

## LAND ACQUISITION IN WEST BENGAL: SOME ISSUES

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### **Abstract:**

*'Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2013 was passed on 29 August 2013' in the Lok Sabha and on 4 September 2013 in Rajya Sabha. The Bill tries to provide fair compensation to the land victims and assures rehabilitation to the evictees. There are many controversies regarding the process of land acquisition in the country specifically in the state of West Bengal. Based on the data collected by the author during 2011-2012 on an ICSSR funded project the paper argues that the nature of problems regarding land acquisition is quite different in this state in compare to the other states in the country. Compensation package offered so far to the affected people are highly inadequate and unless this inadequacy is removed, the political unrest and the resistance to industrialization cannot be handled.*

**Keywords:** Compensation package, controversies, dissatisfaction, land acquisition, solution.

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## Introduction

According to our Hon'ble Prime Minister Dr. Manmohan Singh, "We need faster growth because, at our level of incomes, there can be no doubt that we must expand the production-base of the economy. If we want to provide broad-based improvement in the material conditions of living of our population and if we are to meet effectively the rising aspirations of the youth". In other words, Dr. Singh stressed on the necessity of achieving Millennium Development Goal through the inclusiveness of growth achieved through industrialization. At the same time one should not forget the responsibility and accountability in implementing industrialization. In other way, industrialization must not hurt the interest of any section of population. If this becomes inevitable, the affected people must be suitably and adequately compensated. But, in reality, the land-industry controversy remains one of the most vexed issues in the country as the decade turns. Every state has to acquire land for encouragement of private investment but in most cases fails to face the issue of affected people's improvement, food security and the right to a life with dignity. Expectations, uncertainties and protests related to land acquisition on the part of the displaced have become the most significant bottleneck for investment. Land acquisition, compensation package, rehabilitation and resistance have been the issues closely associated with the process of industrialization in India and her states.

The State of West Bengal faced several problems since last two years on the issue of land acquisition for industries. The Nandigram proposal is now evidently abandoned after abusive exchanges, rowdy demonstration, street fights and finally police shooting and killing. Tata Motors shifted its plant to produce the world's cheapest car (Nano) from the state to Gujarat's Sanand due to farmers' unrest over alleged illegal land acquisition. The Kalyani groups proposed steel plant also went to the same state. The state-run West Bengal Power Development Corporation's super-thermal project at Katwa in Bardwan district has also run into trouble after the authorities tried to acquire land. A question mark also hangs over Apeejay Group's ship building yard at Geokhali and Chemical Hub at Nayachar in Purba-Medinipur district on the same issue. Tata Metalics scrapped expansion plan at Kharagpur and a number of other projects are hanging on fire. Land controversy arises regarding construction of Information Technology (IT) township of Infosys and Wipro and forceful land acquisition of Vedic Village. The land disputes that started with the Nano project seem to have stalled all industrialization bids. The state is not receiving investment proposals, and chances for major investments remain thin

during this time when the world is reeling under recession. According the Assochem Investment Meter, in the year 2009, West Bengal is listed eleventh state in terms of proposed state wise investment in the country. Strikingly, the state was listed in the top three for last ten years or so. The tussle between the government and farmers over land acquisition for industries has raised question over the mind of the investors. The government of West Bengal, after a sustained development in agriculture accelerated the process of industrialization particularly after the nineties. But at this point of time, after the people's mandate in Constituency Election 2009, the present state government is very much skeptical to take any initiative towards growth of industrialization only due to land-industry controversy.

### Background of the Study

A research project was conducted by the author on the topic 'Assessment of Impact of Industrialization on the Rehabilitants of Haldia and Formulation of Future Rehabilitation Strategy' with the financial assistance of ICSSR, New Delhi. In this project, a survey has been conducted among the selected respondents of the rehabilitation colonies of Haldia and Durgapur. It is noteworthy in this respect that both in Haldia and Durgapur land has been acquired due to industrialization since 1950s. In this process more than six thousand families lost their land, houses and economic activities. The study has tried to assess the impact of industrialization on the socio-economic life of the rehabilitants. The survey has been undertaken through a structured and guided enquiry schedule. A uniform five per cent of sample has been drawn from each colony following the method of Simple Random Sampling Without Replacement using random number series. In this study the total number of respondents are 344 out of which 244 respondents have been chosen from 10 colonies of Haldia and 100 respondents has been chosen from 3 colonies of Durgapur. Data has been collected from the respondents in relation to occupation pattern, per capita income & expenditure, access to educational facilities, access to health care, facilities of potable water and sanitation etc. In order to address the changes on the general characteristics of the rehabilitants due to industrialization, tools that have been used are nature and type of dwelling units, source of potable water and distance from source, facilities of sanitation, distance from health centers, type of household assets, educational facilities etc. before and after displacement. Regarding the issue of rehabilitation package, the opinion of the rehabilitants regarding the various issues related to land acquisition has been analysed

considering the proposed Land Acquisition Rehabilitation and Resettlement (LARR) Bill, 2011. To consider different views regarding the issue of industrialization and displacement, there was some discussion with the industry representatives, local administrators, beneficiary groups and officials of different government agencies. The study raises some issues regarding the problems of land acquisition in West Bengal considering the perceptions of the rehabilitants.

### **Compensation: Few Experiences**

Industrialization is a must-do case but it cannot be pulled out of thin air. Industrialization involves not only building up factories but also of infrastructure, roads, bridges, seaports, airports, townships, shopping malls and entertainment centres for the emerging professional class. No investor would consider investing in the state if the basic infrastructure is not available. In a densely populated state like West Bengal, there is not enough barren land for establishment of industries without affecting local people. Therefore, in course of industrialization the people had to sacrifice their homestead land so that industries may be established. During these decades development projects in West Bengal have used 47 lakh acres of land and have affected 70 lakh persons. 36 lakh of them are now Displaced Persons (DPs) and 34 lakh are deprived of livelihood without being physically relocated Project Affected Persons (PAPs). Of these 14 lakh (20 per cent) are tribes who make up 6 per cent of the state's population, 21 lakh (31 per cent) *dalits* and another 20 per cent the weakest among the backwards like fish and quarry workers (Fernandes 2004). Even if the promise of rehabilitation is kept, benefit did not reach to the DPs or PAPs.

In the year 1957, when Durgapur Steel Plant was proposed to be established, 16225 acres of land were acquired that affected 1953 families of 15 villages. In the process of land acquisition, the government paid Rs. 300-500 for 1-2 decimal of land, Rs. 500-5,000 for 2-17 decimal of land and Rs. 5,000-6,000 for more than 17 decimal of land (Choudhury 1982). In Haldia, land acquisition process started in the year 1959 when the government acquired 9,000 acres of land for introduction of Port Complex Project. In this process, more than 12,000 peoples of 68 villages were affected and uprooted after getting mere compensation of about Rs. 5,000 for 40 *decimal* of land (Bramhachari 1987). However, it is required to be mentioned that few people after getting the amount of compensation and losing everything they had including ancestral identity left this place and moved to some other places and eventually mingled with the

population. Farmers deprived of their land for the Eastern Bypass and the Rajarhat Township in Kolkata was paid an average of Rs. 3 lakh per acre when the market price in that area was Rs. 20 lakh. The situation is worse in the backward areas where price is low. In the 1980s, some farmers in Jalpaiguri district were paid an average of Rs. 1,700 per acre (Fernandes 2006). By today's standard it should be Rs. 15,000. The Status Report as on December 31, 2006 available at the Government of West Bengal's website reveals that in Singur an acre of single-crop land is being offered a price of Rs. 8.70 lakh and multi-cropping land is being offered Rs. 12.76 lakh. Though it was the highest compensation offered by any state in course of land acquisition, it was proved as insufficient amount. In case of land acquisition in West Bengal, compensation offered by the government so far is highly inadequate and unless this inadequacy is removed, the political unrest and the resistance to industrialization in the state cannot be handled.

### Recent Controversies

The policy of land grants acquired a new dimension in the context of industrialization and, more specifically, in the pursuit of foreign and domestic investments in specified areas. Economic growth is required but not at the cost of the evictees. That is what happening because most Displaced People and Project Affected People who lack the skills required for industrial jobs and other benefits are impoverished to the benefits of another class. But, in order to encourage private profit, sometimes the state uses force to evict families that have lived on that land for generations. There are a number controversies raised in relation to land acquisition in recent times.

### Availability of Land

The first controversy is the availability of land. According to the West Bengal Human Development Report of 2004, total land in the state is nearly 88,75,000 hectares out of which 63 percent is cultivated. Any transformation process from agriculture to industries will require land which may only available from the agricultural sector. If it does by a sizable percentage, then there may be a serious threat to food security in the state. However this argument may be countered by two ways. Firstly, if one per cent of the agricultural land may be converted to the industrial sector, it will be sufficient for building up infrastructure, industries and modern service sector around the state. Reduction of land in the agricultural sector by one per cent will not create any significant problem in the agriculture produce of West Bengal because rate of growth of agriculture in the state is almost double than the national average. We should concentrate on



industries and service sector where we have comparative advantages. Land is a very scarce resource in our state so it has to be handled with care on the other side we have abundant quality manpower ideally suited for industries and service sector. Secondly, industrialization is likely to have some favourable impact on the agricultural productivity. With the growth of industrialization process, more people will shift themselves from agricultural sector to the industries and service sectors due to higher wage rate. An illusion about bright future also comes to play in their mind. If they sell the land to their neighbours then the average landholding will increase and it will be helpful for using modern technology in agricultural sector. It will not only reduce disguised unemployment but also reduce the percentage of farmers in the state occupation, which is a good sign for development. The prosperity of the peasantry in the world always depends on the number of peasants going down. This is the standard experience in the world.

### **Risk Perception**

The second one is the risk perception of the landowners. Acquisition of land of the poor farmers for an avowedly public purpose or grandiose industrial projects has been a perennial problem of development. Invariably it is a violent process, uprooting thousands of indigent households. They, in turn, never get any tangible benefits after being dispossessed of their small holdings on the promise of a miserable amount of compensation that usually takes years to come. They are virtually rendered migrant daily wagers in search of the means of livelihood. The evicted people will be mostly farmers including landless agricultural workers all of whom will lose their sources of income as well as homestead lands. Adjustment to new type of life will be difficult for them, specifically for the people in higher age groups, who will find themselves ill-equipped to cope with an altered lifestyle. It is true that they will get compensation but whether this sum will be helpful for betterment of his family's future is a grave concern. In Singur, the government offered 12.76 lakh per acre (100 decimals) for multi-cropped land, if a farmer accepts it and put it into a bank in a fixed deposit account he will get nearly Rs. 9,000 per month. It may be relatively attracting from the point of view of the present income from his land but considering the rate of inflation and loss of occupation it may not be acceptable for sacrificing his homestead land.

### Valuation of Land

The third and a major problem is the valuation of land. Barring a few exceptional cases, it is certainly true that a piece of land employed in the industrial sector creates more value than it does when employed in the agricultural sector. Theoretically it should be possible to transform land into industrial use and from the increased value one can earn more than what one has expected. But the difficulty is to get a proper estimate of the market value of land. Generally land is valued at an average price at which similar land has been transacted over the last few years. But this is definitely undervaluing the land as an average price over the last few years is always going to be less than the current price. The owner of the land will not agree to sell the land at the market price for three reasons. Firstly, the person have to pay more for purchasing the same crop from market what he could have cultivated in his own land. Secondly, the person will lose his / her opportunity to work that generates an opportunity cost, which he might demand with the price of the land. Thirdly, the landowner will always try to get an idea about the future value of the land after converted into industrial purposes, which is supposed to be many times higher than the present value. On an average, the price per acre of monocrop land in the district of Burdwan, Hoogly and Purba Medinipur is about Rs 1-2 lakh if minimum infrastructural facilities and connectivity are available in the locality. Obviously these districts are most favoured from the part of the industrialists for different reasons. If it is a multi-yielding irrigated land the rate per acre is about three to four lakh rupees. If the landowner is paid the market price then an owner of one acre multi cropping land will get, say, four lakh rupees. If he keeps the amount in the bank he will earn at most Rs. 2,500 per month. Pursuing agriculture, the land owner has minimum chance to get this amount on the same area of land. But considering rate of inflation and loss of livelihoods it is a mere amount.

### Hold-out Problem

The next one is the problem of hold out of land for which the state has to intervene. When the buyer buys land sequentially, then with every purchase his / her bargaining position deteriorates and seller's position increases. Anticipating the rise in the price of land, a speculative seller will hold out his land to sell it at the last stage when almost entire land would be purchased excepting his one. In this situation the investor has no other option than to offer highest price to the landowner otherwise his investment would be wasted. With time, the investor

will be more eager to buy the land due to his compulsion of starting the project at right time and eventually the speculator maximizes his gain. In our state land is very much fragmented and the chances of hold out of land is very high. Fragmented landholding makes direct purchase of land by the investors more difficult and undesirable. This is probably one of the reasons for which the industrialists are not interested to buy land directly from the market; rather they want it straightway from the government. This situation calls for the interference of the government in the land acquisition process. Another important thing is that the interference of the government is helpful for the small land owner to increase the bargaining power. This may reduce the incidence of forceful land grabbing from the fragmented landowners what we have seen in the case of Vedic village.

### Government Intervention

Another important issue is the justification for compulsory acquisition of land by the government in the name of public purpose. The idea is that if public benefit is enhanced significantly, then the state's intervention is acceptable. In case of Singur, the state government virtually gifted the land to the Tatas in a free of cost giving subsidy of almost 12 crore a year in the name of public purpose. A very relevant question is that whether a debt-driven government was able to significantly improve the social aspiration of the local people through this project which justify the word 'public purpose'. The compensation offered to the land owners of Singur was highly inadequate, on the other side Tatas got the land almost free of cost which necessarily violate the idea of 'public purpose'. It would be more appropriate to say that government can acquire land if public benefit justifies for state intervention in the process of land acquisition. But, in doing so, another question will rise, whether the government is violating the property right. When the government acquires land for industries it uses its special power and practically it is a violation of property rights. During the Left rule of 30 years, the government West Bengal has implemented a policy of radical land reforms, involving people through *panchayats*. In course of implementation of land reforms, the government has to enforce ceiling rights by which land has been taken from the rich people and distributed to the landless poor people which, to some extent, violation of property right. Now, in order to provide land to the industrialists, the government has to take it from the poor farmers and eventually property rights are violated (ibid). In West Bengal, the drive for industrialization entailed wooing investors on one hand, and



acquiring land for industries and infrastructure on the other. In this state, there is a decentralization of rural power through the *panchayat* system, which provides participation of landless labourers and small cultivators in the decision-making process of the local bodies. This gave the rural poor a kind of dignity and social prestige unheard of in the entire previous regime and eventually the land acquisition process is becoming more complex.

### Other Side of the Coin

On the contrary, it has been found from the record that the growth rate of *boro* cultivation has been slowed down for last 5-6 years and eventually agricultural activities in a small part of land are not so profitable. In a large area of the state, quality of land is not suitable for multi-cropping options and hence agriculture is not supporting for the growth of standard of living. In West Bengal land is very much fragmented into small volumes and man-land ratio is in the higher side (three times than the national average). It has been observed that a family of 5-6 members with a land holding of say 1 acre (100 decimals) is not able to earn enough to fulfil their requirements. In the state, agricultural growth significantly slowed down recently due to reduction of *boro* cultivation, adverse man-land ratio and poor marketing facilities. Incomplete land reforms and imperfect infrastructural facilities have led to a situation of economic and social stagflation in the West Bengal rural sector. The growth, both in terms of agricultural production and socio-economic justice, for the poor that was witnessed in the 80's, has reached a plateau by the early years of the present century without holding out much prospect for further progress. In the stark terms of rural existence, income from agriculture alone for many farmers in certain parts of West Bengal is no longer commensurate with the amount that they invest in high yielding varieties and irrigation facilities in the absence of state subsidy. Further, a new generation has grown up in the last three decades – beneficiaries of Left rule (sharecroppers, small and medium farmers, agricultural labours), who have become exposed to the alluring prospects of urbanization, and are eager to further improve their economic status. It is also evident from various studies that the next generation of the farmers is not willing to carry on their ancestral and traditional livelihoods (Sarkar 2007). They are in search of some other occupations, which may only be available through the industrialization process. A large section of them is willing to give up their land but in lieu of a handsome compensation package at least to get some sort of security. The logic of unfettered neoliberalism dictates that land should put to

whatever use that can generate the maximum profit, encouraging farmers to sell their lands to developers and invest the amount received in compensation in other business venture.

All the state governments are entering into an unhealthy competition between themselves to attract private investments. The role of the government will be more important in coming years. At this point of time there is a huge land-rush all over India, leading to increase of land prices rapidly and speculation on land is being resorted to for making a quick buck. There is an aggression from the capitalists to acquire land by hook or by crook. It is impossible for the peasantry to resist this aggression and thousands of small peasants find themselves in a very helpless, precarious and perplexed situation. Industrialization is the demand of the state and the ruling government is implementing this demand so land acquisition process should be in the hands of the government particularly in case of industrial hubs, industrial parks, and industrial estates. The private sector may also buy land from open market but the government should have the power to decide the valuation of the land and to ensure that the landowner is not deprived anyway.

### **Towards a Solution**

The proposed 'Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2013' addresses fair compensation when private land is acquired for public use, and fair rehabilitation of land owners and those directly affected from loss of livelihoods. The debate will continue regarding a comprehensive compensation package, but from the viewpoint of the rehabilitants some perceptions are very much relevant particularly in the state of West Bengal.

Cash compensation to the farmers for the land from which they are forcibly uprooted is just not enough. Farmers who lose land and others who derive their living from the land being taken away, even if they do not own it, must become stakeholders in the development that take place on the land. If the farmers were to gain on a sustained basis from the development that would take place on land sold by them and their neighbours, there would be more willingness on their part to surrender land. That can happen only if the farmers were to get security through regular income, lease income or assured jobs. The rural people need greater security more than an income supplement. Provision of job security should be the first criteria of the compensation package. People have to move out from marginal farming for their betterment of standard of living. But it is not possible to shift unskilled labour directly to modern manufacturing and

services because these activities requires sophisticated skills and knowledge. It is well known that industries using highly sophisticated technology require lesser number of people to run production. So, apart from provision for training them whose traditional occupations are disrupted by modern development, they must be guaranteed jobs to the numerous peripheral services required by modern infrastructure and activities. If this is not possible, then the government has to take initiative to reserve some vacancies in different government jobs (Block Development Offices, *Panchayat* Offices) where academic qualifications or skills are not so important. When a government factory closes down, the worker whose job is terminated is compensated through retirement package so it may also be applied in case of agricultural sector. For this purpose some rectification in the legal system is necessary.

In determining a compensation package, the critical issue is the valuation of acquired land. We know that after the conversion of land from agricultural purpose to industrial use its value will increase, but it is always very difficult to forecast the expected value. Here, in this situation we may go through the experiences of two promising industrial area of West Bengal namely Haldia and Durgapur where a vast tract of land has been acquired for a long time. It has been observed that the valuation of land after conversion increases nearly by three times within a span of say, seven to eight years. So, in case of land acquisition for industrial purposes, the valuation of land should be at least three times than the current market price. There should be at least some safeguards to ensure a fair valuation. Now the question is whether the industrialist will agree to pay this high amount or prefer to go to some other state where cost of land is relatively low. Now looking at the prospects of service sector and selective productive sector in our state and increasing land rush it can be safely said that industrialists would prefer the state due to the available market, material base and quality manpower.

The government may also form a commission including government officials and academicians which will have the statutory power in valuation of land, selection of the industrial location, calculation of compensation as well as have the responsibility to protect the interest of the both groups. A scientific and modern database would be prepared by the commission to evaluate demand for land in the state for different development activities. According to the demand of the land in different location the commission may advertise seeking land from the landowners from particularly that locality mentioning a transparent and clear-cut compensation package. The Commission may revamp the statistical system with respect to land use and

determination of compensation package in different locations. The commission may ask district administrations to provide information on vacant land in the districts to get a profile of unused tracts of land which may be used for industrial or infrastructural purpose. Communication between the government, industrialists and prospective land sellers need to be streamlined to find a comprehensive compensation package for land acquisition in agricultural sector.

The Nandigram incident demonstrates that like the investors' perception, the people's perception about the process of industrialization is also important. More importantly, the recent incidents of Nandigram and Singur and the ensuing anger and protest all over the state and country clearly point to the fact that in a functioning democracy, the corrective method of land acquisition is untenable. The formulation of compensation package is to be prepared from the moral standpoint and as a matter of the practical policy. Further, for such a process of industrialisation to proceed, it would be ideal to acquire non-agricultural land. In West Bengal, however, unlike in large tracts of our country, say like in Rajasthan or Gujarat, non-agricultural land is scarce to come by. Under these circumstances, the next best option is to acquire mono crop land rather than fertile multi-crop land and for this reason infrastructural facilities should be upgraded. Requirements of contiguity, however, may require the acquisition of some fertile land, but this must be kept at the minimum and acquired only when it becomes inevitable. Large portion of government land is either lying vacant or is captured by encroachers. These lands could be, effectively, used keeping in view their location and best possible uses. This land can either be appropriately disposed of or developed in collaboration with the private sector, which can generate enormous resources for creating infrastructures and services. There is a huge amount of land lying unutilized in these closed units and from infrastructural point of view those land can be used for setting up new industries. A portion of the land can be sold for revival of some of the sick units or for the payment of the arrears of the employees. Such land has been lying unutilised for decades because of legal complications. Steps have to be taken to clear the land and use it for developing small and medium scale industries. The government should give priority to develop infrastructural facilities such as improvement of transport and communication facilities in the rural areas in order to decentralize the industrialization process around the state.

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