

## Land and Industry: Singur, Rajarhat, Etc.

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A friendly football match on 23 August 2009 began as usual near Rajarhat, a high-profile township project in the outskirts of Kolkata; it ended up as an eye-opener. A one-goal defeat of the local team infuriated the alleged boss of the land-mafia henchmen in the neighborhood. Firing followed, sporadic scuffles turned into mob frenzy: a world renowned resort carrying a Vedic name was ravaged. Police investigations literally unearthed stockpiles of arms and ammunitions. Prima facie, the public fury was an outburst of their unhealed wounds.

Government of West Bengal acquisitioned land in Singur for a private sector plant; in the process it burnt its finger. For the Rajarhat township project, it allowed direct land purchase by private investors; that also has backfired.

Another state has followed a formula famously known as 60-40, whereby the ruling power gets 60 percent and the opposition 40 percent of the black-money. Now, that too has soured.

Compensation for land acquisition in Singur was fixed at the market price plus fifty percent of it, the latter in consideration of future price rise and the owner farmer's commitment of no litigation. In the case of Rajarhat, money offered by private promoters to farmers was Rs 4000 per *cottah*. Within five years the current market price rose 750 times to as much as Rs 3 lakh or more and continued soaring, of which the original land-owner got no share.

Is the market-price an appropriate measure for compensation of farmland for industry? Jan Tinbergen, a Nobel Laureate economist of the Netherlands, argued that market prices are distorted by prevailing market structure (monopoly, oligopoly, monopsony), institutions, rules and regulations. For investment decision in public sector, he devised the so-called *shadow price*, which is shorn of all non-economic pollutions. Planning Commission played with it for a while. It figured out the shadow price of dollar at Rs 18 at that time, as against the official fixed rate of Rs 8 the discrepancy being an indicator of foreign currency shortage in India.

More meaningful is the distinction between the use-value of a commodity, and its market-value, that is, the market-price. The perceived utility of a thing constitutes its use-value, which has no necessary connection with its price in the market. To a patient the use-value of a medicine may be beyond a thousand rupees while its price is far below it.

A farmer living on a meagre farmland receives something invaluable from his land in addition to the annual crop, namely, a sense of security for his entire family. For him, this boon adds use-value to his plot of land. To be sure, a poor peasant family draws, not one or two, but as many as four kinds of use-value, viz. (a) assured employment of family members; (b) income from crop by way of accrued profit and rent, over and above the virtual wages; (c) a sense of family security; and (d) social esteem accorded to a landowner, however miniscule, as opposed to the customary derision thrown at a wretched landless in villages. Of the four use-values, the last two. i.e. sense of security and social esteem, are incommensurable with standard pecuniary measurement: money can't buy them. A substitute job for the unskilled farmer along with the market price of land as

compensation would only perpetuate his family's agony across generations to come. That low-paid job is hardly better than a bite of opium to soothe his pain of penury.

For the Rajarhat and the adjacent IT (information technology) townships the government of West Bengal gave a free hand to private promoter-investors to procure land directly from farmers. Here, average size of a plot-holder's land is a tiny one-twelfth of an acre, vide the data of Singur (one thousand acres of land, twelve hundred owners). At this rate, for a field of 100 acres to set up a plant, an investor has to go door to door of no less than one-thousand-two-hundred contiguous plot-holders. No wonder, a formidable nexus of beneficiaries and intermediaries lined up, evidently beginning from the high echelon of state government all the way to fearsome land mafias.

## II

European Union has the largest agricultural aid programme in the world, one that provides subsidies to the wide variety of recipients beyond the farmers who plow the soil — German grummy bear manufacturers, luxury cruise ship caterers, and wealthy landowners ranging from Queen Elizabeth II of England to Prince Albert of Monaco. It doled out 71 billion dollars in 2008.

Arids Roma is a gritty Catalan construction company in the northeast of Spain that paves highways and churns out dusty gray mountains of gravel for several sprawling factories. It spreads gravel instead of seeds, but it receives a farm subsidy for contributing to rural development — money well spent, according to the Catalan regional government, which requested the payment and distributed it to the company. 'Paved roads connecting the villages aid the mobility of tractors,' said Georgina Pol Borrás, a spokeswoman of the regional government of Catalonia.

Hundreds of millions of euros are being paid to individuals and companies with little or no connection to traditional farming. And the hefty sums flow to multinational companies like food conglomerates, sugar manufactures, and liquor distillers. In France, the single largest beneficiary was a chicken processor, followed by about a dozen of sugar manufacturers. The chicken processor outsources the task of raising chickens to thousands of contract breeders; and the sugar processors do not run farms. The subsidy programme has evolved beyond its original goals of increasing food production and supporting farmers as they deal with market fluctuations.

In the United States, for subsidy a farmer has to satisfy a constraint, namely, his farm income must not exceed a mandated "income eligibility cap". In the year 2007, the cap was at 750,000 dollars, not a bad sum for a farmer, as we know.

How much subsidy does a farmer receive in India and what the income eligibility cap, if any, is?—I don't know. I know only that in declared drought areas bank loans are increased. But debts alone, unaccompanied by equity, may multiply default risks of a poor farmer. At dire times, loans would turn into a millstone on his neck. Many a debtor in desperation had taken the awful extreme plunge. To prevent such situation, better it would be for development of agriculture as well as for the benefit of farmers if the government invests equity in the real form: water, electricity, and seeds.

## III

Human beings are engaged in two basic activities—propagation of species, and production of the means of sustenance—the former conducted at the family, the latter in factory. Families assemble to form a society; the factories to organize an economy. Another sector, polity, comes into existence to service them all. Our living is thus spread over three interrelated branches, namely, society, economy, and polity, each with its own rules, and the trio together making a system with overarching discipline. The system is said to be in equilibrium when the three branches are balanced individually as well as collectively.

China has achieved unprecedented economic strength largely facilitated by the fact that its society and polity have been in equilibrium with the economy. The faith of Chinese people had been eclectic: an assimilation of Confucianism, Taoism, and Buddhism, known as Neo-Confucianism. It has been extraordinarily tolerant. In China, once they said. “Father may be a Buddhist; the mother may be a Taoist; the son may be a Christian; and nobody worries about them.” Again, a Chinese is a Confucian while in his office, and a Taoist outside of his office. Now, communism has remolded the society.

India is yet to achieve a dynamic equilibrium with its economy and society. Its archaic social structure stands in the way of economic advancement. Almost one-half of the people are treated as *impure* and *untouchable*; as a result one-half of the labour force is condemned as creatures below the level of human capability. The economy can hardly make progress with such a huge burden of wasted idle labour-power. India calls for a *social* revolution.

A brief history of the formation of lowly strata of society, i.e. scheduled castes, and of outcasts off the society, i.e. tribals, is as follows. Peace and trade during the reign of Gupta emperors (AD 300-500) had stimulated village settlements by private enterprise; rural economic output grew. Meanwhile, the urban nouveau riche, so fond of Mediterranean coral, exotic wines and slaves for household service, concubines and entertainment, the art and craftsmanship of Roman-Greek world, and the like, crossed the economically tolerable limits of foreign exchange accounts. Coins of precious metals, silver and gold, profusely drained away to pay for the excessive imports, causing a critical shortage of coin-money in circulation for bulging farm produce markets. In order to stem the financial crisis the crown took an ingenious step of assigning caste-balanced artisans to every village such that barter exchange within the village would do, without using coins. Each village came to have its precisely required number of blacksmiths, carpenters, potters, and other artisans, adding up to exactly 12 in total. Each artisan received a small plot of land to till at his spare time. In addition, each was entitled to a certain portion of harvest from the peasants. Every village thus became self-sufficient, cash-free, and disconnected from other villages and the rest of the world. The caste system was thereby sealed firmly upon the rural society. The economy became stagnant under the pressure of rigid caste order, incapable of absorbing additional hands; unemployment mounted. Caste-groups prevented the mastery of finer technique. Very few could, because of caste, skin cattle, tan the hides, or work in leather, all low occupations. Some tribal people might become basket-makers, without learning how to weave cloth or spin yarn. On the other hand, given the social stricture, not every village could support a whole guild of blacksmiths, leather-workers, or bark-weavers. The unfortunates

headed towards wilderness for ever and turned into 'tribals' ever since. The peasants of India today are direct descents of the primordial arrangements of the Gupta period.

Economic growth is conditional upon social cohesion and political cognizance. The economy, in turn, has to function in a manner that promotes its assimilation with society and polity. In essence, the society, economy, and polity having constituting themselves into a system have to bring about, with their own efforts, a stable and optimal equilibrium. For a democratic government, the fundamental duty is to facilitate *advancement* of *all* people: ensure their freedom—social, economic, political; and open the door to access the *universal civilization*.

Costs of land are a once-for-all tiny item in industry's accounts book, if not altogether negligible vis-a-vis the profits industry makes over the years. But the peasants who 'sacrifice' their land for industry have suffered across the millennia inhuman deprivation that would possibly continue ad infinitum unless radical reforms are launched to redeem the historic blunder committed by the Gupta Emperors.

#### IV

When would a peasant be considered free? What constitutes his freedom? The peasant is free only (a) if no outside interest—seigneurial, urban or capitalist—comes between him and his land; (b) if he is subject to no bond-service; and finally, (c) if his work is productive enough to feed him and leave a surplus, and if this surplus does not make the fortune of some intermediary, but enables the peasant to buy, at the very least what he needs. By this count, the peasantry of India is unfree. There is no other way to make them free but bringing a substantial number of them, away from the little strips of farmland, into some productive activity to have a decent standard of living. For fuller freedom of the peasantry of India, however, yet another condition has to be satisfied, namely, no social prohibition by caste code or otherwise prevents a peasant's freedom of occupation beyond the ancestral tradition of farming.

A rural society consists of two broad groups, namely, the gentry and the peasantry (including landless labourers). The gentry opposes land acquisition not so much because of the loss of an economic asset like land as because of the associated depletion of power over the established social hierarchy, which is another, perhaps more lucrative, source of economic gain. By contrast, a peasant has only a modest strip of land. The justice of history and economics warrants the government and industry to extend transitional munificence to the peasant family — transition of the family to reclaim its legitimate place in society. All children and teenagers living within the distance of, say, 20 miles from the perimeter of a new industrial zone should be offered full support for study and training as far as a student would go in his academic pursuit. Accordingly, schools, colleges, vocational institutes, hostels, hospitals should be established by industry and government. The facility is meant for free service to those who have suffered one way or the other in the course of building industry. This ring of human progress initiative is mindful of three dimensions: healing injuries of the past, mending the life at present, and enlightening the future of those who have made heroic sacrifice of their land—they are *freedom fighters*, freedom from social and economic bondage.

Then, as the child of a peasant would grow up in course of time and pass through school, college and university becoming a doctor, engineer, accountant, scientist, or poet, new industries would be there to welcome him. The child of a peasant would no longer necessarily have to be a peasant himself. The vicious circle of poverty and social injustice will be broken once for all. Today's problem is not just economic or political, but in essence about *human progress* : the question is as much of how to raise more crops in paddy-fields as of how to enable the peasant to be what he is potentially capable of being. □□□