived their primary income from manual casual labour. This was known already, but perhaps a reminder is necessary: farming doesn't pay in India, mainly because there is too little land per household (less than 3 acres average in India vs. hundreds in Europe and the Americas). It is the root cause of poverty in India.

But the BJP failed to get its amendment passed into law. Though it held an absolute majority in the lower house of parliament (the Lok Sabha, the directly elected chamber), it did not control the upper house (the Rajya Sabha, the indirectly elected chamber). The amendment ran into stiff opposition, led by the Congress party, which found in this issue the first opportunity to fight back after the devastating electoral loss of 2014, joined by almost all political parties. At the moment of writing, the BJP amendment is off the table (the party is attempting to make it a state-level law in states where it is in power), but the issue is far from being resolved. If LARR 2013 was a turn from the past of land acquisition, the BJP amendment was a twist in that turn, and no reasonable observer can conclude that all the twists and turns are over.

### III. THE LONGEVITY AND DEMISE OF A REGRESSIVE SYSTEM

A critical question we must answer is this: How did the state manage to maintain the regressive system of land acquisition for such a long time (about six decades) and why did that system stop working? The first part of the question becomes even more urgent when we consider it in the context of the multiplicity of the 'state' in India's multiparty political system. The Congress party was a national hegemonic power in the first two decades after independence, but after the mid-1970s, the central government has been run by coalitions. Thirty or more parties have seats in a typical parliament. The large states are generally governed by regional parties with regional agendas. Therefore, if so many people were adversely affected by land acquisition—and, as shown above, they were—why did the political process not produce a backlash or pushback or political parties to champion the rights of the displaced till the last few years?

These questions are probably less relevant for the first two decades after independence, during the Congress hegemony. A new nation was being built then. Land was a big subject on the political agenda and land reforms of various types were being instituted. But the land reforms were not only largely ineffective, they petered out by the early 1970s. The Congress lost its dominant position. A vast system of national, regional, and local parties emerged, presumably to serve the interests of every identity group. Yet the acquisitions continued, without any organized political movement to oppose it.

The most direct explanation comes from electoral mathematics—that is, the 'winners' have consistently (and usually overwhelmingly) outnumbered the 'losers'. Some quick estimates show how true this is. The dams and irrigation sector is the largest for which land was

acquired; almost two-fifth of the total acquisition. From data in Chakravorty (2013, Tables 7 and 9) we see that roughly 100 million acres were brought under irrigation after independence by converting roughly 20 million acres (not all of it private land). The ‘winners’ of irrigation projects outnumbered ‘losers’ by a factor of five. These calculations are more difficult for other sectors like power and transportation—where the beneficiaries are not geographically bounded, which means they are harder to count—but nonetheless they can be done. For instance, if a 1000 MW power plant supplies electricity to 250,000 households and requires 3000 acres of land for plant, mines, and roads—the ratio of ‘winners’ to ‘losers’ is well over 100. This 100+ to 1 ratio is identical to the conclusion of the Wikipedia site for impact of the Sardar Sarovar dam ([https://en.wikipedia.org/wiki/Sardar\\_Sarovar\\_Dam](https://en.wikipedia.org/wiki/Sardar_Sarovar_Dam)).

Therefore, simple majoritarianism can explain the indifference to harsh land acquisition processes by all political parties (even if it does not explain why these processes were so regressive; that is, why the poor had to subsidize the less-poor and non-poor). It is very likely that since the most disproportionate ‘losers’ of acquisition were also numerical minorities from India’s most marginalized communities—Adivasis and Dalits—it was easier to use simple majoritarianism as a political principle.

### Why did this system stop working?

This regressive but developmental system began facing some resistance from civil society groups from the mid-1980s (initially isolated, and later, after the Narmada Bachao Andolan, in more organized and widespread form), and reached a breaking point around 2007, partly as a result of a new Special Economic Zone act (2006) that created many new sites of acquisition, and partly as a result of several high-profile, violent cases. Not only was there more visible civil opposition, but in every case, sooner or later it was joined by some political party. Why was there an explosion of political opposition to land acquisition in the last decade? If majoritarianism was effective for 60 years after independence, why did it become less effective? Surely, the electoral compulsion did not change. What did?

Chakravorty (2013) argues that there are two fundamental reasons for this change. One not considered in detail in this article is the radical change in India’s information system that significantly weakened the information asymmetries of the past—asymmetries that had been the pillar propping up the old system of unjust and regressive land acquisition. There was an enabling technological change: the growth of the mass media first, and later the internet and social media. But the key player in weakening the information asymmetry was the non-governmental or civil society agent. These civil society agents helped spread and exchange information on land acquisition—within specific project-affected communities, between affected people in different projects and communities, and between affected people and the general citizenry and state institutions. Better information led to better organization and assertion of collective rights (which made some farmers realize that they could say ‘no’, that they could negotiate or refuse acquisition). These collective resistance situations were frequently brought to public attention by the mass media.

But civil resistance can only go so far in challenging the state juggernaut. It is when a political party joins the civil resistance that it becomes a movement. A major political party brings organizational strength, numbers (of people and money), and visibility to a cause or event, especially in opposition. These interventions were transformative. Relatively low-intensity disputes turned into highly visible events; in the most extreme case, in West Bengal, it led to the toppling of a political coalition (of communists, no less, who had been, in the past, the most proactive redistributors of land). These highly visible events galvanized the creation of a new acquisition law.

But why would political parties take up the cause of acquisition now, after six decades of ignoring the issue? The logic underlying this support for minority groups may appear to be

counterintuitive but there are many examples of such situations—which are called ‘wedge issue’ or ‘hot button issue’ politics. For example, in the United States, sexuality, immigration, and crime are often used as wedge issues by both major parties (see Sunshine & Shields, 2009). In India, analysts have understood much of the politics around minorities—Muslim or Dalit or OBC—in terms of wedge issue politics (see, for example, Wilkinson (2006) and Mayer (2010) on the use of anti-Muslim violence as a wedge issue at the state level).

How does a wedge issue work? It can create a wedge or split in the support base of a political opponent by highlighting an issue that has some support within the opposing party; peel off minorities from one party to another, or from both parties to a third party that is trying to create a political base; ‘rebrand’ a party and stimulate support for it, even from groups that are not the intended beneficiaries of the wedge issue. In general, the higher the level of political competition or political fragmentation, the more likely is the use of wedge issue political strategies that ostensibly favour only minorities. The electoral mathematics is relatively straightforward: if a wedge issue can attract 5–10% of the electorate, when this is added to the base support of a significant party (20–25% of the electorate), the combination can change defeat to victory in a ‘first past the post’ multiparty system.

Political mobilization against land acquisition is a tactical use of the wedge issue strategy. This is why the same party may be pro-acquisition in some settings and anti-acquisition in others. At the extreme, the same political personality can be pro-acquisition when in power and anti-acquisition when out. It is not surprising therefore that land acquisition became a hot button issue in many parts of the country. As a result, the old acquisition system began to fail and a new acquisition system was created to replace it by the very same party (the Congress) that had been at the helm of the worst excesses of land acquisition. And, paradoxically, it is for that same reason—the electoral mathematics of increasing political competition—that another political party (the BJP), that had supported the new law when it was being enacted then turned around and tried to change it when it won power.

It would be a mistake, however, to view the intense partisan politics over land acquisition law through the narrow time frame of the immediate present or the sound bites generated on TV shows. Land is arguably the most important subject in modern Indian history, and understanding it was possibly, at least till the 1980s, the most important subject of scholarly attention in India. This is because capturing the output of the land through taxes (which were as high as 75% in colonial and precolonial regimes) or its value when it rises because of new uses has almost certainly been the most important exercise of state authority in all of recorded Indian history. What is unfolding now is merely the latest chapter of a living epic. Unlike what many appear to think, no single law is going to put an end to this story so that everyone can live happily ever after. Therefore, it is necessary to take the long view on land and the structural forces that stimulate the struggles over it, so as to understand precisely what is at stake.

## DISCLOSURE STATEMENT

No potential conflict of interest was reported by the author.

## NOTE

<sup>1</sup> All price data in this article are presented as unconverted Rupees. The Indian Rupee–USD exchange value has varied so much during the period covered—from fixed rates of Rs 8–11/USD in the 1970s and 1980s to floating rates going from the mid-teens to the mid-sixties between the 1990s to now—that to convert these into USD would likely distort our understanding of this non-tradable good, land. The current rate is about Rs 65/USD.

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