

Land Acquisition: The Political Economic Lessons of Singur Sudipto Mundle

The land question is back at the centre of political discourse with Mamta Banerji stalling the land acquisition bill a year after the Singur debacle. It is time to look back dispassionately and see what lessons can be learned from that unfortunate episode.

Let's recapitulate the broad facts. Tata Motors decided to produce the Nano, the world's cheapest car, in West Bengal. At the invitation of the state government it chose a substantial tract of land in Singur, a highly fertile and well connected village close to Kolkata. The government acquired the land and made it available to the company. The exact terms of the deal with Tata were never disclosed, but the farmers didn't get much of a deal. Some farmers surrendered their land voluntarily, while others did not. The government then arm-twisted the latter to sell. A violent political confrontation followed. The farmers holding out were supported by civil society organizations, leading intellectuals of the state, and later some opposition parties led by Trinamool Congress.

Tata Motors pulled out, recognizing that it could not operate in these conditions. It incurred large costs in relocating the plant and postponing the production schedule. The affected farmers and others in Singur lost an opportunity to improve their livelihood. Workers in the rest of the state also lost a potential boost to their employment opportunities since Singur became a major setback for West Bengal's industrialization program. Finally, together with Nandigram, Singur marked the beginning of the end for the CPM led government in West Bengal. It lost heavily in many local government elections and in the parliamentary elections. It is now expected to lose the next assembly elections. There were two winners. Gujarat gained since the plant was relocated there. The biggest winner was Mamta Banerji's Trinamool Congress. It won a sweeping victory in the parliamentary elections in alliance with the Congress and is now its

most important ally in the central government. This new alliance is expected to form the next government in West Bengal.

Singur offers several lessons for dealing with projects that have both winners and losers, particularly projects requiring the acquisition of land. First, why did the CPM – which has small and marginal farmers as an important part of its rural political base – use such strong arm methods against these very groups? Some suggest that after being in power for thirty years the party has become arrogant and callous. Others like activist economist Amit Bhaduri say the CPM's Singur stance is a direct consequence of globalization. The availability of cheap land is a major attraction for potential investors relentlessly looking for cost cutting options under global competitive pressure. Accordingly, in their pursuit of industrialization state governments are increasingly acquiring land at throw away prices from marginalized communities and making it available for potential investors. The CPM's behaviour in Singur reflected this general process. According to Bhaduri one in every three tribals has been dispossessed in the 'public interest' in India, and one in every four dalits. The ratio is one in ten among others.

Singur also demonstrated how marginal communities with very limited resources can confront and defeat the alliance of a powerful government and a large corporation through political mobilisation, their only comparative strength being the vote bank value of their large numbers. However, this could only happen in a democratic polity with a free and alert media that used every tool, including internet, to give the whole world a blow by blow account of the confrontation. It was a public relations disaster for the CPM. This could not have happened in countries with authoritarian regimes and a muzzled press. Even more important was the support of a pugnacious opposition party like Trinamool. In many similar cases before Singur, such as the *Narmada Bachao andolan*, the dispossessed fought a losing battle against the state because they lacked committed support from any major political party.

Finally, it is sad to note that the victory of Singur farmers was in some ways a pyrrhic victory. It has not improved their impoverished lives, which could

have happened if they had got a good deal. Others in and around Singur lost the employment and service opportunities that may have appeared if Tata had implemented the project in Singur. Workers in the rest of the state also lost. Potential employment opportunities were pre-empted since the Nano pull out was a major set back for West Bengals industrialization program.

Was a better outcome possible? Indeed it was. Tata Motor company has negotiated commercial deals throughout the world, including most recently the acquisition of Jaguar Land Rover at a very high price, financed through high cost loans. The land in Singur could have been acquired through a similar commercial transaction. Any of the supporting civil society organisations or Trinamool or even the state government, if so inclined, could have easily fielded a professional team of negotiators to secure a good deal for the farmers. Compensation based on the net present value of the expected future rental value of the land, factoring in the expected appreciation of land values post the Tata project, would have been a fair commercial deal similar to those the company is making elsewhere. However, giving the Singur farmers a fair commercial deal could have meant no Nano within the promised Rs 1 lakh. So Tata chose to ride on the backs of a Left Front government that was prepared to arm twist the farmers into selling their land for a song.

If the Nano project was of such great economic benefit that it justified government acquisition of the land 'in public interest', the government could still have offered the farmers fair compensation, a different calculus from the commercial value discussed above. A long established economic principle proposes that a project involving winners and losers should be implemented only if the gains of the winners are large enough to adequately compensate the losers such that they too support the project, i.e., if the losers can also be turned into winners. In operational terms this means a livelihood rehabilitation program for displaced persons that makes them better off than before, with the rehabilitation investment cost included in the overall project cost.

A judicial or autonomous institution, independent of the state government, suitably empowered to enforce such fair compensation could have ensured a

win-win outcome. Absent such an institution, a state government more empathetic towards the farmers could itself have negotiated such compensation with Tata and persuaded the affected farmers through patient advocacy to come on board. Unfortunately, the state government chose to brow beat the farmers instead and lost.

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In this context the recent case of the Singur agitation in West Bengal is quite instructive.

The case demonstrates how a small group of farmers, apparently powerless, was nevertheless able to block the project because they were supported first by some civil society organisations and eminent personalities, and later by an opposition political party. It also demonstrates the importance of a free and democratic environment for such political mobilization to work, including the wide publicity given to the agitation through the media and internet. It is unlikely that the strategy would have worked in authoritarian regimes. On the other hand, the case also shows how the callous arrogance of dominant stakeholders, combined with political opportunism of a rival political party, can transform a win-win opportunity into a losing proposition for all.