Global Kleptocracy

Lust for Land, cheap Land, others' Land

It has always been so. But what characterizes contemporary forms is a compulsive acquisition of land in its myriad forms, throwing not only caution and appearances to the winds, but brazen sequestration of public spaces for private, personal, lite indulgence.

Soumitra Bose has described this process very well, - the consequent development of quasi-colonies and the exacerbation of eroded identities and fractured communities. The state has colluded in this process, encouraging these enclaves to become modern fiefdoms with corporate magnates the new zamindars.

☞

SEZ: Sense [of belonging] Eroded Zilla: Colony-islands within a nation-state, *Soumitra Bose,* Radical Notes Website, May 10, 2007.
http://radicalnotes.com/journal/2007/05/04/sez-sense-of-belonging-eroded-zilla/
[C.ELDOC1.0705/10may07radical1.html]

The Growing Revolt against Disposability, *Aseem Shrivastava,* Radical Notes Website, May 10, 2007.
http://radicalnotes.com/content/view/46/39/
[C.ELDOC1.0705/10may07radical4.html]

Land Alienation and Local Communities, *V Ratna Reddy, B Suresh Reddy,* Economic and Political Weekly, August 04, 2007.
http://www.epw.org.in/epw/uploads/articles/10888.pdf [C.ELDOC1.k02a/040807EPW3233.pdf]

Financing for Development Good National Practices for Benefit-Sharing, *Michael M Cernea,*
Economic and Political Weekly, March 24, 2007.
http://www.epw.org.in/epw/uploads/articles/10418.pdf
[C.ELDOC1.k02a/240307EPW1033.pdf]

It will not succeed without a fightback from the dispossessed, says Aseem Shrivastava. Those in the forefront ofthis movement are 'peasants, sharecroppers, agricultural workers, tribals, Dalits and others outside the organized sector of the economy', rather than the skilled and educated who are savvy to dominant contemporary mores.

V Ratna Reddy, B Suresh Reddy highlight the inadequacy of current land acquisition policies and practice to facilitate this expansion of urban agglomerations, and proposes some priorities to protect the interests and long-termbenefit of marginalized groups.

In a survey ofworld-wide practices, that can be gainfully implemented in India, Michael M Cernea outline the ways in which major lacunae in recompensing the poor and marginalized in the course of their eviction or displacement can be atoned.

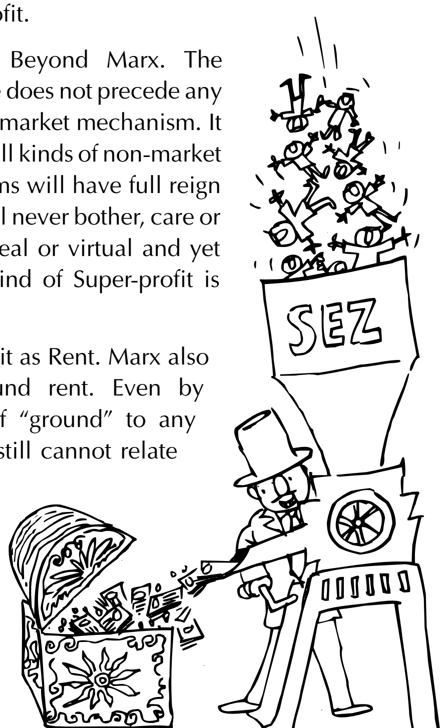
SEZ: Sense [of belonging] Eroded Zilla: Colony-islands within a nation-state

By Soumitra Bose

Prologue

SEZ - Special Economic Zone. There is a lot of specialty within this Zone. Quotidian extracting of human labour processed into Capital generation [do not read formation, it is far more technical and restrictive] SEZ - a perfected machine of Global colonization to churn out ready Capital only through Super-profit.

It is Marx and yet much Beyond Marx. The generation of Super-profit here does not precede any kind of Profit through normal market mechanism. It is simply an Enclosure where all kinds of non-market and non-exchange mechanisms will have full reign to bring out the wealth that will never bother, care or mind any market anywhere real or virtual and yet would generate profit- this kind of Super-profit is beyond Marx.



Marx conceived of Super-profit as Rent. Marx also conceived of absolute ground rent. Even by stretching the connotation of "ground" to any labour producing space, we still cannot relate the logic of our SEZ to Marx- here we have a space where the "owner" holds the nominal title of land, labour and many a times Capital and still the rentee enjoys the occupation and extracts rent from the renter. This is colony-logic. You give, you pay, you own on paper and I own in real terms and I enjoy. The Master [read colony master] extracts labour power, transforms it into Capital, repatriates it, throws away the used parts to be replenished by the renter and then makes the renter pay for the whole transformation process. You own, you replenish, you provide, I take out the Capital; you get only one thing – a metric for your books called GDP. What will the renter do with it? None of rentee's botheration. In old age colonies the Master invested the armed forces to subjugate and was responsible or (ir) responsible for the governance, administration and to a lot extent the up-keep [or "up-unkeep"] of the space, here they don't. They are (ir) responsible for nothing, and yet rewarded the profit- just because they chose to come here and increase the book value. Super-profit, Rent or Super-Rent, Marx or beyond Marx SEZ now is the Zeitgeist of what we all are elated to roll the read carpet for – DEVELOPMENT. A third world now is measured by a number and a volume- SEZ!

How many SEZs will it take to call a nation-Developed? The answer is getting archived in the documents! The answer is touted in lectures!

Numbers: Arithmetic of SEZs

The government has now paved the way for immediate notification of formal approval for as many as 54 SEZs. 29 SEZs await clearance from the Law Ministry

88 applications are passing through the stage of verification

162 SEZs have already secured in-principle approval and only formalities remain to be completed

350 new applications are waiting for approval

Add up all these categories and the total is already close to 700! If the average size of an SEZ is assumed to be 2000 hectares or 5000 acres, 700 SEZs would occupy around 1.4 million hectares or 14,000 square kilometres! Add up the SEZ area and you will find a sixth of West Bengal, more than a third of the Kerala state- a small price indeed to pay for India to scurry up the development ladder. And this is all prime land – agricultural or otherwise – in the vicinity of India's major urban centres.

A great scheme indeed!

Collateral damage-another little price to be paid goes along

Loss of production- minor one, too insignificant to note

Loss of environment and climate-Grow up! Let us not spill good breath over serious money matters

Loss of history, culture, and neighbourhood-Development is serious and emotion does not have any scope here

Loss of livelihood of people-These poor people would have died anyway and anyhow, why pamper them and appease them- slaves and peasants are cankerous sores. Let us "civilize" them or "proletarianize" them and make them "responsible" wage earners.

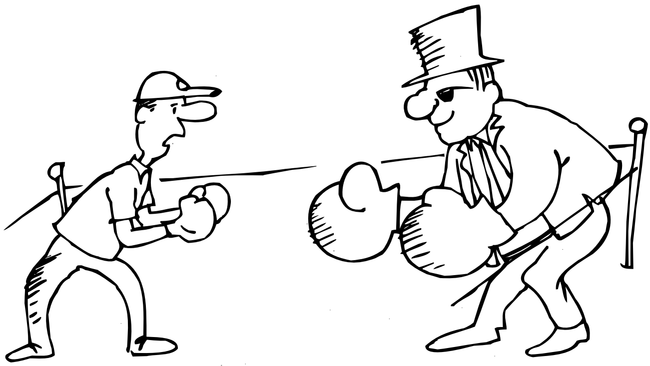
The baggage: what comes along?

SEZs come along with a baggage, or rather packets to make the baggage, of different types, some of exclusions and others inclusions. The inclusions comprise: occasional housing for the leaders and officials who would run the show, some provisions for these officials to take care of their familial chores like schools and crèches for the kids, power house to serve the enclosed zone, luxury facilities to be enjoyed by them, and of course a system to preserve and thrive the corporate culture. All these are available only to selective few - exclusion here too!

Now let us peruse through the exclusions:

Law of the land: SEZ will be a space outside the realm of any kind of law of the land. The authority of the SEZ [read the rentee- the occupier] would decide which selected few laws of the land they will comply with and the host others they would not.

Labour law: Besides ordinary civil or criminal procedures, labour laws that affect any labour within the country will be summarily suspended. The authority of SEZ will have their own whims, they are even not obliged to lay down their own set of fixed rules or laws, and they are free to do anything at any point of time with the labour.



Labour provisions: Remunerations and labour provisions and conditions of work do not apply within SEZ. The authorities are free to fix or unfix or even keep variable the minimum wage for the labour and any maximum time they deem fit for the labour to work.

Labour arbitration: The employees or the labourers will not necessarily be going through any kind of negotiation in legal formats as within the SEZ law of the land or law of any other country does not apply. The employees may or may not have any negotiating right or mechanism to talk or deal with the authorities. The authorities will have full freedom in deciding the mores and modes of dealing with the labourers. And therefore there is no question of a third party arbitration that will in any way be binding upon the authorities.

Single authority: While discussing these provisions we must not harbour any illusion that every single SEZ will necessarily have one single regulating or monitoring or managing authority. A SEZ can have multiple enterprises within and each enterprise is absolutely free to decide its mode of operation and modes of acts by themselves without the presence of any third party or intermediary.

The SEZs will be provided with maximum RESERVATION and SUBSIDY. This includes: tax and regulatory payment holiday, free electricity, free water supply, free road infrastructure for connectivity. In addition, the State or the province will ensure every kind of navigability and support structure so that the work within the SEZ can run with ease and at a growing pace. The state will be bound to take care of any security concern of the people, mostly the officials of the SEZ. Financial institutions and service sector institutions near the SEZ will provide service at the speed, time and other service requirements of the SEZ authorities - all these to ensure smooth extraction of profit and repatriation abroad or outside.

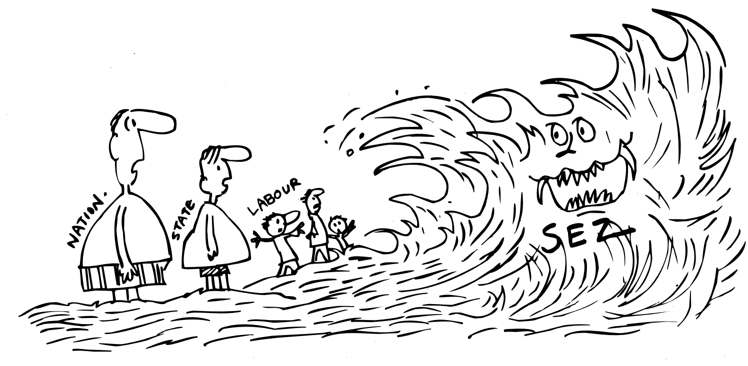
Who stands to gain?

The Stakeholders of the SEZ operation will be the owners of the means of production. They will produce and sell at their chosen market at their chosen price in their chosen time. These will then have the full freedom to stash the profits wherever and whenever they can. They will definitely be a chosen few to gain. Another big and privileged and yet subsidized and appeased class of billionaires or at least multi-millionaires will be created. We talk in billions now- both in terms of wealth amassed and in terms of numbers who slip down the wealth ladder – a little every minute.

There is another group of people who will never be within those enclosed spaces and yet will be benefited. They are the realtors and the realty industry hommies. The construction industry- the suppliers, the builders, the promoters, the middlemen, the musclemen, the mafias and of course the party apparatchiks who make people comply with the SEZ construction will gain.

Marx talked about primitive accumulation of enclosed spaces in eighteenth century England. We will have enclosed spaces where production process would use the automation developed for a different nation and a different perspective copied and pasted out of context in this native time and space.

The Mantra again is high productivity. But here the definition of productivity is very restrictive. Apparently it shows that output per unit of human labour is important but then it goes on to implement the maximum output with minimum factor input in terms of labour cost, this is buttressed and cheesed up by the minimum amount of variable capital input. These SEZs will deploy a very high and disproportionate organic composition of capital or fixed capital and there it will reap the benefit by fast depreciation of the values of the assets in the books and paying no Capital taxes. The factor investment per unit of variable capital, either in terms of increasing the skill of the labourer and/or the betterment of the working condition and of course connected with the no or minimal pay rise, will be put down to the bare minimum. The profit thus obtained is not the one realized from market restructuring or reorganization but simply by de-skilling of the labour power.



Who falls flat to lose?

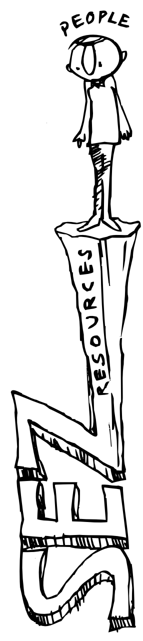
All others! Yes that is exactly the description!

The employees in terms of:

- real wage and real negative growth
- de-skilling
- share of the production process and to the final product
- job guarantee and tenure
- loss of planning power for their future because they would not know what is coming next
- saving and investment plan anarchy increasing because of this uncertainty.
- Social and cultural life
- leisure time for every worker

The state in terms of:

- less and less earning as the years pass by
- providing real wealth and natural wealth
- decelerating rate of employment growth as these companies will either create job-less growth or job-loss growth
- a dwindling base of the consumer economy, as less and less people will have access to proper purchasing power
- loss of agricultural produce
- loss of water resource and replenish-able natural storage resource
- increasing expenditure to employ more and more security personnel who do not add to any value
- mal-distribution of the public utilities and distribution system
- growing enmity and acrimony in the society between the miniscule beneficiaries and huge mass of deprived ones
- less and less amount of amassing of small savings to provide for further investments



The common people in terms of:

- dwindling of available natural resources
- the real wealth getting siphoned to provide for the SEZ
- increasing inflationary pressure in the quotidian prices of commodities
- shooting up of prices of service products like medical, educational etc.
- collective culture and life-style getting shattered through the demonstrative effect

The nation-state or the country in terms of:

- loosing sovereignty
- broken democracy or body politic
- social and political unity and cultural identity as these SEZs will be culturally, socially and psychologically islands of the metropolitan west inside the native land

Infrastructure: To whom does it belong?

Infrastructure is for all. For the whole nation! It is provided publicly, at public cost and maintained by the public authorities on behalf of the public. The income if any from any infrastructure facility is to be ploughed back for public cause.

In terms of capital need, public investment reduces unit level private investment. With highly developed infrastructure the private enterprises would anyway rush to invest. The huge cost of acquiring new business, communication, maintenance, travel, distribution, maintaining the supply chain and that of the ease and mobility of the work force are taken care by advanced infrastructure. If the onus is taken away any investor would rush to reap the profits with only concentrating on the capital and variable cost.

The reason why SEZ needs prime motor able places near to metros is to avail of all the facilities a society can offer and thereby mitigate the risk of production by fixing the uncertainties. The government should instead have geared up the infrastructure and then let in the investors on its own terms. But we see that the government is interested in preparing infrastructure to serve the capitalists on their terms. This is the destiny of mediocrity, of not comprehending the rules of society, the market, the economy and the algebra of Capital formation. When you fail to understand the science you drop out and become a mafia.

Development: Thy name is displacement, thy soul is eaten

Every such development brings along displacement. Displacement from the livelihood, history, surroundings, culture, and from the human civilization! It creates a massive roving band of refugees- the people become permanent refugees. They do not belong, they do not owe, they do not own, they drift! Drifting becomes the part and parcel of life in globalization. People lose their social values. One is not known, as one is never identified. One is not characterized; one is simply a number. A number is dispensable and therefore is not distinguished: a number is simply disposable. When a living and creating thing becomes a number, one becomes substitutable – a Robot. A number is the biggest anathema to creation and to life. A drifter is anti-artiste, he does not produce, if at all there is some thing there is anti-creation, anti-artefact, anti-product that actually annihilates previously produced artefacts. The basic piled up knowledge pool that accumulated to create are eaten up, diminished, and marginalized by anti-artefacts and anti-produces. One such anti-artefact is the weapons of mass destruction, mass-delusion, mass-deception, mass-depression and thereby mass-defection, mass-non-compliance leading to mass-anarchy. Drifters form the bedrock of mass-anarchy, not of any education, nor of any value, nor of any promise, nor of any plan.

Development mobilizes towards incessant mobility. People get mobile, they do not settle, not belong, not love, not share, not sacrifice for any cause or dream, and they simply fight to survive, snatch to grow and kill to live for the next moment. Displacement inhibits development! Civilization thrived on settlements, on taking roots and on creating histories and societies. Displacement nullifies, annihilates, and decimates all those. Our highly "mobile" value system does not promise or assure; it immobilizes any journey, any progress. SEZ is the track of doom, of immobility, of dark unchanged hell.

The Growing Revolt against Disposability

By Aseem Shrivastava

A May Day disruption

We were visiting Badli, a village of some 11,000 people, in the district of Jhajjar, Haryana, about 30 kms west of New Delhi's International Airport. We were there to begin our research on the impact of the 25,000-acre Special Economic Zone (SEZ) planned in the area by Reliance Industries. Like in so many other parts of India where resistance to corporate plans is building up, farmers in the area have organized themselves into a Kisan Jagrukta Samiti (Farmers Awareness Committee) to battle Reliance.

It was May Day. A big meeting had been organized and at least a few hundred farmers from about 20 villages were present. Being representatives of their respective panchayats, they were all elderly, their noble faces all bearing the stamp of long years of labor under the sun. They looked at us with eyes wizened by the years. This being patriarchal Haryana, there were no women present.

An army Captain from the area (who has organized these farmers) had invited us to witness the May Day commemoration. Farmers were also expected to deliberate on the matter of the expected displacement in the wake of the acquisition of land by Reliance. He informed us that we could expect some trouble from local henchmen who had been bribed and instructed in advance to disrupt the meeting.

The meeting began and the pradhan of a neighboring village began proceedings with a five-minute denunciation of the SEZ policy of the government. In particular, he expressed regret and anger that the government was acting as the bichaula (land broker) for a private corporation, tempting farmers here, scaring them elsewhere, to sell their land for industrial development.

Barely had he finished his speech when a group of about 20 young men from the area, suddenly appeared next to us and began telling us that most farmers were happily willing to part with their lands, that the men who had organized the meeting had already sold theirs and were now wanting Reliance to pay a higher compensation. As the next speaker began to make his speech they started heckling from the side, ultimately succeeding in shouting him down. They tried to provoke a fist-fight. Fortunately, they did not get the desired response.

The Captain and the elders decided wisely to suspend the meeting instead of beginning what would surely have turned into an ugly brawl. When we inquired into the identities of the thugs, it turned out that they were boys from the local area, many of them from Badli itself. Reliance had turned young and restless villagers into commission agents. It seems they had been given some petty sum of money and liquor the previous night to disrupt the meeting of the elders.

Who had paid them off? Local agents of Reliance, it turned out. They had also been promised "jobs" with the company once the SEZ came up. No interviews, no consideration of merit, skill or qualifications. It seemed that promises, backed with some small change, was enough to buy out the restless youth, eager for urban excitement.

After the meeting was adjourned, a much truncated number of farmers met a few kilometers away at the house of one of the local leaders. We were also invited to this small conclave. From what we heard there, this is the preliminary picture of the situation that appears to be emerging.

Hamari matribhumi (our mother earth)

There is resentment amongst the farmers, even among those who have large holdings. "What business does the government have to play broker?" they ask.

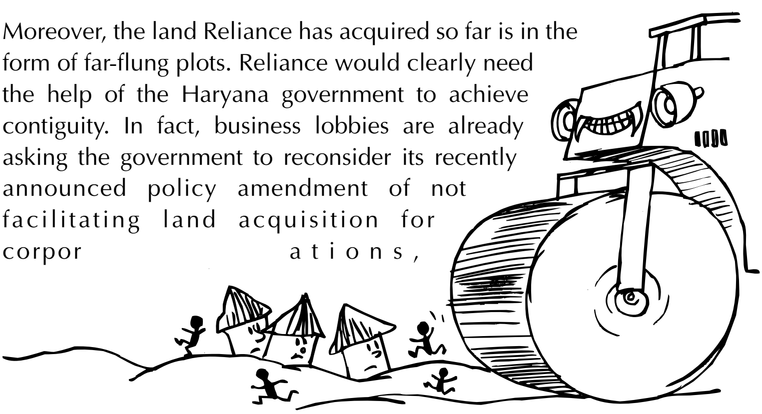
Many of the farmers who have sold their land are regretful, especially since land values are rising sharply in the area and they feel that they got a raw deal.

Reliance agents are getting false affidavits made from farmers, saying that they need money for their children's education, that their land is barren: banjar zameen. It's interesting what they call "banjar zameen" produced 15-20 quintals of wheat last year!

"How do they expect us to change our occupation at this stage and run some sort of business with the compensation money?" farmers ask. Why should we be condemned to disposability by people willing to shove some money into our pockets?

Most farmers are very reluctant to sell their land. Land is the only source of security and insurance in an agrarian context. While the company has targeted 25,000 acres - before the recent change in policy which has capped land acquisition for a single project at 5000 acres - accretion to the Reliance kitty has stalled for sometime at about 7000-8000 acres. There have been no sales of late.

Moreover, the land Reliance has acquired so far is in the form of far-flung plots. Reliance would clearly need the help of the Haryana government to achieve contiguity. In fact, business lobbies are already asking the government to reconsider its recently announced policy amendment of not facilitating land acquisition for corporations,



arguing that the government needs to step in at least to acquire the last 10% of the land, assuming corporations have themselves purchased the rest.

A resistance movement like in West Bengal?

And when we asked "What will happen to those who do not own any land and work for daily wages on your fields?" "Who can say, they are the most disposable of all", was the reply. There is an attempt by the farmers to draw the landless classes (30% of the population of the villages according to them) into their struggle. However, there did not seem to be enough of an effort to involve them.

For instance, all the men present for the May Day meeting were farmers with land, some with a lot, and some with little. There is a heroic attempt in the Samiti poster to accommodate the interests of the Scheduled Castes: it makes the demand that Reliance should give each of their families a plot of land in the SEZ! The Samiti poster also makes the demand that Reliance be leased the land by farmers rather than taking full possession of it. It remains to be seen how/whether such disparate class-caste groupings jell together, even if the resistance is evidently building up.

Larger lessons

The SEZ issue is at a crossroads. On the one hand, it is evident that the corporations cannot acquire all the land in most cases without governments coming to their rescue, taking recourse to the "public interest" clause in the Land Acquisition Act. Contiguity is a sine qua non for an SEZ and can't be ensured without the help of the state, given the fragmentation of landholdings in the Indian countryside. On the other hand, following Nandigram the state has had to back off and say that it does not want to assist corporations in the process of acquiring land.

From the point of view of those becoming dispossessed, the issue is a vexed one too. On the one hand, the government's role as a broker is very unpopular. On the other, if the government backs off, the land mafia takes over, as we saw happening in Badli. What should the government do? It must obviously align its coercive apparatus with the protection of vulnerable farmers and their land. This is also the least likely thing to happen. Thus, conflict is inevitable.

In the larger perspective of corporate globalization, the experience of the

Indian countryside is repeatedly bringing out the historical truth that the resistance to it is coming more from those who globalization (thanks to its labor-displacing technological armour) is making redundant, rather than from those who will have the opportunity of getting exploited by global capital. The numbers of those - peasants, sharecroppers, agricultural workers, tribals, Dalits and others outside the organized sector of the economy - exceed by orders of magnitude those industrial and high-skilled workers who can catch a tumbling crumb from the table of galloping growth. It is they who are more likely to challenge the corporate juggernaut that the elites have unleashed.

About the Author: **Aseem Shrivastava** *is an independent writer. He can be reached at aseem62@yahoo.com*

Land Alienation and Local Communities

By V Ratna Reddy, B Suresh Reddy

ies

The expansion and growth of urban areas is unavoidable as well as a sign of growth in developing countries. Urban expansion in a normal course results in conversion of agricultural lands in the fringe areas to non-agricultural purposes. The spread of urban centres to peripheral rural areas results in economic gains in terms of diversified livelihoods, higher wages and incomes, but the rural communities suffer in terms of degradation of micro environment such as basic amenities, pollution, etc.

While such observations are valid in a normal process of urbanisation, they may not hold good in the context of land acquisition by the government in the name of development as well as by private enterprise for speculation.

In the absence of any regulation, land alienation from agriculture is taking place much before (with a lag of a decade and more) real urban development takes place. The result is that the primary stakeholders (the original farmers and landowners) are ignored, as they lose their livelihoods and are pushed into menial jobs as they lack skills to get into white- or blue-collar jobs. They become mere spectators, as their own lands are up for grabs at a very high premium (10 times and more).

Recent years have seen conversion of large tracts of agricultural land for commercial and real estate purposes. Though these conversions are yet to be recorded in the official statistics, the issue of declining Net Sown Area (NSA) has recently been highlighted as a major concern of Indian agriculture. Though NSA fluctuates along with rainfall, it is argued that the decline of about one million hectares during 2003-04 was unprecedented. Even severe droughts during the 1980s have not caused such a decline. Agrarian distress could be one of the reasons for poor sowing operations in a year of sub-normal rainfall. Another reason is the conversion of land for more remunerative purposes like urban housing, development activities, Special Economic Zones (SEZs), speculative real estate, etc.

I. Rationale for Land Acquisition and Compensation

Trends in land use over the last 50 years in India indicate that the NSA stabilised around 140 million hectares from 1980s onwards. The decline in NSA in 2002-03 is not unique as a similar decline was experienced in 1988 as well. This decline may be attributed to a poor monsoon, as both years recorded below normal rainfall. The area under non agriculture use was on the rise especially during the 1990s. Incidentally, this was accompanied by the decline in uncultivable lands, but that does not necessarily mean a shift of uncultivated land under cultivation.

Urbanisation

The Indian economy is expected to move on to a sustained high growth trajectory in the coming years. This is expected to bring in changes in the structure of the economy that would transform the land use pattern. It is projected that growth of urbanisation would be much faster during the next two decades when compared to the last five decades, if India continues to be a service economy. The pace could be faster if the share of manufacturing in the GDP increases substantially.

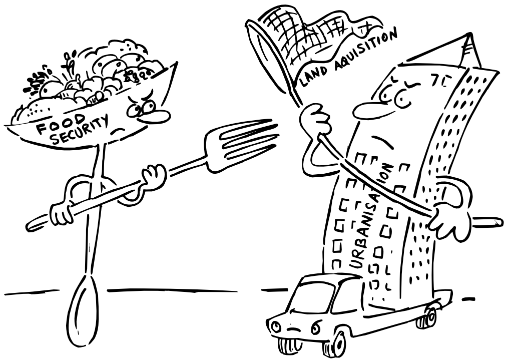
All the indicators point towards a fast-paced urbanization and increased demand for land for non-agricultural purposes. This is already evident from the happenings across the country where both state and private enterprises are active in land acquisition in and around important urban centres. This, in turn, is triggering competition for land between agriculture and non agriculture uses and a trade-off between food security and high growth sectors. While it is argued that food security need not be a prime concern at the state level, the cumulative effect could snowball into a national crisis, if every state adopts the same strategy. The conflict of interests between sectors is reflected in the controversy in Singur and Nandigram, West Bengal. These conflicts are bound to increase in the absence of appropriate land acquisition and compensation policies.

Land Acquisition for Development Activities

The unprecedented growth and economic boom in recent years has had a multiplier effect on development activities such as infrastructure like roads, ports, airports, housing, etc. Acquiring land for these activities has an externality, i.e. an increased speculative demand for land surrounding these activities. The speculative demand for land goes up as soon as the location for the new activity is identified. While the actual requirement of land is not substantial, the speculative demand is often phenomenal.

Though we do not have information on this at the national level, the happenings in and around Hyderabad-Secunderabad provide a flavour of what is going on and what is in store in the future.

During the last five years, a number of major projects like international airport, Fab city (a world class hub for advanced semi-conductor and electronics manufacturing) etc, have been initiated around the twin cities. Along with the projects, the Municipal Corporation of Hyderabad proposed a massive (eight-lane) ring road around the twin cities to ease traffic congestion. All these activities fuelled a real estate boom. As a result all the land in the surrounding villages has been either acquired or notified by the government for various activities. The real estate speculators had acquired most of the land much before the projects were made public and agriculture ceased to be the main activity in all the 25 mandals in and around Hyderabad.



The total sown area that has gone out of cultivation in these mandals is estimated at more than 90,000 hectares. Besides, the area under forests, culturable waste and miscellaneous tree crops has also declined. The decline has taken place mainly between 1995-96 and 2004-05. Considering developments across Andhra Pradesh, the loss of cultivable land could be around half a million hectares even by a conservative estimate. These trends could adversely affect agricultural production and livelihoods of the local communities. The negative externality is the transfer of vocation to the non-agricultural sector, without any adequate skill development, and the resultant stress on the local communities.

Added to this is the new SEZ Act of 2005, for which rules were notified in February 2006. This has triggered a sort of gold rush for land. The main rationale for SEZs is to attract foreign direct investment by overcoming the restrictive labour laws and through export promotion. In the given economic conditions the need for getting foreign direct investment through SEZs is rather misplaced especially in the IT sector. India has already attracted major multinationals and has become the outsourcing hub of the world. As for the labour market, most of the companies (IT and BPOs) are facing the problem of retaining rather than restrictions on hire and fire. The performance of SEZs in export promotion is not in any way significant, i.e. between 2000-01 and 2004-05 exports from SEZs in India grew by 16.1 per cent as against 12.1 per cent in total exports.

As evident from the experience of Andhra Pradesh, most of the SEZs are created for acquiring land for the purpose of real estate promotion. Some even term SEZs as “special exploitative zones” or “special real estate zones”.

Displacement and Compensation

Development-linked land acquisition and displacement of people is not new in developing countries like China and India. There is growing awareness across the world that development-related displacement has often pushed populations into marginal conditions. One of the main reasons for this is flawed compensation and rehabilitation policies. For instance, monetary compensation has replaced physical compensation in most of the countries. There is need for serious rethinking in this regard.

Displacement in India is mostly forced, caused by push factors rather than pull factors. That is the extent of labour absorption, especially the unskilled, outside agriculture is rather marginal due to low growth of manufacturing sector. Since land is converted into high-productive and profit-making ventures, the owners of land are entitled to a share for their land an important factor of production. Hence, displaced landowners are entitled to an appropriate share in the future profits from the new ventures taken up on their lands. Compensation policies should take this into account.

I. Impact on Local Communities

One needs to understand the process of land acquisition and alienation in order to realise the inappropriateness of policies towards forced displacement caused by the development activities. It is true that in a number of instances poor farmers are becoming millionaires overnight due to the increase in their land values. As long as these benefits directly go to the primary stakeholders or the original farmers, it may be considered as a benefit to the community. But will they sustain themselves in the absence of reinvestments in productive assets like land, business, etc? Often local communities lack such skills, especially, when the developments take place overnight.

The recent avalanche of developments has caught rural communities unaware in the peri-urban areas. Case studies of four villages, viz, Kondapur, Shameerpet, Maheswaram and Gopanapalle located in different 'mandals' of Rangareddy district surrounding Hyderabad city provide a vivid account of the impact of fast-paced development. The sample villages differ in terms of their size (area and population) and distance from the twin cities. These villages are located in different directions. The process of urbanisation and land alienation has started at different time points in these villages over the last 20 years.

Kondapur was the first village to experience the externalities of urbanisation and development. It came into the limelight during the 1990s with the expansion of IT parks and is now a prime place with important commercial, industrial and educational institutions. Maheswaram is famous for the establishment of a World Bank funded watershed during the 1980s. Though watershed development could not transform the village, presently it is one of the hotspots for the real estate in the state due to its locational advantage. In the case of Gopanapalle, an IT park and an SEZ are expected soon. Shameerpet is an old village with an area of 2,600 acres under tank irrigation.

Land Use and Livelihoods

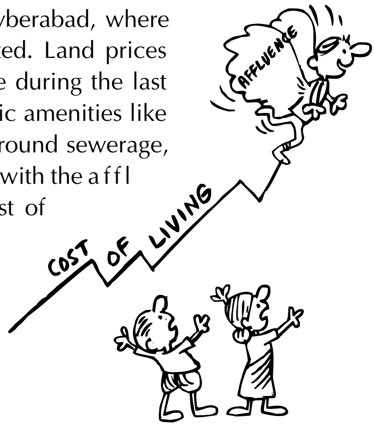
All the four villages are basically agrarian in nature. Cereals (including paddy) and vegetables are the main crops grown in these villages though NSA has declined substantially in the recent years. Most of the arable land is now recorded under cultivable waste and fallow lands. Though most of the land has been marked out for residential purposes, transactions are carried out under the disguise of agriculture to avoid higher registration charges.

Urbanisation has brought in diversity in livelihood activities away from agriculture. A majority have shifted to lower end non-farm activities like construction labour, petty business, etc. Some have become real estate brokers and contractors. Only in Kondapur a few could manage to get into higher-end jobs.

Land Values

Land values have gone up manifold in all the villages. Kondapur experienced an early boom in land values due to its vicinity to the Hi-Tech

City, and later, it became a part of Cyberabad, where most of the software outfits are located. Land prices have gone up three to four times here during the last year. Despite this, Kondapur lacks basic amenities like household water connections, underground sewerage, health facilities, etc. Demand coupled with the affluence of the few has pushed the cost of living upwards.



In Maheswaram, the real estate boom was seen mostly in last two years, which is mainly due to its vicinity to the proposed international airport and Fab city. A few people made enormous amounts of money by acting as middle men, paying the advance for the agreement and before it is registered in their names they are selling it to somebody at a phenomenal profit. There are nearly 150 people who are acting as middlemen/brokers/realtors in the village itself.

In Shameerpet, during the last six years land prices have increased five to six times on the main roads. On the other hand, Gopanapalle experienced a steep rise in land prices after 2002 following the announcement of establishing a software park. The announcement of establishment of an SEZ in the vicinity in 2006 further pushed the land prices up.

2. Land Alienation

Most of the villagers sold their land when the prices started to rise. In all the villages land prices had crossed Rs 1 crore per acre by the end of 2006. More than 90 per cent of the farmers sold their lands at below Rs 10 lakh per acre in all the villages. Except in Shameerpet, which experienced a gradual increase in land values, very little land remains in the hands of farmers. Further, the leftover land is mostly assigned land (land distributed by the government to the scheduled caste people and poor) that cannot be sold, especially in

The revenue system, which maintains the land records, is not farmer-friendly, especially for the poor. If there is any genuine problem with the land records, it would be a nightmare, as the Mandal Revenue Office (MRO) unnecessarily gives the concerned farmer memos. Earlier big farmers transferred lands to the other farmers with a fear of losing the land due to the Land Ceiling Act. These land transfers were called 38E lands, where the landlord will hold a right of 40 per cent and the cultivator 60 per cent (after continuous cultivation for 16 years). But generally the village secretaries under the influence of village elite and politicians do not write this record properly.

In all the villages, people, especially the vulnerable, criticize the role of village assistants. They have manipulated the land records in favour of the elite and as a result, poor farmers are paying a heavy price. People allege that lands which they have been cultivating since three generations have been entered as assigned lands in the basic documents. In fact, nine lakh acres out of the total 55 lakh acres of assigned lands are stated to be in the possession of ineligible persons. Apart from the assigned and surplus lands, large extents of 'Bhoodan', 'Inam', endowments and evacuee lands are in illegal possession of influential persons under 'benami' names. There is need for a comprehensive survey of all types of lands under the illegal occupation and announce a scheme for resumption or regularisation of such lands in a time-bound manner.

Beneficiaries of Development

While more than 90 per cent of the farmers (primary stakeholders) sold their lands at very low prices, some, especially the poor, lost their meagre lands in the name of development. The realtors buy the land in the disguise of agriculture purpose, which means low registration charges. After converting the land to plots they transfer them to individuals who would bear the heavy registration charges. Nearly 20-30 acres of government land were also plotted in various places in Kondapur by realtors. In spite of many agitations with the support of local politicians, not much could be done as there was a strong nexus between revenue officials, politicians and realtors. The people who were fighting for the cause had to give up after some time.

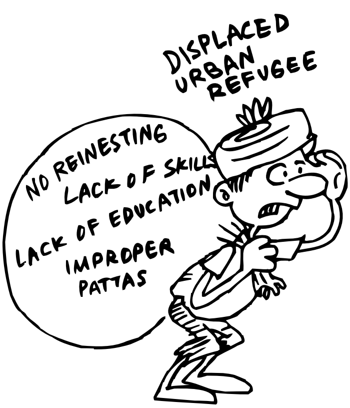
When the villagers were asked about the reason for selling the entire land, they replied that "no proper electricity, no water, got fed up with farming". In the whole of Maheswaram village there are nearly 10 landless families, who have become much poorer in a relative sense in the new scenario. In Gopanapalle, the government has proposed a SEZ near the village. For this the government is acquiring land belonging to tribal people who are cultivating paddy, vegetables, etc. The government issued a notice asking them to hand over the land or approach the court.

A pertinent question people raise is why the government is taking their lands. Instead, it can ask the industry to buy it in the open market. The government is neither interested in taking/acquiring the wastelands nor using its own land for allocating to the SEZ. Instead, it is bent on acquiring the tribal lands which is being cultivated and most of the families are dependent on that land.

III. Strategies for Displaced

The decline in net sown area, as reflected in the official statistics, is not as serious as the decline yet to be noticed in the statistical calculations. That is the loss of agriculture land in favour of so-called developmental activities.

Of late, all the government activities ranging from road widening to establishing SEZs to allocating land to private companies as incentive are termed as development. In the real sense development activities are those that benefit the communities at large, such as public hospitals, schools, roads and other infrastructure like irrigation projects. Supporting or establishing profit-making ventures, though they create employment, do not come under development activities.



While the rich farmers are able to protect themselves from this onslaught due to their awareness and resource strength, the poor and weaker sections are losing out, as they are not capable of reinvesting their limited gains in a sustainable manner. In fact, in the absence of proper pattas some of them were deprived of their lands. They are not even in a position to get a foothold in the urban job market due to a lack of education and skills. These sections of the population need to be protected in order to avoid the creation of displaced urban refugees. These groups are becoming increasingly articulate and moving towards conflict. The conflict appears to be imminent in the light of growing disparities between the primary stakeholders (more in numbers) and the remaining stakeholders (few in numbers). Moreover, the primary stakeholders are entitled to a fair deal in the process of urbanising their environments. The recent happenings in and around Hyderabad are pointers in this direction.

The Empowered Group of Ministers (EGoM on SEZ) has asked the Ministry of Rural Development to prepare a new comprehensive Land Acquisition Act. The proposed new act at the national level should address the following concerns in order to facilitate a better deal for the displaced rural communities:

- Need for clarity on development activities for the purpose of land acquisition. No profit-making activity should be termed as development activity, and hence, does not deserve land allocation on priority basis or confessional rates.
- Land acquisition policies should be prioritised in such a way that wastelands will be acquired first and lands of poor, irrespective of its quality, should be acquired last.
- The policy should make the primary stakeholders partners rather than one-time beneficiaries or spectators of development. One way is that farmers should be given a share corresponding to the expected value addition to their land in the long run.
- The SEZ Act should come out with a clear and appropriate land acquisition policy so that it would not become “special real estate zone” act. The centre should formulate guidelines for the states to follow.

- Establishment of vocational training centres, water, sanitation and health facilities should precede the actual developmental activities in the vicinity of the villages. The responsibility should be given to the institutions created specifically for the development activity.

A major correction of land acquisition and compensatory policies is called for, lest the simmering resentment expresses itself in open conflict.

(The writers can be reached at vratnareddy@cess.ac.in)

Financing for Development
Good National Practices for Benefit-Sharing

By Michael M Cernea

We can distinguish several mechanisms for sharing and reinvesting the benefits in resettlers' development. These mechanisms include not only the people displaced and relocated, but also the host populations, who also suffer risks and impacts associated with "hosting".

The six main mechanisms are:

(i) Direct transfers of a share of the revenue streams, to finance specific post-relocation development schemes; (ii) Establishment of revolving development funds through fixed allocations; while the principal of those funds is being saved and preserved, the interest generated from saving the principal is used for post-resettlement development; (iii) Equity sharing in the new, project-created enterprises (and other productive potentials) through various forms of co-ownership; (iv) Special taxes paid to regional and local governments, additional to the general tax system, to supplement local development programmes with added initiatives; (v) Allocations of electrical power, on a regular and legally mandated basis; (vi) Granting of preferential electricity cost rates or, for example, lower water fees, or other forms of access to in-kind benefits.

The novel element in the cases described further is that the respective country governments have enacted in law explicit procedures for regularly allocating a percentage of benefits to resettlement areas. These procedures distinguish the benefits to resettlement areas from benefits channelled to the general public. These cases implicitly suggest the feasibility of replicating such allocative procedures in public sector projects, not only in hydropower, but also in mining projects and other extractive industries (oil, gas, minerals, etc).

Over the last 10-15 years, the adopted regulations have gone through rounds of testing and repeated refinements, to improve on initial rules. Each country has designated a somewhat different share of benefits to be invested in developing the resettlement areas. Since these financial resources are additional to the resources provided as compensation to individual families, the flows of shared-benefits have incremental impacts. In fact, in some countries compensation standards have been increased in parallel with enacting benefit-sharing see further, the case of China. Together, they stimulate post-relocation development.

In all cases described below, the flows of shared-benefits are not limited to a short period: they are deemed by law to continue for long periods, sometimes for the life of the enterprises constructed by the project. The continuity of benefit flows becomes a foundation of long-term development for those uprooted and relocated.

Colombia

Starting in the early 1990s, Colombia began allocating a percentage of benefits from hydropower plants to the development of the areas into which the displaced reservoir populations were relocated. In 1993 Colombia enacted a legal framework for benefit transfers, which was shortly followed by official regulations in 1994 which specified the provisions of the national law. Two years later, this decree was supplemented by National Law Nr 344, which created an “Environment Compensation Fund”, financed through revenue from development projects. The allocations to this compensation fund were increased to 20 per cent of project revenue. The Colombian laws also define the proportions of revenues to be returned to the relocation areas. These transfers, being mandated by the country’s legislation, must be reported publicly and are monitorable. Moreover, the laws require that the revenue be used only for the purposes outlined in the respective laws: these are either social development activities or environmental protection activities such as watershed maintenance, tree planting, etc. This way the benefits are helping to lengthen the lifetime of the hydroelectric plants (e g, controlling siltation), while also enhancing the welfare of the area populations.

Brazil

Massive investments in hydropower are a pillar of Brazil’s transition from an underdeveloped country to a mid-level income country. Enormously rich in natural resources, the country needs vast electrical power for the industries created to process natural resources. This is why the country has embarked over the last 30 years in one of the world’s largest hydropower programmes.

The multiplication of big reservoirs, however, has led to large displacements. The affected people were severely impoverished and many moved anarchically into slums around big towns. Brazil’s parliament included in the constitution (1988) the principle of reinvesting a percentage of royalties from hydropower in the resettlement areas.

Subsequent to this constitutional change, Brazil proceeded to adopt, in rapid succession, a series of laws to translate the new principle in practice by defining entitlements and specific amounts of transferable royalties, together with procedures for assuring a regular timetable for such allocations. Moreover, since Brazil is a federation of states, the laws were adopted at the federal level, to be binding for all of Brazil’s states. Another task was to define an agreed balance between resource transfers to state authorities and transfers to federal authorities.

From the outset, the policy decision was to direct the lion’s share of resources roughly 90 per cent of all royalties from public hydropower plants to the ce states and municipalities and only 10 per cent to federal agencies. Subsequent laws, in 1997 and 2000, took the prior legislation further, regulating national water resource use and introducing payment for the use of reservoir waters. A 2004 assessment of this programme informs us that 137 hydropower plants with 145 reservoirs paid the requisite royalties and financial compensation to 22 of Brazil's states and 593 municipalities. Annually, the amount of financial compensation and royalties exceeded US $ 400 million.

China

Some of China's largest dams were built before 1980, displacing more than 9,00,000 people. The inadequate financing of resettlement at that time led to disastrous impoverishment, deep resentment among the affected populations, and political instability. Starting from the 1980s, China began to enact a series of governmental policies to regulate and improve resettlement, gradually increasing the state financing of Development-caused Forced Displacement and Resettlement (DFDR) processes. In 1985 China's state council decided to create a Post-Resettlement Development Fund in which contributions from power companies would be deposited. A comprehensive land administration law (LAL) was adopted in 1986, which contained detailed provisions regarding acquisition and displacement operation. It was re-examined and improved in August 1998 by the Ninth National People's Congress (NPC).

As distinct from land acquisition acts in other countries, China's 1998 Land Law contains explicit and detailed provisions and norms for people's sustainable resettlement, rather than only for acquiring cultivated lands. More recent legislation adopted by the state council of China has restricted further the previous authority of local governments (particularly, the counties) to resort to land acquisition an authority that these local governments have often abused, sparking peasants' protests. These added restrictions on expropriations reflect the central authorities' efforts to reduce the loss of arable lands, counteract abusive land seizures and the resulting peasant protests, and to keep tighter checks on the aggregate size of involuntary resettlements.

The Chinese institutional and administrative system provides for, and requires, that each province establish its own institutional capacity for resettlement, as a "Provincial Resettlement Bureau" equipped with a large multiprofessional staff specialised in resettlement operations and mandated to look at virtually all aspects of DFDR operations in that province. These are important agencies on their own, despite their modest title as "bureaus", given that the population in each of China's provinces is in the tens of millions. Significantly, the legislation confers on these agencies the responsibility of managing the reservoir development funds and initiating development interventions to benefit the resettlers.

Keeping in mind that China has increased, in several successive stages, the amount of resources channelled as "compensation" to the displaced populations, it is obvious that the combination of financing through multiple channels results in much more support for sustainable reconstruction post resettlement. This is one reason why the incidence of impoverishment of displaced people has been decreasing in China over time, despite the increase in numbers of people displaced, as reported by evaluation studies by the World Bank and other agencies.

Canada

Among industrialised countries, Canada stands out by the large size of its hydropower potential. To exploit this potential, Canada has embarked on a systematic programme of building major dams. Indigenous tribal populations, who have customary land rights recognised under Canadian law, populate some areas in which many of these dams are being built.

In 1971, HydroQuebec, Canada's major power utility announced plans for the James Bay project, which would include the construction of as many as 20 dams [Scudder 2005]. The project would have negatively affected the entire homeland of the tribal Cree Indian population. The Cree organised themselves, protested intensely and publicly, and resorted to legal action as well. The Canadian courts decided in their favour and stopped project construction. The protests of the Cree, who were later joined by the indigenous Inuit populations, along with NGOs advocating for indigenous and environmental protection, determined significant changes in the position of the Canadian government and of its public utilities.

To address the needs of this population and to recognise their contribution in land to the country's hydroelectric developments, Canada's government and hydroelectric utilities adopted a strategy of partnering with the local indigenous communities. HydroQuebec announced that it would enter into agreements with the affected indigenous groups for equity-sharing in the envisaged hydropower capacities. This equity enables the tribal Inuit communities to receive a share of project benefits as a partner, for the long term, proportionately with their land share in the construction of the project. This approach avoided the economic displacement of local communities, and the risks of impoverishment from undercompensated displacement, by recognising their shareholding status and financial entitlement to part of the project's benefits.

Norway

Distinct from the approaches to benefit sharing described above, Norway employs special tax mechanisms. A country in which electricity production and exportation is one of the main branches of the economy, Norway adopted a new law in 1997 the Power Taxation Act intended to ensure new and higher tax payments from power companies, which could then be redistributed. The law entitles counties and municipalities to receive three different types of tax revenue from the power sector. The state also collects a tax for the use of natural resources, at a flat rate from the companies' net revenues. Beyond taxation, Norway requires that electrical companies provide, at their own cost, 10 per cent of the electricity that they produce to the local municipality. And of course, companies that are owned by the local governments are required to hand over all dividends to the local owners. Given Norway's low population density, displacements of people have been, historically, very limited. Nevertheless, these mechanisms transparently channel very substantial financial amounts to the local populations residing in the areas of the hydropower development, whose energy potential is being harvested and where impacts from development occur.

Japan

In an attempt to minimise the tensions and conflicts inherent in land expropriation and population relocation, Japan has conducted land-leasing experiments, while renouncing the process of expropriating lands required for reservoirs. When the series of three Jintsu-Gawa small dams were built the Japanese government, rather than applying the country's expropriation law, decided to only lease the land required for the reservoirs from its owners. Payment for the land lease was structured into two types of financial transfers, deliberately designed to keep revenue accruing to the affected people for a long period rather than to make only a one-time compensation payment and dislocate them.

Twin financial transfers were made: (i) One payment upfront to the landowners leasing the land for the reservoir, which would enable those farmers to develop for themselves alternative livelihoods, and invest the money received into non-land-based income generating activities; (ii) Regular rent payments for the leased land, to be continuously paid to the local small holders for the life of the project. This way the leased land, although now deep under the reservoir waters, remains nevertheless a source of constant income for the affected farmers and their children. Rent payments supplement the initial upfront compensation and help to ensure livelihood sustainability even if the new alternative economic activities do not succeed from the outset or do not produce enough. This twinned financing proved to be an effective risk preempting mechanism, and the power companies are still paying the rents today, 50 years after the construction of the three dams. The payments are not a significant burden on the power companies and they accrue to the new generations of the families of the initial landowners.

Japan pursued another innovative strategy in planning the large-scale Numata Dam, whose reservoir was anticipated to displace about 10,000 people. To procure new lands for this sizeable population, the government made plans to convert 1500 ha of dry land on the slopes of Mount Akagi into paddy rice fields, introducing irrigation at the government's cost. The defined objective was to achieve physical resettlement with improved livelihoods for the resettled people. Each resettler was to receive an area hey approximately twice as large as what they had previously owned. When not all of the land of a certain family was to be submerged, the government planned to pay rent for the submerged portion as if the submerged land was leased by the farmers to the state, rather than merely paying a one-time compensation. This original, creative approach in Numata planning is relevant for possible replication and actual future testing.